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S&P Outlooks On Four U.S. Muni Retail Electric, Gas Utilities And Electric Coop Utilities Revised To Stable From Positive

NEW YORK (S&P Global Ratings) April 16, 2020–S&P Global Ratings today revised the outlooks on certain long-term debt ratings in the U.S. Public Utilities sector to stable from positive. S&P Global Ratings has affirmed the ratings and revised the outlooks to stable from positive on the following public utilities: Bryan Texas Utilities (BTU) electric system, Garland Power & Light (GP&L) electric system (both in Texas), Georgia Transmission Corp. (GTC), and Southern Illinois Power Cooperative (SIPC).

The outlook revisions to stable from positive of each issuer follows our updated overall view of the Public Utilities sector due to the COVID-19 pandemic. We believe credit quality among U.S. municipal retail electric and gas utilities and electric cooperative utilities will be pressured, as these utilities are increasingly vulnerable to the potential economic effects of the pandemic. In our view, widespread efforts to stem the spread of COVID-19 and protect the population's health and safety, which we view as a social risk under our environmental, social, and governance (ESG) factors, could lead to budgetary challenges and pressure cash flows and liquidity.

The stable outlooks reflect our view that each utility will be able maintain its current rating despite the challenges presented by COVID-19. Specifically, we believe that each utility's revenue stream is primarily residential and provides a more predictable revenue stream compared to utilities with significant commercial and industrial revenue concentration. Other factors that support the stable outlook include each utility's robust liquidity position that can help cushion the effects of budget variances. In addition, the cooperative utilities benefit from serving extremely diverse revenue streams across numerous counties.

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