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S&P U.S. Public Power And Electric Cooperative Utilities 2024 Outlook: Mandates, Rising Costs, And Diminishing Affordability

Sector View: Negative

The financial performance of, and ratings on, U.S. public power and electric cooperative utilities could weaken in 2024, owing to a confluence of inflation, reduced consumer wherewithal to pay utility bills, the sensitivity of rate-setting bodies to economic conditions, and a developing trend of weakening financial margins. Exacerbating inflation-related affordability pressures are legislative and regulatory mandates that S&P Global Ratings expects will trigger substantial utility spending on clean generation resources and generation additions needed to support load growth from electrification directives. However, utilities could maintain credit quality if they're able to recover costs in a timely manner and at levels sufficient to preserve sound financial margins–commensurate with our existing ratings.

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