

North America United States  
 Industrials Utilities and Power

22 Mar 2011 - 06:22:24 PM EDT

**INDUSTRY ALERT** **Breaking News**  
**Utilities and Power** **Gov. Brown appoints another commissioner**

**Focus stocks**  
 Edison International  
 (EIX.N),USD36.40 Buy, Price Target  
 USD42.00  
 PG&E Corp (PCG.N),USD43.75  
 Hold, Price Target USD49.00

This afternoon, California Governor Jerry Brown appointed Mark Ferron to the California Public Utilities Commission (CPUC). Ferron was COO of Global Markets at Deutsche Bank from 2001-2009 and was most recently a senior partner at Silicon Valley Social Ventures.

We believe the appointment will be read as a positive for California utilities **EIX** and **PCG**. Ferron's appointment as the fifth (and final) commissioner removes some of the near-term risk that Brown might have appointed a new president in place of Michael Peevey. We had previously wondered if Brown might have been keeping the final CPUC slot open to maintain optionality on the CPUC's leadership given pressure on the commission after PCG's San Bruno explosion. We now expect President Peevey to continue to serve as president in the near term, although we still believe he might choose to leave later this year, but not before the San Bruno investigation is further resolved. We would note that Ferron's financial experience provides some replacement for former commissioner Bohr who had previously been CEO of Moody's and was the assigned commissioner on certain financial issues (including cost of capital).

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