

From: Zafar, Marzia  
Sent: 10/3/2013 12:47:28 PM  
To: Zafar, Marzia (marzia.zafar@cpuc.ca.gov)  
Cc:  
Bcc:  
Subject: FW: CPUC Issues Staff Paper on Utility Investment Valuation Strategies: CPUC Information Alert

Hello,

We just released this paper that might be of interest to you. Please see below.

Best,

**Marzia Zafar** - Director, Policy & Planning Division

California Public Utilities Commission | [zaf@cpuc.ca.gov](mailto:zaf@cpuc.ca.gov) | 415-703-1997

**From:** Prosper, Terrie D.  
**Sent:** Thursday, October 03, 2013 11:21 AM  
**To:** Prosper, Terrie D.  
**Subject:** CPUC Issues Staff Paper on Utility Investment Valuation Strategies: CPUC Information Alert

**CPUC Issues Staff Paper on Utility Investment Valuation Strategies: CPUC Information Alert**

The California Public Utilities Commission's Policy and Planning Division today issued a paper titled, "Utility Investment Valuation Strategies:

*A Case for Adopting Real Options Valuation".*

The paper takes a deeper look into how utilities make investment decisions, and recommends that utilities and regulators should consider new types of investment valuation strategies for maintenance and upgrade projects in electric and water utilities. The paper argues that the conventional way of valuing Maintain Repair and Upgrade investments implicitly undervalues them by not recognizing the value of new information and the value of managerial flexibility to react to that information.

The paper is available at <http://www.cpuc.ca.gov/NR/rdonlyres/D5C63A2B-40F2-468D-964A-F265B90346B1/0/Final2RRM.pdf>.

Please let me know if you have any questions.

Terrie

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Terrie Prosper

Director, News and Public Information Office

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