It has been argued by a journalist that utility companies should not be allowed to pay cash dividends.  His reasoning is that it would reduce their need to raise external capital, thereby reducing their transaction costs and ultimately lowering their cost of capital.  These savings would ultimately be passed on to customers in the form of lower utility rates.  Stockholders would receive capital gains instead of the cash dividends and because of the lower tax rates and deferrals associated with capital investments; it would ultimately lower their taxes.  So it is a win-win for all parties involved.

**Is this a logical argument?  Explain your reasoning.**