

Investigation: A. 12-04-015, A. 12-04-016, A. 12-04-017, A. 12-04-018 \_\_\_\_\_

Exhibit No.: \_\_\_\_\_ 35A \_\_\_\_\_

Date: \_\_\_\_\_ October 9, 2012 \_\_\_\_\_

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**COMPARISON OF MODELING INFORMATION FOR PARTIES  
SPONSORING ROE RECOMMENDATIONS**

**COST OF CAPITAL 2013**

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Exhibit 35a contains four tables and associated graphs.

The Table 1 shows the ROE recommendations of each party.

Tables 2 -4 show each of the nine parties' inputs to the three major models used in this proceeding – the DCF model (also called the Gordon model, the perpetual DCF model, or single-stage DCF model), the capital asset pricing model (CAPM), and the historical risk premium model (HRP). Not included are the inputs to other models used by the parties, such as the expected earnings model (PG&E), the Fama-French model (Reid), multi-stage DCF models etc. As a result, these tables may not show the full range of a party's modeling efforts, nor indicate which model(s) a party most relied on for their ROE recommendation. Generally, the model input values cannot be used alone to obtain a particular parties' ROE recommendation, nor necessarily the ROE output of a party's particular model. Adjustments are often made to model inputs, and those adjustments may not be reflected in the model inputs shown here. Adjustments to model outputs are also not shown in this exhibit. In some cases, a party has indicated in a footnote any adjustments they have used in the models included in this exhibit.

Table 1: ROE Recommendations

	Utility Proposed	DRA	TURN	FEA	EPUC	Reid
PG&E	11.00%	8.75%	9.40%	9.00%	9.20%	9.00%
SCE	11.10%	8.75%	9.40%	9.00%	9.10%	
SDG&E	11.00%	8.50%	9.40%	8.75%		
SoCalGas	10.90%	8.50%	9.25%	8.75%		

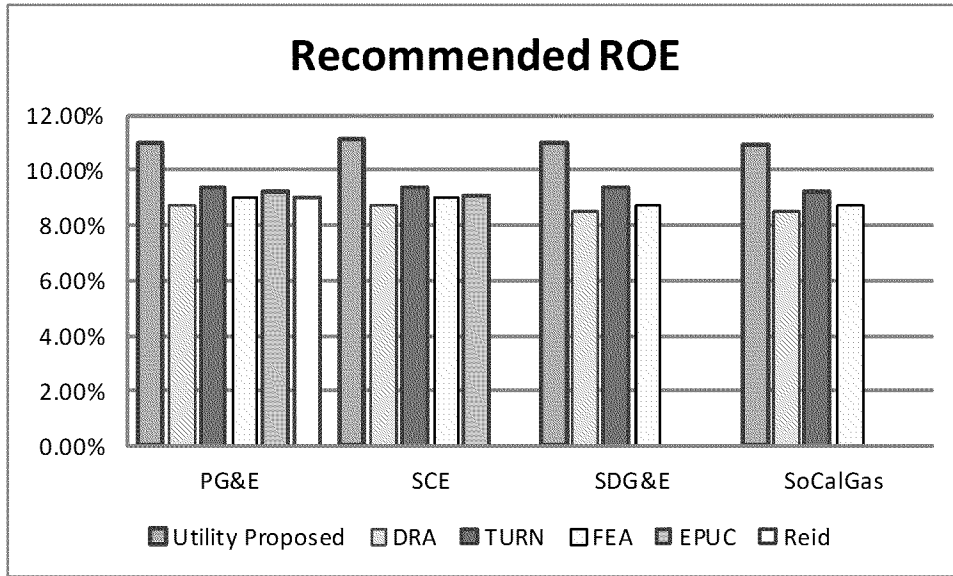


Table 2: Discounted Cash Flow (DCF) Model Inputs

Discounted Cash Flow Model						
Party	Dividend Yield			Growth Rate		
	Lowest	Average	Highest	Lowest	Average	Highest
PG&E	4.40%	4.40%	4.40%	4.90%	5.23%	5.70%
SCE	0.00%	#DIV/0!	0.00%	0.00%	#DIV/0!	0.00%
SoCalGas	0.00%	#DIV/0!	0.00%	0.00%	#DIV/0!	0.00%
SDG&E	0.00%	#DIV/0!	0.00%	0.00%	#DIV/0!	0.00%
DRA - Gas	4.00%	4.00%	4.00%	4.40%	4.40%	4.40%
DRA - Electric	4.30%	4.30%	4.30%	4.25%	4.25%	4.25%
EPUC	4.47%	4.49%	4.51%	4.45%	4.82%	5.19%
FEA	3.96%	4.03%	4.09%	4.87%	4.88%	4.89%
Reid	3.91%	4.33%	4.75%	4.04%	4.04%	4.04%
TURN	3.80%	4.09%	4.34%	4.60%	4.93%	5.30%

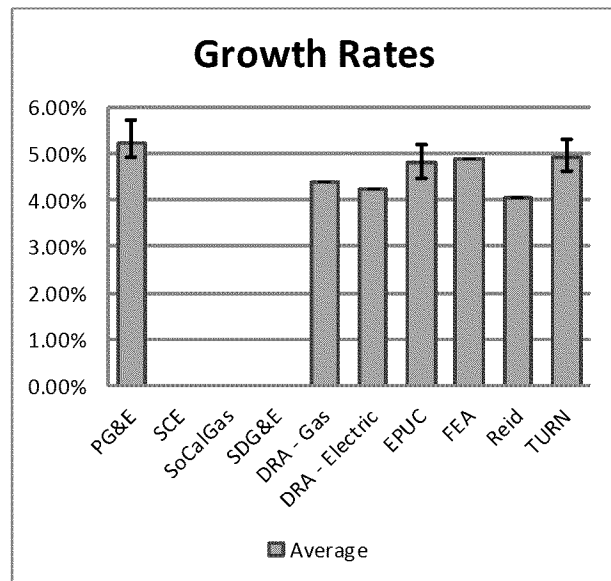
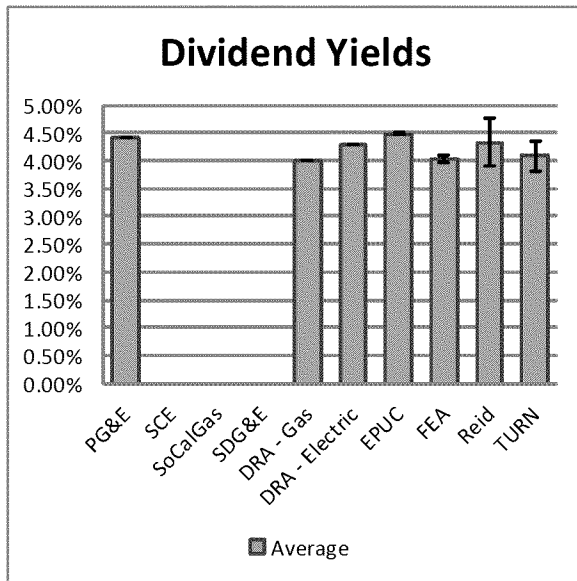


Table 3: Capital Asset Pricing Model (CAPM) Inputs

CAPM Model							
Party	Risk Free	Beta			Market Risk Premium		
	Average	Lowest	Average	Highest	Lowest	Average	Highest
PG&E	3.80%	0.73	0.73	0.73	9.70%	9.70%	9.70%
SCE	3.75%	0.00	#DIV/0!	0.00	0.00%	#DIV/0!	0.00%
SoCalGas	4.20%	0.00	#DIV/0!	0.00	0.00%	#DIV/0!	0.00%
SDG&E	4.20%	0.00	#DIV/0!	0.00	0.00%	#DIV/0!	0.00%
DRA - Gas	4.00%	0.68	0.68	0.68	5.01%	5.01%	5.01%
DRA - Electric	4.00%	0.73	0.73	0.73	5.01%	5.01%	5.01%
EPUC	3.60%	0.73	0.73	0.73	5.70%	6.60%	7.50%
FEA	3.75%	0.67	0.68	0.68	6.00%	6.00%	6.00%
Reid	2.48%	0.71	0.71	0.71	5.63%	6.13%	6.62%
TURN	3.90%	0.73	0.73	0.73	6.80%	6.80%	6.80%

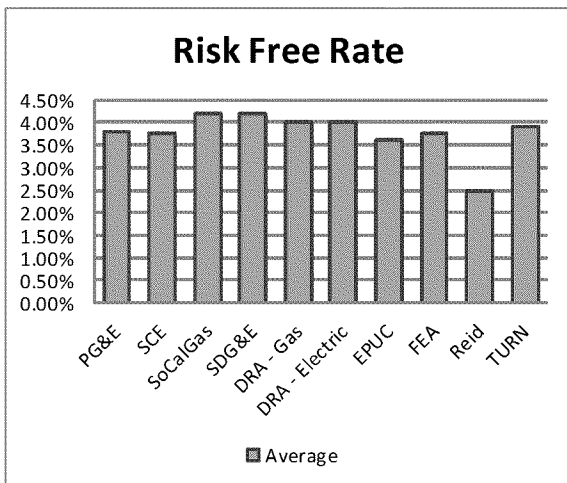
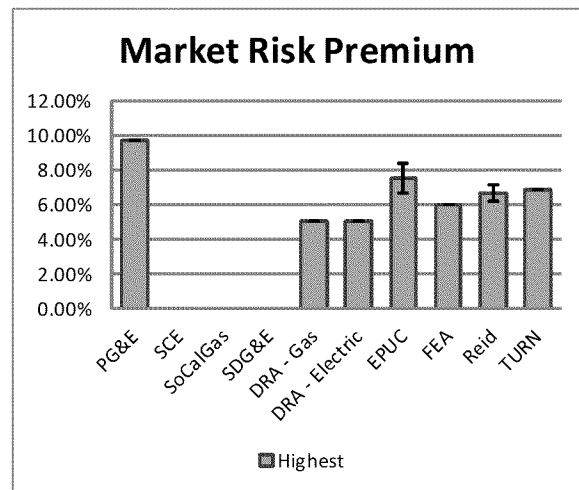
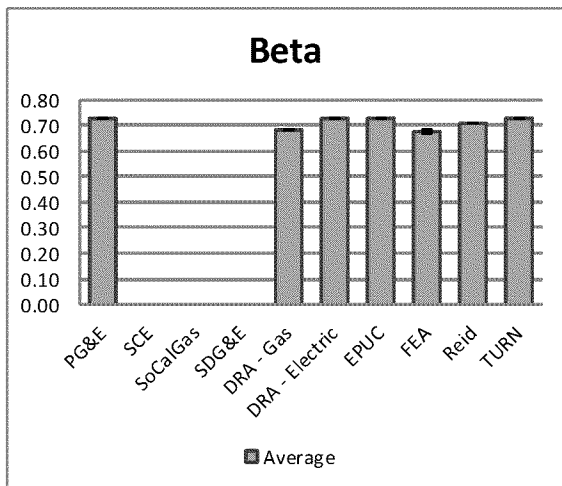


Table 4: Historical Risk Premium (HRP) Model Inputs

Historical Risk Premium						
Party	Risk Premium			Return on Low Risk Asset		
	Lowest	Average	Highest	Lowest	Average	Highest
PG&E	4.89%	4.89%	4.89%	5.88%	5.88%	5.88%
SCE	0.00%	#DIV/0!	0.00%	0.00%	#DIV/0!	0.00%
SoCalGas	0.00%	#DIV/0!	0.00%	0.00%	#DIV/0!	0.00%
SDG&E	0.00%	#DIV/0!	0.00%	0.00%	#DIV/0!	0.00%
DRA - Gas	2.74%	3.74%	4.73%	4.00%	4.38%	4.75%
DRA - Electric	2.74%	3.74%	4.73%	4.00%	4.38%	4.75%
EPUC	3.03%	4.55%	6.13%	3.60%	4.26%	4.91%
FEA	4.50%	4.50%	4.50%	3.31%	3.31%	3.31%
Reid	4.17%	4.17%	4.17%	2.48%	2.48%	2.48%
TURN	4.65%	5.46%	6.53%	2.94%	4.11%	5.09%

