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S&P: Sacramento Municipal Utility District, CA Revenue Bond Rating Outlook Revised To Stable From Negative

- S&P Global Ratings revised the outlook to stable from negative on Sacramento Municipal Utility District (SMUD), California's senior- and subordinate-lien revenue bonds.
- At the same time, we affirmed our 'AA' senior-lien long-term rating, our 'AA-' subordinate-lien long-term rating and underlying rating (SPUR), and our 'AA-/A-1' dual rating on SMUD's outstanding electric revenue bonds and variable-rate demand bonds.
- The outlook revision reflects our view that SMUD's wildfire mitigation practices include protocols for materially reducing the utility's exposure to wildfire liability claims. In addition, we believe that its robust balance sheet liquidity and insurance coverage could mitigate financial burdens of potential wildfire liability claims. Nevertheless, these mitigating factors do not eliminate exposures we associate with the district's 144 miles of owned overhead power lines that traverse areas that the California Public Utilities Commission (CPUC) identifies as exhibiting elevated or extreme susceptibility to wildfires (see "California Public Power Utilities Dampen Wildfire Flames While Questions Of Long-Term Resiliency Smolder," Jan. 21, 2026 on RatingsDirect).

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