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S&P: Inflation Could Weigh On U.S. Not-For-Profit Utilities' Credit Ratings

Key Takeaways

- Inflation–which has reached levels not seen in decades–can adversely influence utilities' operating costs, add to the material and labor costs underlying capital projects, amplify borrowing needs, and expose utilities to higher borrowing costs.
- The effects of inflation are manifest in consumers' utility bills and expensive utility bills add to the other growing pressures on consumers' pocketbooks.
- Inflation can sap some of the benefits not-for-profit utilities derive from autonomous ratemaking authority if it is the catalyst for consumer and political resistance to utility retail rate adjustments needed to maintain a sound alignment among revenues, expenses, and debt service in the face higher operating and capital costs.

Continue reading.

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