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U.S. Water Utilities 2026 Outlook: Large And Small Systems Address Similar Challenges With Different Tools - S&P

Sector View: Mixed

- S&P Global Ratings' sector outlook for large and medium U.S. utilities has returned to stable from negative, reflecting an easing in federal regulatory policy, slowing rate of inflation for primary cost drivers, and demonstrated management acumen.
- Our sector outlook for small systems remains negative due to the outsize financial effects of unbudgeted capital expenditures and less access to economies of scale, market access, and management flexibility.
- All systems, regardless of size, remain exposed to rising capital investment requirements, driven by aging infrastructure, climate resilience needs, and compliance, which may influence affordability in the future.

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