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California Fire Rattles Muni Market as Investors Sell PG&E Bonds.

- **Debt is among the most active in muni market on Wednesday**
- **'My fingernails are down a little bit further today'**

Even the typically calm municipal-bond market can't withstand the crisis that's enveloped PG&E Corp., California's biggest utility, since the outbreak of the state's devastating wildfires.

As authorities investigate PG&E equipment as a possible cause of the deadly Camp fire, the value of some of company's more than $700 million in debt sold through government agencies is slumping. The company's municipal bonds were among the most actively traded municipal securities Wednesday.

A security with a mandatory put option in 2022 traded Wednesday at a price of 86.6 cents on the dollar, down from 94 cents when it last changed hands on Oct. 15, data compiled by Bloomberg show.

Nick Venditti, portfolio manager at Thornburg Investment Management, holds some of the utility's municipal debt and is sitting tight — for now.

"Right now I'm not interested in fire-selling my bonds at the worst price because I think there will be better days ahead for PG&E," he said by phone. But, he added, "my fingernails are down a little bit further today than they were yesterday."

Shares of PG&E Corp. plummeted as much as 23 percent Wednesday after the company said it had exhausted its revolving credit lines, signaling its growing financial stress.

California authorities are investigating PG&E equipment as a possible cause of the Camp fire, the deadliest blaze in state history, burning about 150 miles (240 kilometers) northeast of San Francisco. It has killed at least 48 people, destroyed 130,000 acres and wiped out the town of Paradise.

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By Romy Varghese

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