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S&P: Wildfires In The U.S. Pacific Northwest Should Have Limited Near-Term Credit Impact

Key Takeaways

- We expect limited near-term credit pressure from the Washington State and Oregon wildfires.
- The sources of credit pressure differ between the two states.
- Longer-term credit differentiation will depend on financial flexibility , insurance conditions, and preparedness.
- Utility liability is not currently the primary source of near-term pressure.

Why Near-Term Credit Pressure Should Remain Limited

S&P Global Ratings expects limited near-term credit pressure from the Washington State and Oregon wildfires, supported by issuer reserves and federal and state response programs. However, the sources of credit pressure differ between the two states.

Washington's levy framework generally cushions property tax losses but fire activity has also affected more populated and economically significant areas, leaving cities and counties exposed to revenue loss and school districts to enrollment decline. Oregon's fixed-rate framework provides less automatic recovery support from fire-related property tax losses. However, much of that state's burned acreage is concentrated in sparsely populated areas, so far limiting Oregon issuers' direct credit exposure from the current fire season.

Continue reading.

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