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Puerto Rico Governor Likely to Sign Water Utility Borrowing Bill.

Puerto Rico Governor Alejandro Garcia Padilla said he will probably sign into law a bill that allows the island's main water utility to raise money through the capital markets.

The governor, who will leave office in January after serving one term, is reviewing the legislation that "will be more likely to be signed" than other bills sitting on his desk, Garcia Padilla said during a Bloomberg TV interview Tuesday.

The measure enables the Puerto Rico Aqueduct and Sewer Authority, called Prasa, to sell bonds through a new agency that will be repaid from up to 20 percent of the utility's revenue collections. The bill allows for as much as \$900 million of bonds for capital projects and another \$1.1 billion that would restructure a portion of Prasa's existing debt.

Puerto Rico is planning a water-bond sale after the commonwealth defaulted on July 1 on about \$1 billion to investors, the biggest payment failure in the \$3.7 trillion municipal-bond market. The day before the record default, President Barack Obama signed into law legislation, called Promesa, to create a federal control board to oversee any debt restructuring for the commonwealth and monitor its budgets. Promesa also halts any creditor lawsuits against the commonwealth seeking repayment.

Creditors should continue to discuss with Puerto Rico on how to reduce the commonwealth's \$70 billion debt load now that investors are prohibited from suing the island, Garcia Padilla said.

"Promesa is passed," the governor said. "So now they have another reason to negotiate in a true voluntary process, something I've been trying to do for more than a year without the bill."

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