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S&P U.S. Municipal Water And Sewer Utilities Navigate A New Environment As Performance Drops.

Key Takeaways

- U.S. water and wastewater utilities' median financial performance diminished in fiscal 2023, while downgrades outpaced upgrades in 2024, consistent with S&P Global Ratings' negative sector view.
- Flat-to-declining median financial metrics reflect tightening margins as most utilities were operating in a new-baseline environment, with higher cost-of-service requirements. Balance-sheet metrics were mostly stable, but expense growth continued to pressure operating performance.
- Accelerating capital spending could further pressure margins as utilities address aging infrastructure, asset hardening, investing in new sources of supply, and complying with increasingly stringent regulations.
- Asset resiliency and long-term environmental-risk mitigation will continue to be integral to assessing utilities' financial outlook.

Continue reading.

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