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## S&P: U.S. Rated Not-For-Profit Retail Electric And Natural Gas Utilities Medians

### **Key Takeaways**

- Fifty-six percent of S&P Global Ratings' municipal retail electric utility ratings are in the 'A' category, with a median and modal rating of 'A+', which is consistent with recent years. This demonstrates our view of most not-for-profit (NFP) utility systems' sound operations and financial health, despite facing both utility specific and broader industry challenges.
- However, for a subset of the sector, financial stressors from affordability pressures and increasing physical risks led to downgrades outpacing upgrades in each of the past five years (2021 through 2025). While national electric rate increases were modest from 2022 through 2024, as indicated by the Energy Information Administration (EIA), we note national averages often mask substantial, localized rate hikes. We believe electricity prices will likely keep rising above the pace of inflation in the coming years, spurred by the need for grid modernization, AI/data center demand, the energy transition, and grid hardening for climate event resilience.
- In addition, we revised more outlooks to negative than to stable or positive in 2025 due to a combination of delayed cost recovery resulting in deterioration in financial performance, weakened competitive position, and our evolving view of heightened long-term credit exposure associated with wildfires in California, and we anticipate these pressures will persist.
- The higher percentage of downgrades and negative outlook revisions in 2025 continues to support our negative sector view as NFP public power, electric distribution cooperatives, and natural gas utilities face rising operating expenses and capital investment costs. For a more detailed sector view, see "U.S. Public Power And Electric Cooperative 2026 Outlook: Rising Inflation And Capital Spending Stressors Perpetuate Negative Rating Pressures," Dec. 8, 2025.

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