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Pimco Warns LA City Utility Faces Liabilities After Fires.

- **Sees LADWP likely to get caught up in protracted litigation**
- **Says LA muni bonds girded against payment disruptions**

The Los Angeles Department of Water and Power is facing the risk of significant financial liability for damages in the utility's response to the Palisades Fire, according to Pacific Investment Management Co.

"Given the sheer size of insured and uninsured losses, managing wildfire claims could have a material impact on the leverage profile of LADWP, and the risk premium investors require to hold roughly \$19 billion in outstanding debt," the asset manager said in a report to clients. The firm oversees a \$309 million California muni bond fund, among other products.

A series of catastrophic wildfires that began on Jan. 7, and are still not fully contained, have devastated Southern California. Legal experts are suggesting the nation's largest municipal utility may be held accountable under a legal argument called inverse condemnation, which could pave the way for property owners to collect damages from the utility for leaving fire crews without enough water.

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