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S&P: U.S. Not-For-Profit Electric Utilities' Ratemaking Flexibility Could Worsen From Indirect Exposure To Middle East Conflict

(Editor's Note: S&P Global Ratings believes there is a high degree of unpredictability around the duration and scale of the Middle East war and its potential effect on commodity prices, supply chains, economies, and credit conditions. As a result, our baseline forecasts carry a significant amount of uncertainty. As situations evolve, we will gauge the macro and credit materiality of potential shifts and reassess our guidance accordingly.)

This report does not constitute a rating action.

Key Takeaways

- Operating costs at not-for-profit (NFP) U.S. public power and electric cooperative utilities are unlikely to face direct exposure to higher oil and liquefied natural gas (LNG) prices triggered by the Middle East conflict.
- However, as the producers of a broad basket of consumer goods incorporate conflict-related costs in retail prices, NFP utilities' ratemaking flexibility and financial performance could erode.

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