

Idacorp

## 4Q23 Preview: capex upside from RFP drives estimates yet higher

Reiterate Rating: NEUTRAL | PO: 97.00 USD | Price: 93.50 USD

### Still see average EPS growth; upside in earned ROEs

We reiterate Neutral on electric regulated utility Idacorp (IDA). We preview 4Q23 and raise our FY24-FY27 EPS estimates by +5% on average to account for upside capex from incremental generation we believe is probable from the ongoing 2026-2027 request for proposal (RFP). We forecast ~5% EPS CAGR, with rate base growth dampened by \$325Mn annual equity, and lower earned returns associated with recovery lag of accelerated investment. The equity represents 7% of market cap, 5% of average annual volume, and 30-35% of annual capex which could climb to ~\$1Bn per year.

### What comes of the 2026 RFP? We see gas generation

IDA plans to provide a refreshed capital and financing outlook with 4Q23 earnings by mid-February. Expect an additional update in late-February that details incremental generation capex if IDA is successful in its ongoing RFP bids. Idaho Power is facing significantly higher peak demand and capacity needs, as high as 350MW in outer years of the planning period to accommodate load growth. Given the growth from baseload demand customers and price tag for intermittent renewables (1,100MW renewables, at a potential price of \$1.5Bn+ in a full ownership case), we believe natural gas is most probable. IDA sized its 300-330MW Langley Gulch CCGT site to accommodate a second similarly sized resource (natural gas supply, etc.). natural gas construction costs have inflated and a 300MW sub-scale brownfield plant could be ~\$1,500/kW+ (\$450Mn). We include +\$500Mn in our capex forecast for this potential. [See gas gen thoughts here.](#)

### PO unchanged at \$97; EPS estimates still conservative

Our \$97 PO is unchanged with +9c higher 2026 EPS being offset by the mark-to-market of the electric peer multiple to 13.4x from 13.6x previously. We continue to apply a +2x premium to Idaho Power, reflecting the favorable regulatory environment and strong historical execution. We conservatively assume ~9.1% earned ROEs, near the 'floor' in the recent rate case with the view that returns could be materially affected by lagged return of accelerated investment. The robust rate base growth will include outsized timing regulatory lag until the growth slows. IDA will need to file consistent rate cases to support earned returns; implementation of an interim capital investment tracker in a future rate case proceeding could influence us to forecast higher earned returns. In the meantime, we see the interplay of EPS growth certainty and the high relative premium to the group as one offsetting the other until retained earnings power is demonstrated.

Estimates (Dec) (US\$)	2021A	2022A	2023E	2024E	2025E
EPS	4.85	5.11	5.14	5.51	5.77
EPS Change (YoY)	3.4%	5.4%	0.6%	7.2%	4.7%
Consensus EPS (Bloomberg)			5.13	5.46	5.85
DPS	2.88	3.04	3.20	3.36	3.52
Valuation (Dec)					
P/E	19.3x	18.3x	18.2x	17.0x	16.2x
Dividend Yield	3.1%	3.3%	3.4%	3.6%	3.8%
EV / EBITDA*	18.0x	18.3x	17.7x	15.2x	13.4x
Free Cash Flow Yield*	1.3%	-1.7%	-5.2%	-7.6%	-9.5%

\* For full definitions of *IQmethod*<sup>SM</sup> measures, see page 9.

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Timestamp: 19 January 2024 06:30AM EST

19 January 2024

#### Equity

##### Key Changes

(US\$)	Previous	Current
2024E Rev (m)	1,792.5	1,775.6
2025E Rev (m)	1,880.3	1,867.9
2023E EPS	5.12	5.14
2024E EPS	5.46	5.51
2025E EPS	5.73	5.77

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#### Stock Data

Price	93.50 USD
Price Objective	97.00 USD
Date Established	22-Nov-2023
Investment Opinion	A-2-7
52-Week Range	88.10 USD - 112.96 USD
Mkt Val (mn) / Shares Out (mn)	4,733 USD / 50.6
Free Float	99.5%
Average Daily Value (mn)	27.32 USD
BofA Ticker / Exchange	IDA / NYS
Bloomberg / Reuters	IDA US / IDA.N
ROE (2023E)	9.1%
Net Dbt to Eqty (Dec-2022A)	71.6%
ESGMeter <sup>TM</sup>	High

**ESGMeter is not indicative of a company's future stock price performance and is not an investment recommendation or rating. ESGMeter is independent of BofA Global Research's equity investment rating, volatility risk rating, income rating, and price objective for that company. For full details, refer to "BofA ESGMeter Methodology".**

RFP: Request for proposal  
CCGT: Combined cycle gas turbine

# iQprofile<sup>SM</sup> Idacorp

## iQmethod<sup>SM</sup> – Bus Performance\*

(US\$ Millions)	2021A	2022A	2023E	2024E	2025E
Return on Capital Employed	4.2%	4.1%	4.0%	4.3%	4.5%
Return on Equity	9.4%	9.5%	9.1%	9.2%	9.2%
Operating Margin	22.7%	19.9%	19.3%	22.0%	24.0%
Free Cash Flow	63	(81)	(245)	(361)	(450)

## iQmethod<sup>SM</sup> – Quality of Earnings\*

(US\$ Millions)	2021A	2022A	2023E	2024E	2025E
Cash Realization Ratio	1.5x	1.4x	1.7x	1.7x	1.7x
Asset Replacement Ratio	1.7x	2.5x	3.6x	4.0x	4.2x
Tax Rate	13.1%	12.7%	9.4%	12.9%	13.0%
Net Debt-to-Equity Ratio	66.7%	71.6%	83.2%	81.5%	80.3%
Interest Cover	3.8x	3.7x	3.4x	3.2x	3.2x

## Income Statement Data (Dec)

(US\$ Millions)	2021A	2022A	2023E	2024E	2025E
Sales	1,455	1,641	1,670	1,771	1,864
% Change	8.0%	12.8%	1.8%	6.1%	5.2%
Gross Profit	NA	NA	NA	NA	NA
% Change	NA	NA	NA	NA	NA
EBITDA	509	501	516	603	683
% Change	4.9%	-1.6%	3.1%	16.7%	13.3%
Net Interest & Other Income	(47)	(30)	(35)	(61)	(76)
<b>Net Income (Adjusted)</b>	<b>246</b>	<b>259</b>	<b>261</b>	<b>287</b>	<b>322</b>
<b>% Change</b>	<b>3.4%</b>	<b>5.5%</b>	<b>0.6%</b>	<b>9.9%</b>	<b>12.5%</b>

## Free Cash Flow Data (Dec)

(US\$ Millions)	2021A	2022A	2023E	2024E	2025E
Net Income from Cont Operations (GAAP)	246	259	261	287	322
Depreciation & Amortization	179	174	194	213	236
Change in Working Capital	(20)	36	0	(11)	(9)
Deferred Taxation Charge	24	(1)	0	0	0
Other Adjustments, Net	(66)	(116)	0	0	0
Capital Expenditure	(300)	(433)	(700)	(850)	(1,000)
<b>Free Cash Flow</b>	<b>63</b>	<b>-81</b>	<b>-245</b>	<b>-361</b>	<b>-450</b>
<b>% Change</b>	<b>-18.0%</b>	<b>NM</b>	<b>-201.7%</b>	<b>-47.3%</b>	<b>-24.5%</b>
Share / Issue Repurchase	(3)	(3)	0	272	325
Cost of Dividends Paid	(146)	(154)	(162)	(175)	(197)
Change in Debt	0	194	410	271	327

## Balance Sheet Data (Dec)

(US\$ Millions)	2021A	2022A	2023E	2024E	2025E
Cash & Equivalents	215	178	180	186	192
Trade Receivables	94	165	168	179	188
Other Current Assets	287	351	355	363	371
Property, Plant & Equipment	4,902	5,173	5,671	6,308	7,072
Other Non-Current Assets	1,713	1,677	1,677	1,677	1,677
<b>Total Assets</b>	<b>7,211</b>	<b>7,543</b>	<b>8,051</b>	<b>8,713</b>	<b>9,499</b>
Short-Term Debt	0	0	0	0	0
Other Current Liabilities	326	549	556	564	572
Long-Term Debt	2,001	2,194	2,604	2,875	3,202
Other Non-Current Liabilities	2,209	1,986	1,986	1,986	1,986
<b>Total Liabilities</b>	<b>4,535</b>	<b>4,729</b>	<b>5,146</b>	<b>5,425</b>	<b>5,760</b>
<b>Total Equity</b>	<b>2,675</b>	<b>2,815</b>	<b>2,913</b>	<b>3,297</b>	<b>3,748</b>
<b>Total Equity &amp; Liabilities</b>	<b>7,211</b>	<b>7,543</b>	<b>8,060</b>	<b>8,722</b>	<b>9,508</b>

\* For full definitions of iQmethod<sup>SM</sup> measures, see page 9.

## Company Sector

Electric Utilities

## Company Description

Idacorp is a holding company primarily composed of Idaho Power, a vertically integrated utility serving 600k+ customers, primarily in Idaho but also in Oregon. Idaho Power has 60% carbon-free generation (40%+ hydro), and has experienced 2%+ customer growth in recent years. Smaller subsidiaries include Ida-West (small hydro), Idacorp Financial Services (real estate), and Idaho Energy Resources (coal for Jim Bridger power plant).

## Investment Rationale

We are Neutral rated on Idacorp due to a premium valuation that appropriately reflects the positive attributes of shares. We see strength in potential around future hydro, transmission and replacement for coal retirement announcements. Idaho Power benefits from positive regulatory mechanisms, including an earnings support mechanism of deferred tax credits and one of the highest core customer & load growth profiles at 2%+.

## Stock Data

Average Daily Volume 290,166

## Quarterly Earnings Estimates

	2022	2023
Q1	0.91A	1.11A
Q2	1.27A	1.35A
Q3	2.10A	2.07A
Q4	0.83A	0.61E

## 4Q23 Adjusted EPS Drivers

We forecast 4Q23 EPS of 61c, relatively in line with consensus of 60c and down from 83c in 4Q22 due to favorable weather that drove elevated heating load in the prior-year quarter. In 4Q22, energy market volatility resulted in a net negative impact with Idaho Power's 5% power cost sharing through the PCA mechanism exceeding the benefit of higher transmission wheeling-related revenues. Our 4Q23 estimate assumes a benefit from normalization of energy prices and heating load, offset by continued drag from higher D&A, as Idaho Power's new retail rates do not become effective until January 1, 2024. Our estimate results in FY23 EPS of \$5.14, toward the high end of IDA's \$5.05-5.15 guidance.

### Exhibit 1: Idacorp FY23 Walk

Estimates roughly in line with consensus

IDA Earnings Walk	EPS	1Q	2Q	3Q	4Q
<b>FY22A Adjusted EPS</b>	<b>\$5.11</b>	<b>\$0.91</b>	<b>\$1.27</b>	<b>\$2.10</b>	<b>\$0.83</b>
Idaho Power					
Customer Growth, Net of Power Supply & PCA	0.32	0.05	0.08	0.09	0.09
Usage per Retail, Net of Power Supply & PCA	(0.55)	0.01	(0.03)	(0.34)	(0.19)
ID Fixed Cost Adjustment Revenues	0.25	(0.02)	0.00	0.14	0.13
Retail Revenues per MWh, Net of Power Supply & PCA	0.08	0.17	0.05	0.02	(0.15)
Transmission Wheeling-Related Revenues	0.02	0.10	0.03	(0.06)	(0.06)
Other O&M	0.16	-	0.07	0.10	(0.01)
D&A	(0.44)	-	(0.24)	(0.10)	(0.10)
Other Changes in Operating Revenue/Expenses	(0.00)	(0.15)	0.06	0.10	(0.01)
Non-Operating Earnings (AFUDC, Interest, etc.)	0.09	0.05	0.06	(0.01)	(0.01)
Income Taxes: Base	(0.15)	(0.09)	(0.06)	-	-
Income Taxes: ADITC ~\$15Mn in 2023	0.24	0.07	0.07	0.02	0.07
<b>Idaho Power Total</b>	<b>0.03</b>	<b>0.19</b>	<b>0.09</b>	<b>(0.03)</b>	<b>(0.22)</b>
Other IDACORP Changes	0.01	0.01	(0.01)	0.01	-
<b>FY23A Adjusted EPS</b>	<b>\$5.14</b>	<b>\$1.11</b>	<b>\$1.35</b>	<b>\$2.08</b>	<b>\$0.61</b>
<b>FY Consensus</b>	<b>\$5.13</b>	<b>\$0.99</b>	<b>\$1.28</b>	<b>\$1.98</b>	<b>\$0.60</b>
<b>BofA Forecasted Beat/(Miss) vs Consensus</b>	<b>0%</b>	<b>12%</b>	<b>5%</b>	<b>5%</b>	<b>1%</b>
<b>FY Adj EPS Guidance</b>	<b>5.05-5.15</b>				
<b>BofA Forecasted Beat/(Miss) vs Guidance</b>	<b>1%</b>	<b>21%</b>	<b>7%</b>	<b>-1%</b>	<b>-27%</b>

Source: BofA Global Research, Company filings, Bloomberg

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## FY24 EPS Walk: Higher rates, customer growth, D&A

Below we detail our preliminary FY24 EPS walk on a quarter-by-quarter basis. We forecast FY24 EPS of \$5.51, approximately 5c higher than consensus and up 7% versus our FY23 EPS estimate. We raise our estimate by 5c to reflect higher allowance for funds used during construction on elevated investment, partially offset by higher depreciation associated with elevated investment and higher interest expense from funding growth. We conservatively assume Idaho Power will earn toward the 9.12% EPS floor as prescribed in its recent general rate case, reflecting depreciation and financing drag from elevated growth expenditures. This remains a key source of upside relative to our estimates but we anticipate management guiding conservatively to start the year, consistent with their practice.



**Exhibit 2: Idacorp FY24 EPS Walk – small beat expected vs Street if not a meaningful one**

Rate relief and customer growth driving EPS higher, net of D&amp;A and borrowing costs

<b>IDA Earnings Walk</b>	<b>EPS</b>	<b>1Q</b>	<b>2Q</b>	<b>3Q</b>	<b>4Q</b>
<b>FY23A Adjusted EPS</b>	<b>\$5.14</b>	<b>\$1.11</b>	<b>\$1.35</b>	<b>\$2.08</b>	<b>\$0.61</b>
Idaho Power					
Customer Growth, Net of Power Supply & PCA	0.29	0.07	0.07	0.07	0.07
Usage per Retail, Net of Power Supply & PCA	0.24	(0.01)	0.02	0.14	0.10
ID Fixed Cost Adjustment Revenues	(0.25)	0.02	(0.00)	(0.14)	(0.13)
Retail Revenues per MWh, Net of Power Supply & PCA	0.98	0.18	0.22	0.31	0.26
Transmission Wheeling-Related Revenues	(0.02)	(0.10)	(0.03)	0.06	0.06
Other O&M	(0.30)	(0.06)	(0.08)	(0.12)	(0.04)
D&A	(0.24)	(0.06)	(0.06)	(0.06)	(0.06)
Other Changes in Operating Revenue/Expenses	-	-	-	-	-
Non-Operating Earnings (AFUDC, Interest, etc.)	(0.12)	(0.10)	(0.04)	(0.02)	0.04
Income Taxes: Base	-	-	-	-	-
Income Taxes: ADITC ~\$15Mn in 2023	(0.09)	(0.03)	(0.04)	0.01	(0.02)
<b>Idaho Power Total</b>	<b>0.48</b>	<b>(0.08)</b>	<b>0.05</b>	<b>0.24</b>	<b>0.26</b>
Other IDACORP Changes					
Dilution	(0.11)	(0.00)	0.00	(0.08)	(0.03)
<b>FY24E Adjusted EPS</b>	<b>\$5.51</b>	<b>\$1.03</b>	<b>\$1.41</b>	<b>\$2.23</b>	<b>\$0.84</b>
<b>FY Consensus</b>	<b>\$5.46</b>	<b>\$0.82</b>	<b>\$1.38</b>	<b>\$2.25</b>	<b>\$0.84</b>
<b>BofA Forecasted Beat/(Miss) vs Consensus</b>	<b>1%</b>	<b>25%</b>	<b>2%</b>	<b>0%</b>	<b>0%</b>

Source: BofA Global Research estimates, Company filing, Bloomberg

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**Long-term estimates reflect higher investment from RFP**

In late February or early March, we expect Idaho Power to provide another refresh to its recently updated capital expenditures plan. On the 3Q23 call, IDA sized 2025-2027 capital expenditures at \$2.0-2.5Bn, driving 11% rate base growth from 2023 to 2027. Previously we already assumed the \$2.5Bn high-end of the range. In 2023-2025, Idaho Power is developing ~100MW of annual storage and ~100MW of annual renewables (80MW via the 'Clean Energy Your Way' program). IDA estimates ~350MW peak capacity which could require 1,100MW variable energy resources. We detail the various considerations for the all-source [RFP in a prior note, link here](#).

The ongoing 2026 RFP process is unlikely to be complete by IDA's mid-February 4Q23 earnings call, so we expect any potential upside to the current capex plan associated with the RFP would be announced separately, likely in an 8K if material between quarters. Given IDA's baseload and capacity needs, we expect IDA could potentially build a combined cycle gas plant in the RFP, and as such have added consideration for a 300MW gas plant at a construction cost of \$500Mn from 2025 to 2027 into our model (\$450Mn baseline assumption at \$1,500/kW+). This drives our longer-dated EPS estimates higher, but could exacerbate potential underearning given the difficulty in keeping earned ROEs apace with higher D&A and financing costs. We assume a nearly even 50/50% financing split between debt and equity for the incremental capex over the planning period.

[US Electric Utilities & IPPs: The Real Deal on the Next Gas Buildout Ahead & All its Ramifications 17 November 2023](#)

**Exhibit 3: IDA Financial Dashboard**

Raising estimates for stronger capex through planning period

IDA Adjusted EPS	2020A	2021A	2022A	2023E	2024E	2025E	2026E	2027E	'23-'27 CAGR	'24-'27 CAGR
Idaho Power Core Regulated Operations	\$4.61	\$4.80	\$5.03	\$5.02	\$5.40	\$5.67	\$5.97	\$6.25	5.6%	5.0%
Parent & Other	\$0.08	\$0.05	\$0.11	\$0.11	\$0.11	\$0.10	\$0.10	\$0.09	-5.2%	-6.1%
<b>Total Consolidated EPS</b>	<b>\$4.69</b>	<b>\$4.85</b>	<b>\$5.11</b>	<b>\$5.14</b>	<b>\$5.51</b>	<b>\$5.78</b>	<b>\$6.07</b>	<b>\$6.35</b>	<b>5.4%</b>	<b>4.8%</b>
<b>Guidance</b>	<b>4.55-4.65</b>	<b>4.80-4.90</b>	<b>5.05-5.15</b>	<b>5.05-5.15</b>					<b>5.9%</b>	
<i>BofA vs Guidance</i>	<i>2.1%</i>	<i>0.0%</i>	<i>0.2%</i>	<i>0.7%</i>						
<b>Consensus</b>	<b>4.62</b>	<b>4.87</b>	<b>5.11</b>	<b>5.13</b>	<b>5.46</b>	<b>5.85</b>	<b>6.04</b>	<b>6.38</b>	<b>5.6%</b>	<b>5.3%</b>
<i>BofA vs Consensus</i>	<i>1.5%</i>	<i>-0.5%</i>	<i>0.1%</i>	<i>0.1%</i>	<i>0.9%</i>	<i>-1.2%</i>	<i>0.6%</i>	<i>-0.5%</i>		
<i>Change vs Prior</i>			<i>0.0%</i>	<i>0.3%</i>	<i>0.9%</i>	<i>0.8%</i>	<i>1.5%</i>	<i>1.6%</i>		
<b>Earned ROE (YE Equity). 9.1% 'Floor'</b>	9.9%	9.9%	9.7%	9.2%	9.1%	9.1%	9.1%	9.1%	-0.1%	0.0%
<b>Equity Ratio (%)</b>	54.2%	55.2%	54.5%	51.4%	50.8%	50.7%	51.1%	51.7%	0.3%	0.9%
<b>FFO/Debt</b>	16.7%	13.4%	13.3%	15.3%	15.0%	15.1%	15.7%	16.4%	1.1%	1.3%
<b>Annual Equity Issuance (\$Mn)</b>	-\$5	-\$3	-\$3	\$0	\$272	\$325	\$325	\$325		
<b>DPS Payout: 60-70% Target</b>	58%	59%	60%	62%	61%	61%	61%	61%	-1.4%	-0.1%

Source: BofA Global Research estimates, Company filings, Bloomberg

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**Positive estimate revisions across the Street**

IDA 2025 EPS Consensus has increased from \$5.68 in August before 2Q23 earnings to \$5.85 currently as incremental capex has become increasingly probable

**Exhibit 4: IDA 2025 EPS Consensus**

IDA 2025 EPS has net increased over the past year despite a sharp decline in 1H23



Source: Bloomberg

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**Valuation: PO unchanged at \$97**

Our PO remains unchanged, as the benefit of modestly higher valuation-year EPS of \$6.07 in 2026 versus \$5.98 prior is fully offset by a reduction in the electric peer group multiple of 13.4x versus 13.6x prior. This implies modest upside using our conservative EPS estimates. Reflecting the conservatism in our estimates, we believe IDA merits a full +2x premium to peers, despite what we forecast to be approximately 5% EPS growth through the planning period. In order to compensate for the underearning that is due entirely to robust growth, as a counterbalance we in part apply more of a premium P/E valuation. In conclusion, we want to avoid applying 'trough' premium to 'trough' earned ROEs.



BofA Global Research Reports

Title: Subtitle

[Idacorp: The premium valuation stands; can growth-phase execution drive upside?](#)  
[Idacorp: Calm before the rate case: Reiterate Neutral ahead of June 1st filing](#)  
[US Utilities & IPPs: PowerPoints: PNM M&A, PEG & OGE cases, PPL-TLN, & ES/IDA/AGR/Oregon regulatory](#)  
[US Utilities & IPPs: PowerPoints V2: NFE Permits, MDU Beat/Spin, PNW Beat, PPL Scenarios, IDA](#)  
[US Utilities & IPPs: PowerPoints: D biennial review, IDA rate case, NFE term loan, AGR](#)

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Exhibit 5: Idacorp Valuation

Higher estimates, lower peer group MtM; PO still \$97

IDACORP, Inc Valuation					
P/E Methodology Sum-of-the-Parts		2026	P/E Multiple		Equity Value per Share
			Peer	Premium	P/E
Group Peer Multiple - Electric			13.4x		
Group EPS CAGR			5.0%		
Idaho Power	\$5.97		14.1x	2.0x	16.1x
Parent/Other	\$0.09		-	2.0x	16.1x
Potential Valuation					\$97.00
Current Price					\$93.50
Dividend Yield					3.6%
Potential Total Return					7.3%

Source: BofA Global Research estimates, Company filings, Bloomberg

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## Price objective basis & risk

### Idacorp (IDA)

Our \$97 PO is based on a sum-of-the-part valuation (SOTP) of the utility and parent segments. Our utility valuation is based on applying the 2026E sector P/E multiple of 13.4x that is subsequently grossed-up +5% to reflect anticipated sector growth which is consistent with our valuation approach for the regulated utility coverage universe. We apply a 2.0x P/E premium to the base peer multiple to reflect the positive attributes including constructive regulation, execution track record, strong balance sheet, and ESG attributes.

Upside and downside risks to our Price Objective are: 1) political, regulatory, or legislative changes, 2) execution of capital projects, including major investments, 3) workforce attrition and operating cost inflation, 4) changes in interest rates, 5) capital markets access and pricing for debt/equity, 6) ability to earn the regulatory allowed rate of return, 7) crypto mining, memory chip, data center, & large customer load patterns, 8) permitting, 9) natural disasters, precipitation, and weather patterns.

## Analyst Certification

I, Paul Zimbardo, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or view expressed in this research report.

### North America - Utilities and Alt Energy Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
<b>BUY</b>				
	Alliant Energy Corporation	LNT	LNT US	Julien Dumoulin-Smith
	Array Technologies	ARRY	ARRY US	Julien Dumoulin-Smith
	Atlantica Sustainable Infrastructure	AY	AY US	Julien Dumoulin-Smith
	Atmos Energy Corporation	ATO	ATO US	Julien Dumoulin-Smith
	CenterPoint Energy	CNP	CNP US	Julien Dumoulin-Smith
	Cheniere Energy Inc	LNG	LNG US	Julien Dumoulin-Smith
	Clearway Energy	CWENA	CWEN/A US	Julien Dumoulin-Smith
	Clearway Energy	CWEN	CWEN US	Julien Dumoulin-Smith
	CMS Energy	CMS	CMS US	Julien Dumoulin-Smith
	Consolidated Edison	ED	ED US	Julien Dumoulin-Smith
	DTE Energy	DTE	DTE US	Julien Dumoulin-Smith
	Duke Energy	DUK	DUK US	Julien Dumoulin-Smith
	Enlight Renewable Energy Ltd	ENLT	ENLT US	Julien Dumoulin-Smith
	Enlight Renewable Energy Ltd	XENLF	ENLT IT	Julien Dumoulin-Smith
	Entergy	ETR	ETR US	Paul Zimbardo
	First Solar, Inc.	FSLR	FSLR US	Julien Dumoulin-Smith
	Fluence Energy	FLNC	FLNC US	Julien Dumoulin-Smith
	Hannon Armstrong	HASI	HASI US	Julien Dumoulin-Smith
	Hydro One	YH	H CN	Dariusz Lozny, CFA
	MDU Resources Group, Inc.	MDU	MDU US	Dariusz Lozny, CFA
	Nexttracker Inc	NXT	NXT US	Julien Dumoulin-Smith
	NiSource Inc	NI	NI US	Julien Dumoulin-Smith
	NorthWestern Corporation	NWE	NWE US	Julien Dumoulin-Smith
	NRG Energy	NRG	NRG US	Julien Dumoulin-Smith
	PG&E Corporation	PCG	PCG US	Julien Dumoulin-Smith
	PNM Resources Inc.	PNM	PNM US	Julien Dumoulin-Smith
	Portland General Electric Company	POR	POR US	Julien Dumoulin-Smith
	PPL Corporation	PPL	PPL US	Paul Zimbardo
	Public Service Enterprise Group	PEG	PEG US	Julien Dumoulin-Smith
	Sempra Energy	SRE	SRE US	Julien Dumoulin-Smith
	Sunnova Energy	NOVA	NOVA US	Julien Dumoulin-Smith
	SunRun	RUN	RUN US	Julien Dumoulin-Smith
	TPI Composites	TPIC	TPIC US	Julien Dumoulin-Smith



## North America - Utilities and Alt Energy Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
	Vistra Energy	VST	VST US	Julien Dumoulin-Smith
	Xcel Energy Inc	XEL	XEL US	Julien Dumoulin-Smith
<b>NEUTRAL</b>				
	AES	AES	AES US	Julien Dumoulin-Smith
	Algonquin Power & Utilities Corp	AQN	AQN US	Dariusz Lozny, CFA
	Algonquin Power & Utilities Corp	YAQN	AQN CN	Dariusz Lozny, CFA
	AltaGas	YALA	ALA CN	Cameron Lochridge
	Ameren Corporation	AEE	AEE US	Julien Dumoulin-Smith
	Ameresco	AMRC	AMRC US	Julien Dumoulin-Smith
	American Electric Power	AEP	AEP US	Julien Dumoulin-Smith
	Bloom Energy	BE	BE US	Julien Dumoulin-Smith
	ChargePoint Holdings	CHPT	CHPT US	Cameron Lochridge
	Constellation Energy Corp	CEG	CEG US	Paul Zimbardo
	Emera Inc	YEMA	EMA CN	Dariusz Lozny, CFA
	Essential Utilities	WTRG	WTRG US	Julien Dumoulin-Smith
	Evergy, Inc	EVERG	EVERG US	Julien Dumoulin-Smith
	Exelon	EXC	EXC US	Paul Zimbardo
	Generac Holdings Inc.	GNRC	GNRC US	Julien Dumoulin-Smith
	Idacorp	IDA	IDA US	Paul Zimbardo
	Maxon Solar Technologies	MAXN	MAXN US	Julien Dumoulin-Smith
	New Fortress Energy	NFE	NFE US	Cameron Lochridge
	NextEra Energy	NEE	NEE US	Julien Dumoulin-Smith
	NextEra Energy Partners	NEP	NEP US	Julien Dumoulin-Smith
	OGE Energy Corp	OGE	OGE US	Julien Dumoulin-Smith
	Ormat Technologies	ORA	ORA US	Julien Dumoulin-Smith
	Pinnacle West	PNW	PNW US	Julien Dumoulin-Smith
	Southern Company	SO	SO US	Julien Dumoulin-Smith
	Southwest Gas Holdings	SWX	SWX US	Julien Dumoulin-Smith
	TransAlta Corp	TAC	TAC US	Dariusz Lozny, CFA
	TransAlta Corporation	YTA	TA CN	Dariusz Lozny, CFA
<b>UNDERPERFORM</b>				
	Allete Inc	ALE	ALE US	Julien Dumoulin-Smith
	American Water Works	AWK	AWK US	Julien Dumoulin-Smith
	Avangrid	AGR	AGR US	Paul Zimbardo
	Avista	AVA	AVA US	Julien Dumoulin-Smith
	Black Hills Corporation	BKH	BKH US	Julien Dumoulin-Smith
	Dominion Energy	D	D US	Paul Zimbardo
	Edison International	EIX	EIX US	Paul Zimbardo
	Enphase Energy	ENPH	ENPH US	Julien Dumoulin-Smith
	Eversource Energy	ES	ES US	Paul Zimbardo
	FirstEnergy	FE	FE US	Julien Dumoulin-Smith
	Fortis	YFTS	FTS CN	Julien Dumoulin-Smith
	Fortis Inc	FTS	FTS US	Julien Dumoulin-Smith
	FREYR Battery	FREY	FREY US	Julien Dumoulin-Smith
	FTC Solar	FTCI	FTCI US	Julien Dumoulin-Smith
	Hawaiian Electric Industries	HE	HE US	Julien Dumoulin-Smith
	MGE Energy	MGEE	MGEE US	Julien Dumoulin-Smith
	New Jersey Resources Corp	NJR	NJR US	Julien Dumoulin-Smith
	ONE Gas, Inc.	OGS	OGS US	Julien Dumoulin-Smith
	SolarEdge Technologies	SEDG	SEDG US	Julien Dumoulin-Smith
	Spire	SR	SR US	Julien Dumoulin-Smith
	Stem, Inc.	STEM	STEM US	Julien Dumoulin-Smith
	SunPower Corp.	SPWR	SPWR US	Julien Dumoulin-Smith
	UGI Corp.	UGI	UGI US	Julien Dumoulin-Smith
	WEC Energy Group Inc	WEC	WEC US	Julien Dumoulin-Smith



## iQmethod<sup>SM</sup> Measures Definitions

### Business Performance

Return On Capital Employed

Return On Equity

Operating Margin

Earnings Growth

Free Cash Flow

### Numerator

NOPAT = (EBIT + Interest Income) × (1 – Tax Rate) + Goodwill Amortization

Net Income

Operating Profit

Expected 5 Year CAGR From Latest Actual

Cash Flow From Operations – Total Capex

### Denominator

Total Assets – Current Liabilities + ST Debt + Accumulated Goodwill

Amortization

Shareholders' Equity

Sales

N/A

N/A

### Quality of Earnings

Cash Realization Ratio

Asset Replacement Ratio

Tax Rate

Net Debt-To-Equity Ratio

Interest Cover

### Numerator

Cash Flow From Operations

Capex

Tax Charge

Net Debt = Total Debt – Cash &amp; Equivalents

EBIT

### Denominator

Net Income

Depreciation

Pre-Tax Income

Total Equity

Interest Expense

### Valuation Toolkit

Price / Earnings Ratio

Price / Book Value

Dividend Yield

Free Cash Flow Yield

Enterprise Value / Sales

### Numerator

Current Share Price

Current Share Price

Annualised Declared Cash Dividend

Cash Flow From Operations – Total Capex

EV = Current Share Price × Current Shares + Minority Equity + Net Debt +

Other LT Liabilities

Enterprise Value

### Denominator

Diluted Earnings Per Share (Basis As Specified)

Shareholders' Equity / Current Basic Shares

Current Share Price

Market Cap = Current Share Price × Current Basic Shares

Sales

Basic EBIT + Depreciation + Amortization

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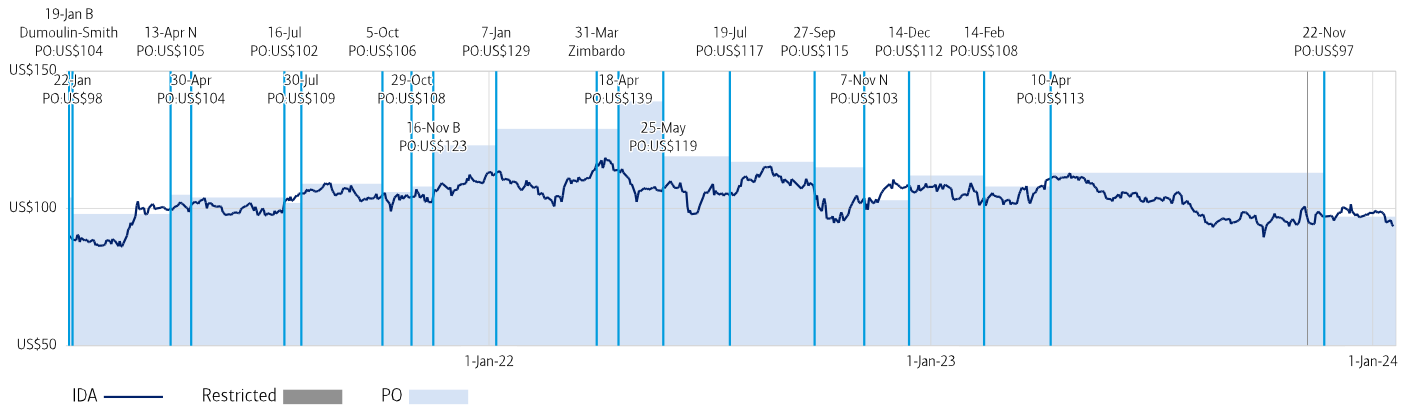
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IDA — Restricted ■ PO ■  
B: Buy, N: Neutral, U: Underperform, PO: Price Objective, NA: No longer valid, NR: No Rating

The Investment Opinion System is contained at the end of the report under the heading "Fundamental Equity Opinion Key". Dark grey shading indicates the security is restricted with the opinion suspended. Medium grey shading indicates the security is under review with the opinion withdrawn. Light grey shading indicates the security is not covered. Chart is current as of a date no more than one trading day prior to the date of the report.

### Equity Investment Rating Distribution: Utilities Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships <sup>R1</sup>	Count	Percent
Buy	72	46.45%	Buy	52	72.22%
Hold	45	29.03%	Hold	32	71.11%
Sell	38	24.52%	Sell	21	55.26%

### Equity Investment Rating Distribution: Global Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships <sup>R1</sup>	Count	Percent
Buy	1895	53.62%	Buy	1083	57.15%
Hold	832	23.54%	Hold	454	54.57%
Sell	807	22.84%	Sell	383	47.46%

<sup>R1</sup> Issuers that were investment banking clients of BofA Securities or one of its affiliates within the past 12 months. For purposes of this Investment Rating Distribution, the coverage universe includes only stocks. A stock rated Neutral is included as a Hold, and a stock rated Underperform is included as a Sell.

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Investment rating	Total return expectation (within 12-month period of date of initial rating)	Ratings dispersion guidelines for coverage cluster <sup>R2</sup>
Buy	≥ 10%	≤ 70%
Neutral	≥ 0%	≤ 30%
Underperform	N/A	≥ 20%

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