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S&P: California's Rolling Blackouts Could Foreshadow Rating Pressures For Public Power And Electric Cooperative Utilities

Key Takeaways

- Recent rolling blackouts across California highlight the potential for operational and financial challenges for electric utilities in that state and elsewhere as they embrace intermittent renewable resources.
- Although many states have introduced carbon-free mandates, the targets could be overly ambitious because achieving some elements of the decarbonization frameworks might not be feasible.
- Although pass-through mechanisms and other measures might insulate a not-for-profit utility's financial performance during price spikes, the corresponding rise in retail rates could alienate customers, interfere with their ability to pay their bills during periods of extreme costs, and create barriers to rate adjustments.

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