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S&P Dry Run: The High Stakes Race Redefining The Colorado River's Downstream Credit Challenges

Uncertainty looms: Municipal water utilities face greater credit risks from reduced allocations and potential higher curtailments after the failure by the seven basin states to reach a consensus on the Colorado River operating framework that expires later this year.

Growing affordability concerns: For the more than 300 rated municipal water utility issuers within the Colorado River Basin, affordability pressures could increase from growing costs and sustained capital investment to maintain a reliable supply as operational physical risks intensify over time.

Credit differentiation emerging: Local governments and water utilities lacking above-average storage or banking capacity, strong proactive management, and rate flexibility are more exposed to higher costs despite having legal water rights priority.

Governance alignment: Many water utilities may move into alignment with their sponsoring local governments' policies on growth and development, infrastructure investments, and contingency planning.

[Read the full report.](#)