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S&P Report: U.S. Cooperative Utilities are Maintaining Stable Credit Quality, But Regulatory Changes Might Upset the Cart.

U.S. electric cooperative utilities marked another year of largely stable credit quality in 2014. The sector's 40 ratings remain concentrated in the 'A' rating category. Over the years, these utilities have withstood many challenges, including the costs of complying with emissions controls, adapting to restructured wholesale power markets, and dealing with the economy's effects on ratemaking flexibility. Standard&Poor's Ratings Services attribute the sector's credit stability in large part to the utilities' conservative not-for-profit business model; the benefits of long-term wholesale power supply contracts that help ensure the recovery of operating costs and investments in assets; and the utilities' timely use of rate increases to keep revenues, expenses, and debt service in alignment. But several factors could threaten the...

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