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S&P: Texas Winter Storm Brought Downgrades And Spurred Response Among Public Power And Electric Cooperative Utilities

Key Takeaways

- Last February's storm disruptions of the Texas electricity and gas markets resulted in a significant number of negative rating actions for electric cooperatives and public power utilities.
- Credit deterioration largely stemmed from utilities' having to procure electricity or natural gas in significantly higher-than-usual quantities at extremely elevated prices for almost a week, which led to financial challenges.
- Despite legislative approval allowing securitization of "extraordinary costs" for wholesale purchases, and new Public Utility Commission rules requiring weatherization, uncertainty remains as to additional market reforms that will shield utilities and their customers from recurrences.
- Utilities and the regulator have yet to demonstrate the effectiveness of market reforms, including winterization measures.

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