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PG&E's Bankruptcy Risk Spurs Trading Surge in Its Muni Bonds.

- **PG&E-backed munis are most actively-traded munis on Monday**
- **Utility says it plans to seek court protection this month**

PG&E Corp.'s plan to file for bankruptcy is trickling into the municipal-bond market, where the California utility has raised cash for power projects.

Some tax-exempt bonds the company issued through state and local conduits have slid as the fallout from California's devastating wildfires pushes the electric utility closer toward bankruptcy, raising the risk that even debt that was issued through government agencies may not be paid back in full.

The price of a bond issued through the California Infrastructure and Economic Development Bank that are backed by the utility's revenue have tumbled to an average of 80.1 cents on the dollar from 90.1 cents in mid-December, according to data compiled by Bloomberg. PG&E's securities were the most actively traded in the \$3.8 trillion municipal-debt market Monday, when investors unloaded its floating-rate bonds that can be resold at face value before it seeks court protection from creditors.

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