

Reception with CPUC Commissioner Sandoval – Draft Panel Discussion Topics

- 1) Overview of Capital Markets and Impact of Regulatory Decisions
 - a) Ratings – Mr. Cortright
 - i) Describe the types of securities in which you are involved in rating?
 - ii) What are the factors that generally go into making your ratings assessments (distinguishing between investment and non-investment grade)?
 - iii) How does the specific regulatory environment affect your decisions positively or negatively?
 - b) Debt – Ms. Choi
 - i) Describe the types of securities in which you are involved?
 - ii) What factors do you consider when thinking of the pricing spread you demand to purchase a utility bond?
 - iii) How do you use public ratings in making your decision?
 - iv) How does the specific regulatory environment affect your decisions positively or negatively?
 - c) Credit – Mr. Seltnerich
 - i) Describe the types of “credit” or “balance sheet” products that banks provide to support their utility clients?
 - ii) What are factors that banks consider when making a decision provide such credit support and at what price?
 - iii) How does the specific regulatory environment affect your decisions positively or negatively?
 - d) Equity – Mr. Wynne
 - i) Describe the types of securities in which you are involved?
 - ii) As an equity analyst what factors do you consider in making your buy/sell decisions?
 - iii) While the other panelist are focused on the credit side with you on equity, how does your interests differ?
 - iv) How does the specific regulatory environment affect your decisions positively or negatively?
- 2) California Regulatory Environment Compared to other States
 - a) From the point of view of each panelist, what are attractive (and less attractive) features of California regulatory environment as compared to other states regarding:
 - i) Risk Mitigation policies
 - (1) Temperature/consumption
 - (2) Energy purchasing costs
 - (3) Cost recovery
 - (4) Others?
 - ii) Financial policies
 - (1) Return on Equity

(2) Credit Quality

- b) While California has been a leader in ensuring the financial strength of their utilities, as the California Commission will be evaluating the Cost of Capital for its 4 major energy investor owned utilities, what are some of the things that could affect their access to the capital markets?
 - c) In your view, is there a California premium or penalty in the capital markets?
- 3) Investment Impact of California Environmental Policies
- a) While increasing the use of renewables is an important goal, at what point will such cost, as reflected in electric rates, begin to over burden the ratepayers and put California at a competitive disadvantage?
 - b) At what point would “aggressive” environmental policies begin to affect your investment or ratings decisions?