

Bond Case Briefs

Municipal Finance Law Since 1971

S&P: California Utilities Enter Period Of Significant Capital Spending That May Strain Water And Sewer Rate Affordability

Key Takeaways

- Rising costs and affordability risks will be increasingly meaningful to municipal utility credit quality in California, particularly as they adapt to more extreme weather patterns, bolster supply resiliency, and invest in storage, which we expect will raise debt levels but reduce operating risks.
- California utilities' capital plans and needs far exceed those of its national peers, given their outsized exposure to water contaminants, strict wastewater discharge requirements, and substantial renewal and replacement costs.
- Rating downgrades in California outpaced upgrades in 2024, a trend we expect will continue through 2025, consistent with our negative sector outlook.

[Continue reading.](#)

3 Oct, 2024