
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).

Jonathan ArnoldResearch Analyst
(+1) 212 250-3182
jonathan.arnold@db.com

Lauren DukeAssociate Analyst
(+1) 212 250-8204
lauren.duke@db.com

Deutsche Bank Securities Inc.

All prices are those current at the end of the previous trading session unless otherwise indicated. Prices are sourced from local exchanges via Reuters, Bloomberg and other vendors. Data is sourced from Deutsche Bank and subject companies. Deutsche Bank does and seeks to do business with companies covered in its research reports. Thus, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

THE VIEWS EXPRESSED ABOVE ACCURATELY REFLECT PERSONAL VIEWS OF THE AUTHORS ABOUT THE SUBJECT COMPANY(IES) AND ITS(THEIR) SECURITIES. THEY HAVE NOT AND WILL NOT RECEIVE ANY COMPENSATION FOR PROVIDING A SPECIFIC RECOMMENDATION OR VIEW IN THIS REPORT. FOR OTHER DISCLOSURES PLEASE VISIT [HTTP://GM.DB.COM](http://GM.DB.COM). MICA(P) 007/05/2010