

Bond Case Briefs

Municipal Finance Law Since 1971

Data Centers: U.S. Not-For-Profit Electric Utilities Explore Ways To Mitigate Risks From Load Growth - S&P{

Key Takeaways

- In our view, prospects for load growth from data centers and beneficial electrification mandates have the potential to expose U.S. not-for-profit electric utilities to negative credit pressures due to the substantial investment requirements to serve load growth.
- For those electric utilities with surplus power generation resources, load growth might strengthen credit metrics as utilities spread fixed costs over more megawatt hours.
- S&P Global Ratings' base case assumes annual electricity sales growth of about 1% for the next several decades, which is a significant rise following nearly flat sales growth in the past two decades.
- Preserving credit quality among not-for-profit electric utilities will require mitigating customer nonpayment, avoiding cost shifting among new and existing customers, and developing rate structures that provide for the timely and sufficient recovery of the costs of adding resources to support new loads.

[Continue reading.](#)

21 Nov, 2024