

**Table 1: Use of the Black CAPM in practice**

Regulator	Industry	Application	Citation	Date
1. New York Public Service Commission	Electricity distribution	50/50 weighting. Average of 'traditional' CAPM and zero-beta [Black] CAPM result (page 56).	Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Consolidated Edison Company of New York, Inc. for Electric Service; Petition for Approval, Pursuant to Public Service Law, Section 113(2), of a Proposed Allocation of Certain Tax Refunds between Consolidated Edison Company of New York, Inc. and Ratepayers 2009 N.Y. PUC LEXIS 507. <sup>1</sup>	2009
2. New York Public Service Commission	Gas distribution	50/50 weighting. Average of traditional CAPM and zero beta [Black] CAPM result (page 20).	Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of National Fuel Gas Distribution Corporation for Gas Service 2007 N.Y. PUC LEXIS 449; 262 P.U.R.4th 233. <sup>2</sup>	2007
3. New York Public Service Commission	Gas and electricity distribution	50/50 weighting. Average of traditional CAPM and zero beta [Black] CAPM result (page 19).  This decision changed the weighting from 75/25 to 50/50, the previously accepted weighting following the approach in the Generic Finance case.	Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Central Hudson Gas & Electric Corporation for Electric Service; Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Central Hudson Gas & Electric Corporation for Gas Service 2006 N.Y. PUC LEXIS 227; 251 P.U.R.4th 20. <sup>3</sup>	2006

<sup>1</sup> *Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Consolidated Edison Company of New York, Inc. for Electric Service; Petition for Approval, Pursuant to Public Service Law, Section 113(2), of a Proposed Allocation of Certain Tax Refunds between Consolidated Edison Company of New York, Inc. and Ratepayers* 2009 N.Y. PUC LEXIS 507.

<sup>2</sup> *Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of National Fuel Gas Distribution Corporation for Gas Service* 2007 N.Y. PUC LEXIS 449; 262 P.U.R.4th 233.

<sup>3</sup> *Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Central Hudson Gas & Electric Corporation for Electric Service; Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Central Hudson Gas & Electric Corporation for Gas Service* 2006 N.Y. PUC LEXIS 227; 251 P.U.R.4th 20.

Regulator	Industry	Application	Citation	Date
4. Oregon Public Utility Commission	Electricity distribution	<p>Zero-beta [Black] CAPM is used to identify contrast with S-L:</p> <p>'as beta decreases, the cost of equity decreases by less than the Sharpe-Lintner CAPM model suggests.....as beta decreases, the cost of equity decreases by less than the Sharpe-Lintner CAPM model suggests. This is important, ..., because it means the costs of equity for utilities with betas of less than 1 are closer to the cost of equity for an average risk stock than is shown by the Sharpe-Lintner CAPM model. Under this model, the required return for the risk-free asset is expected to be higher than the return on Treasury bills.' (page 20).</p> <p>'While the results in this case cast further doubt on the validity of Staff's CAPM methodology, we do not believe that CAPM should be rejected in its entirety. We continue to believe that, in certain cases, CAPM analyses may provide a useful and reliable addition to the DCF results for determining cost of equity.' (page 23).</p> <p>The SL-CAPM was given no weight. Discount cash flows (or DDM) was preferred.</p>	In the Matter of PacifiCorp's Proposal to Restructure and Reprice its Services in Accordance with the Provisions of SB 1149. 2001 Ore. PUC LEXIS 418; 212 P.U.R.4th 379. <sup>4</sup>	2001

<sup>4</sup> In the Matter of PacifiCorp's Proposal to Restructure and Reprice its Services in Accordance with the Provisions of SB 1149. 2001 Ore. PUC LEXIS 418; 212 P.U.R.4th 379.