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DRA Commends the CPUC for Imposing Lower Returns on Equity for Energy Utilities

SAN FRANCISCO, December 20, 2012 – The Division of Ratepayer Advocates (DRA), the independent consumer advocate within the California Public Utilities Commission (CPUC), commends today’s CPUC decision adopting Cost of Capital for 2013 for California’s largest investor owned energy utilities - Pacific Gas and Electric Company (PG&E), Southern California Edison Company (Edison), San Diego Gas & Electric Company (SDG&E), and Southern California Gas Company (SoCalGas) – which balances both the companies’ revenue needs and reflects market standards.

Today’s decision reduced the utilities’ requested Returns on Equity (“ROE,” or the revenue that shareholders can expect to earn on their investment), which will in turn reduce customers’ contribution to utility revenue requirement (see table below). The decision also approved the utilities’ capital structure and updated cost of long-term debt.

Utility	Utility Requested Return on Common Equity	PD Adopted Return on Common Equity	PD Adopted Return on Rate Base	Reduction in Revenue Requirement
PG&E	11.00%	10.40%	8.06%	\$237 million
Edison	11.10%	10.45%	7.90%	\$217 million
SDG&E	11.00%	10.30%	7.79%	\$ 34 million
SoCalGas	10.90%	10.10%	8.02%	\$ 22 million

Despite its recommendation that the utilities’ ROEs should be below 9% based on forecasts regarding current and future economic conditions, DRA recognizes that the Commission has made a significant downward adjustment.

“The Commission’s decision on the utilities’ Cost of Capital case is fair and reasonable and more in line with the average utility ROE around the nation,” said Joe Como, DRA’s acting director. “Utility customers will benefit from sharing in declining Cost of Capital rates in the current market.”

For more information please visit DRA's [Cost of Capital](#) webpage.

For more information on DRA, please visit www.dra.ca.gov.

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