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S&P 2024 Biannual Rating Actions For U.S. Municipal Retail Electric, Gas, And Wholesale Electric Utilities.

S&P Global Ratings maintains public ratings on 211 U.S. public power (retail electric and gas) and distribution electric cooperative utilities and 55 wholesale utility projects (across 39 wholesale electric utilities). In early 2024, we revised the U.S. public power 2024 sector outlook to negative, reflecting our opinion that financial performance of, and ratings on, U.S. public power utilities could weaken in 2024, due 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. (For more information, see "U.S. Public Power And Electric Cooperative Utilities 2024 Outlook: Mandates, Rising Costs, And Diminishing Affordability," published Jan. 23, 2024, on RatingsDirect.) These credit challenges have led to rating downgrades exceeding upgrades by seven to four in the first half of the year, outpacing 2023. Putting the numbers into perspective, the downgrades represent just 3% of the rated universe, but the negative sector outlook reflects our view that these issuers are more susceptible to the above mentioned financial pressures. Apart from rating changes, we revised more outlooks to negative than to stable or positive. During the first half of 2024, 57 ratings were unchanged after review (21% of the total combined sectors).

The number of ratings on new issuances increased more than 40% the first half of 2024 compared with 2023 for U.S. public power retail, gas, and wholesale electric utilities.

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