From: Hughes, John (Reg Rel
Sent: 12/17/2012 12:46:56 PM
To: rmm@cpuc.ca.gov (rmm@cpuc.ca.gov)
Cc:
Bcc:
Subject: FW: A12 04 015, 2013 Cost of Capital, PG&E Reply Comments

Rahmon

On page 5 of PG&E's reply comments is a discussion regarding how preferred stock typically receives 50 per cent equity and 50 per cent debt treatment by the credit rating agencies. Per your request, I have enclosed record support for that discussion.

From Bijur's testimony:

Ex. 21, page 1-15, footnote 22: "For example, PG&E's outstanding perpetual preferred stock receives 50 percent equity and 50 percent debt treatment by the agencies."

footnote 82, in Boada prepared testimony, Exhibit 17, reads:

"The rating agencies view preferred stock as debt-like because of the constraints imposed by preferred dividend payments. As a result, they typically treat 50% of preferred stock as debt when calculating the financial capital structure."