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U.S. Public Power And Electric Cooperative 2026 Outlook: Rising Inflation And Capital Spending Stressors Perpetuate Negative Rating Pressures - S&P

Sector View: Negative

- Our 2026 sector view for not-for-profit (NFP) public power and electric cooperative utilities is negative. This view reflects converging, substantial, and costly infrastructure financing needs and diminished consumer rate affordability that can erode the benefits of autonomous ratemaking authority, frustrate some utilities' cost recovery, and weaken financial margins and ratings.
- NFP utilities' operating and capital costs are swelling as they address load growth, strengthen the climate resilience of network infrastructure, replace aging power plants, and reduce power plants' emissions and generation byproducts.
- The cumulative average increase in retail electric rates that has exceeded the broader consumer price index (CPI) by almost 2x in recent years provides a barometer of the inflationary pressures facing power utilities and their customers, and indicates utilities' diminished financial flexibility.

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