

## US Utilities &amp; Clean Tech

**PowerPoints: OGE Guide, D/AEP New Nuke?, D M&A, ALE Miss, AGR CT, Alberta**

Industry Overview

**OGE: FY24 guide light and formalize a 5-7% EPS CAGR**

Oklahoma-based utility OGE Energy (OGE) reported 4Q23 EPS of 24c versus BofA 20c and consensus 20c. 4Q23 weather-normalized load growth of 1.8% was driven by 3% residential growth and 5% commercial growth. FY23 weather-normalized load growth was 2.7%, below the low end of initially guided 4-5% (toward low end of 2.5-3.5% assuming flat datamining load). OGE initiated consolidated 2024 EPS guidance of \$2.06 to \$2.18, the midpoint of which is modestly lower than BofA \$2.15 and consensus \$2.14, though we expect guidance could be conservative in line with prior EPS guides. Guidance midpoint represents 6% EPS growth off original FY23 EPS guidance midpoint of \$2.00. HoldCo drag is anticipated to be -10c, in line with our assumptions. Utility Oklahoma Gas & Electric (OG&E) targets 3-5% retail load growth, one of the stronger guides in our coverage universe but a slight deceleration from opening 2023 guidance of 4-5%. FY24 guide incorporates assumption for \$300-350Mn debt issuance at OG&E and \$300Mn debt issuance at other operations. The large Oklahoma rate case will be a critical driver for 2024+ earnings.

OGE initiated 5-year consolidated EPS guidance of 5-7% EPS CAGR using the midpoint of original \$2.00 FY23 guidance base; this is comparable to 5.7% BofA. Overall, five-year EPS guide in line with street expectations with HoldCo drag expected to modestly increase over the planning period. Five-year capex of \$6.0Bn is in-line with \$5.9Bn assumption and includes \$360Mn for higher generation capacity between 2024 and 2026, with 2027 and 2028 reflecting no incremental spend and a possible source of upside. Another \$770Mn investment dedicated to generation reliability investment. OGE expects no block equity issuances through the planning period and continued strong 1% load growth annually. Balance sheet expected to slightly erode with forecasted 17% FFO/debt each year through the plan versus BofA estimate 22%+ currently and 16-17% in 2028; mgmt. was exceptionally confident on this point. We expect any incremental capex would require external equity to support the investment. Maintain Neutral on shares of OGE with balanced risk/reward given ongoing Oklahoma rate case proceeding.

**D/AEP: New nuclear coming to Virginia?**

With respect to the active Virginia legislative session, many draft bills have not advanced out of the respective committees. Of the remaining draft legislation, we do *not* see any legislation material at this time for the regulated utilities. Bills we are watching include SB454, SB508, HB124, SB508, HB106/HB108/SB255/SB253, SB271, and HB337. SB454 would support utility development of small nuclear reactors (SMR) and passed the Senate 20-16 on February 13<sup>th</sup>. A separate but related bill HB1491 that is specific for American Electric Power (AEP) passed the House 74-24 also on February 13<sup>th</sup>. We would view any new nuclear development cautiously, even with a regulatory support mechanism due to the significant ratepayer costs and uncertainty involved. We maintain our Underperform rating on shares of Dominion Energy (D) which we view as relatively expensive.

21 February 2024

Equity  
United States  
Utilities & Clean Tech

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OG&E: Oklahoma Gas & Electric  
HoldCo: Holding company  
HB: House Bill  
SB: Senate Bill  
SMR: Small modular reactor

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## D: Ohio entities differing view on pending merger

The Office of the Ohio Consumers' Counsel (OCC) filed with the Public Utilities Commission of Ohio (PUCO) requesting to consolidate Dominion Energy's (D) East Ohio Gas Company pending natural gas rate case with the related transaction proceeding for the proposed merger with Enbridge (ENB). OCC states that there could be potential cost savings from the proposed merger that could reduce the customer bill impact from the pending rate case, thus requests consolidation of the merger (Case 23-972-GA-UNC) and rate case (Case 23-894-GA-AIR et al). Dominion filed opposing the request, noting that it would create delays in the merger and inefficiencies in the rate case. Dominion states the consolidation request is inconsistent with PUCO precedent, arguing that the OCC cases cited are "inapposite" as not related to parent company consolidation. PUCO stated that there are "red flags" in the proposed transaction that require a detailed review rather than an expedited approval. The OCC refer to the Dayton Power & Light (DPL)-AES Corp (AES) transaction as a warning for a transaction that can harm customers. The PUCO Staff filed that the transaction is "not unreasonable and should not adversely impact Ohio customers". The current merger docket procedural schedule has the intervenor deadline for initial comments was February 20<sup>th</sup> followed by reply comments due February 27<sup>th</sup>.

If the PUCO consolidates the rate case with the merger proceeding that would lead to a delay in the transaction closing which Dominion confirmed in its filings. Our base case is that the pending Enbridge transactions close 12/31/24 without any material incremental costs to Dominion. [See background on the D-ENB regulatory filings here: US Utilities & IPPs: PowerPoints: Dominion Latest NJ 09 November 2023](#)

## VA hearing examiner supports new storage & solar

Separately, the Virginia State Corporation Commission (SCC) hearing examiner recently issued favorable recommended decisions for Dominion's Virginia Electric Power Company (VEPCO) subsidiary. The hearing examiner found the small energy storage investments as in the public interest, per the Grid Transformation and Security Act (GTSA), and recommended approval (PUR-2023-00162). The hearing examiner found the third party and utility owned solar projects as reasonable as part of the Virginia Clean Economy Act (VCEA) and recommended approval as well (PUR-2023-00142). The hearing examiner described Dominion's renewable proposals as having "elevated costs". Our base case is approval of both sets of investments and the hearing examiner views are consistent.

## ALE: 4Q23, FY24 guidance light; 5-yr capex up \$1Bn but how will it be funded?

Allete, Inc. (ALE) reported 4Q23 EPS of 89c, coming in light of consensus 94c. FY23 EPS of \$4.30 was short of \$4.35 consensus. Unfavorable weather in 4Q23 reduced EPS by 5c and there was renewable constraints late in 2023 that were quantified as a ~\$0.10 drag (Caddo). FY23 EPS included +71c after-tax benefit for an arbitration award at Allete Clean Energy (ACE). Five-year capex target raised to \$4.3Bn through 2028, largely reflecting an increase in transmission capex in 2027 and 2028 as well as incremental wind RFP investment. We expect the capex raise to intensify discussions of equity needs and the possibility of bringing on additional partners to support heightened transmission spend given preponderance of investment requirements. We see this funding dynamic being connected to Allete's exploration of a sale announced late in 2023, and expect M&A and/or partnership agreements to continue being a key consideration in the story going forward.

ALE initiated FY24 EPS guidance of \$3.60 to \$3.90 per share, coming in lower than BofA of \$3.95 and consensus \$4.08. For Regulated Operations, guidance reflects +\$64Mn in interim rates, 6.2mm MWh industrial sales assuming 35mm tons of taconite production over the year, higher O&M and D&A, +\$6mm higher capex in American Transmission Company (ATC), and constructive regulatory proceeding outcomes. At ACE, guidance

assumes total wind generation of 3.7mm MWh in 2024, continued substation network outage near Caddo wind energy facility in 1Q24, \$18Mn PTCs, sale of Project Whitetail in 2024, and higher O&M. For Corporate and Other, New Energy net income is projected to be \$19-21mm. Results at BNI Energy and Noble 2 Power Partners expected to be similar YoY; ALLETE Properties and Minnesota solar project earnings expected to contribute lower earnings YoY. Dilution expected to reduce 2024 EPS by -3c; earnings assume 5% effective tax rate. ALE expects to return to 5-7% annual EPS growth in 2025. We see guide as achievable though note regulatory caution given recent datapoints in Minnesota rate case proceedings, including disappointing orders for both Xcel Energy's Minnesota subsidiary and Minnesota Power's most recent rate case proceeding concluding in early 2023.

We maintain our Underperform rating on shares of ALE which we view as relatively expensive versus peers.

## **AGR: CT gas rate case cuts recommended**

The Connecticut Office of Consumer Counsel (OCC) filed recommending revenue reductions in Avangrid's (AGR) pending Connecticut natural gas rate cases (Docket 23-11-02). The OCC calculated a \$28Mn revenue sufficiency for Connecticut Natural Gas (CNG) and \$7Mn revenue sufficiency for Southern Connecticut Gas (SCG). This is a sharp contrast from the proposed +\$20Mn CNG and +\$41Mn SCG revenue requests by the company. The OCC supports the requested 55%/53% equity ratios but recommends a 9.13% ROE versus the 10.2% request and comparable with the 9.1% authorized in the recent United Illuminating (UI) rate case. The OCC recommends a \$208Mn plant-in service reduction for SCG and \$154Mn for CNG, collectively representing \$362Mn or 2-3% of 2023E rate base. The primary driver appears to be removing planned capex in the rate year: \$113Mn at CNG and \$130Mn at SCG. OCC states that it has multiple issues related to the documentation for past and future capital expenditures. The Connecticut Public Utilities Regulatory Authority (PURA) Office of Education, Outreach, and Enforcement (EOE) recommends a 8.28% ROE and 47.2% equity ratio without providing an explicit revenue requirement.

While relatively small rate cases, given the magnitude of the proposed rate reductions and precedent from the United Illuminating case with rate base disallowances, we believe this is a risk to FY24+ EPS forecast. We maintain our Underperform rating on shares of AGR which we view as relatively expensive versus peers and have below-average projected growth coupled with an above-average unregulated earnings mix.

## **Alberta Power Market: Expectation for modest, not transformative reform**

Last week we hosted two experts to discuss ongoing deliberations to potentially restructure Alberta's unregulated electricity market, and implications for generators and regulated utilities in the province. After a particularly trying 2023 that featured highly volatile electricity prices and wavering grid stability, a series of reviews have been initiated to reform the electricity market and regulatory regime, with the provincial government even proposing establishment of a Crown corporation to restore market discipline and de-risk development of fossil-powered baseload. Ultimately, our discussions indicated that compromise between the provincial government, the Alberta Electric System Operator (AESO), market participants, and customer advocacy groups could be a more likely outcome than a full market reorganization. The eventual manifestation of these initiatives remains unclear, though based on our conversations we ultimately expect implementation of potential market reforms, including the possibility of contracted procurement with or without backing of the province, could reduce pricing power of power suppliers and smooth out electricity costs to customers. Removal of significant price spikes and reduction intramarginal rents for generators in the Alberta power market could further reduce forward expectations for TransAlta and other generators in the province. Continue to see backwardation in Alberta with forward power prices potentially further steadying on any significant market structure actions.



Maintain Neutral on shares of TransAlta (TAC) which have a roughly balanced risk/reward profile, reflecting the elevated uncertainty for the relevant power markets. We could see outsized volatility for shares in weeks ahead around future compromise to be struck.

## BofA Global Research Reports

### Title: Subtitle

[TransAlta Corporation: Screens attractive but setup complicated by Alberta power market dynamics](#)  
[CenterPoint Energy: Big update for CNP with lots to unpack – Reiterate Buy](#)  
[US Utilities & Clean Tech: PowerPoints: CNP earnings, VST M&A, SO GA capex, ES/AGR "rate shock", AEE/XEL](#)  
[US Utilities & Clean Tech: PowerPoints: ED Capex/Equity, LNT EPS, POR miss, IDA light guide, & PPL delivers](#)  
[Portland General Electric: Disappointing FY23 EPS but FY24 in-line. Capex jumps from grid spending plans](#)  
[Bloom Energy: A choppy start to the year – reiterate Underperform](#)  
[SunPower Corp.: New lease on life: SPWR secures liquidity stopgap, but dilution costly with downside](#)  
[Generac Holdings Inc.: Yes, a tough '24 ramp but hope & opportunity clear: Stay Neutral](#)  
[US Utilities & IPPs: PowerPoints: SO Rebase & Vogtle, AWK Guide Up, and NWE Earnings Beat](#)  
[US Clean Tech: US Solar and trade latest, Enphase feedback, Tigo reads and Fluence 1Q views](#)

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### Exhibit 1: Primary stocks mentioned in this report

Prices and ratings for primary stocks mentioned in this report

BofA Ticker	Bloomberg ticker	Company name	Price	Rating
OGE	OGE US	OGE Energy Corp	US\$ 34.11	B-2-7
D	D US	Dominion Energy	US\$ 45.80	B-3-7
ALE	ALE US	Allete Inc	US\$ 57.76	B-3-7
AGR	AGR US	Avangrid	US\$ 31.67	A-3-7
TAC	TAC US	TransAlta Corp	US\$ 6.83	B-2-7
YTA	TA CN	TransAlta Corp.	C\$ 9.23	B-2-7

Source: BofA Global Research

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## Price objective basis & risk

### Allete Inc (ALE)

Our \$53 PO is based on a SOTP analysis.

For regulated utilities (Minnesota Power, Superior Water Light & Power, and American Transmission Co), we apply an electric peer P/E of 15.8x grossed up by 5% to account for capital appreciation across the sector. For MP and SWL&P, we apply a +1x premium to the peer P/E to account for above-peer growth. For ATC, we apply a +3x premium consistent with other owners of transmission assets given upside potential, federal equity layer & ROE.

We value contracted wind on a DCF basis with WACC of 9.9%, for an implied EV/EBITDA valuation of 9.0x 2025E. We value the wind development company (devco) based on est. weighted avg MWs in development and assuming a 2.0x EBITDA development spread.

We value the New Energy solar devco using an 10x 2023 EBITDA, in line with recent transaction multiples and recognizing the growth pipeline of the asset. We value the BNI coal mine asset at 7.0x 2025E EPS, in line with publicly-traded peers. We value the Corporate & Other segments at 7.0x 2025 EPS, reflecting modest visibility.

Upside risks: constructive regulatory/legislative outcomes, lower ROE lag, lower interest rate/cost of capital, favorable returns on unregulated projects, capex vs guidance, load growth, lower commodity price volatility. Downside risks: regulatory/legislative

outcomes, capex vs guidance, taconite/industrial sales changes, returns on unregulated projects, interest rates & commodity price volatility, weather, natural disasters

### **Avangrid (AGR)**

Our \$31 PO is based on a 2026 sum of the parts analysis. The core utilities are valued on by applying discounts to the base sector P/E of 14.1x/14.2x for electric/gas due to below average growth and regulatory jurisdictions. Both electric and gas peer P/Es are grossed up +5% to reflect capital appreciation across the sector. The renewables are valued at approximately 10x EV/EBITDA, consistent with peers while offshore wind is valued using discounted cash flows at a 15% discount rate. Future potential value creation from the renewable development 'DevCo' is provided as well. Lastly parent/HoldCo financing offsets are netted-out.

Upside and downside risks to achievement of the PO and estimates are 1) earned ROEs and capital expenditures at the utilities, 2) utility capital expenditure forecasts, 3) regulatory/political/legislative outcomes, 4) equity and debt needs, 5) renewables construction - primarily offshore wind, 6) Iberdrola owns over 80% of AGR common stock, limiting float and presenting a potential for governance conflicts, despite the BoD being majority unaffiliated with Iberdrola. 7) natural disasters, 8) commodity and interest rate fluctuations, and 9) management changes.

### **Dominion Energy (D)**

We value Dominion Energy at \$40 using a 2026E sum-of-the-parts analysis. For the utilities we apply the comparable 13.5x electric peer multiples which we gross-up by 5% to reflect capital appreciation across the sector. We apply -1.5x discount for base Virginia and -1.0x for South Carolina. We apply discount adjustments to lower value utility sources in South Carolina (NND nuclear and bill credits). The pension income is valued 4x P/E, consistent with the 12/31/22 valuation levels.

Contracted assets are valued using 2026 EV/EBITDA: 5x Millstone (13% FCF Yield), and 5x for renewables. For remaining debt beyond that allocated to state utilities, we include a 50% weight towards a straight netting of leverage, with the remaining 50% using a P/E multiple on associated interest expense, in line with the methodology employed for diversified utilities with relatively higher levers of leverage. The interest rate hedge is valued at the stated \$1Bn value 9/30/23 less tax.

Risk to achievement of the Price Objective are 1) regulatory, legislative, and political actions, 2) ability to earn or exceed the regulatory allowed ROE, 3) capital markets and equity requirements, 4) changes to the capital expenditure and rate base forecast for both regulated & unregulated segments, 5) volatility in interest rates and pension returns, 6) changes in commodity prices, 7) natural disasters, nuclear accidents, and weather, 8) nuclear performance, 9) inflation, & 10) offshore wind construction.

### **OGE Energy Corp (OGE)**

Our OGE PO is \$35/share based on a sum of the parts. For the utility and HoldCo we apply the FY26 peer multiple of 13.4x. Electric peer P/E multiple is grossed up for +5% to reflect capital appreciation across the sector, a consistent methodology across our coverage universe. We apply a 0.5x premium for incremental growth not yet embedded in plan as well as the above-average balance sheet metrics.

Upside and downside risks are changes in: 1) regulatory, legislative, and political outcomes, 2) ability to earn the allowed rate of return, 3) interest rates and commodity costs, 4) customer and sales growth, particularly energy and data mining customers, 5) natural disasters, 6) credit rating agency requirements, 7) capital expenditure plan, and 8) request for proposal outcomes.

### **TransAlta Corporation (YTA / TAC)**



Our C\$11.50 PO (TAC US\$9) is based on a combination of DCF and multiples analysis. We value segments with a finite asset life (Gas, Energy Transition) and ongoing sustaining Off Coal Agreement, Sustaining Capex, and DevCo using discounted cash flow valuation, applying a discount rate of 15% to reflect meaningful risk presented by power market dynamics in Alberta and development economics internationally.

We value the Hydro segment at 13x 2025 EBITDA. This is in-line with the multiple agreed as part of Brookfield's 2019 investment.

We value the Energy Mkt segment at a multiple of 4x 2025 EBITDA given potential for earnings volatility and exposure to market fluctuations.

We value the renewables segment at 9X 2025 EBITDA, in line with peer comps.

We apply a 9x EBITDA multiple to parent drag, using an average of segment multiples.

Upside risks are higher merchant prices in Alberta and multiple expansion associated with a greater share of renewable generation in TA's asset mix.

Downside risks are new entrants to the Alberta power market driving prices lower, operating risks, fuel price exposure, and legislation adversely affecting the energy sector eg, carbon pricing.

## Analyst Certification

We, Julien Dumoulin-Smith and Paul Zimbardo, hereby certify that the views each of us has expressed in this research report accurately reflect each of our respective personal views about the subject securities and issuers. We also certify that no part of our respective 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
	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
	MDU Resources Group, Inc.	MDU	MDU US	Julien Dumoulin-Smith
	Nextracker Inc	NXT	NXT US	Julien Dumoulin-Smith
	NiSource Inc	NI	NI US	Julien Dumoulin-Smith
	NorthWestern Energy Group	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
	PPL Corporation	PPL	PPL US	Paul Zimbardo
	Public Service Enterprise Group	PEG	PEG US	Julien Dumoulin-Smith
	Sempra	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
	Vistra Corp	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	Paul Zimbardo
	Algonquin Power & Utilities Corp	YAQN	AQN CN	Paul Zimbardo
	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
	ChargePoint Holdings	CHPT	CHPT US	Cameron Lochridge
	Constellation Energy Corp	CEG	CEG US	Paul Zimbardo
	Duke Energy	DUK	DUK US	Julien Dumoulin-Smith
	Emera Inc	YEMA	EMA CN	Julien Dumoulin-Smith
	Essential Utilities	WTRG	WTRG US	Julien Dumoulin-Smith
	Evergy, Inc	EVRG	EVRG US	Julien Dumoulin-Smith
	Exelon	EXC	EXC US	Paul Zimbardo
	Generac Holdings Inc.	GNRC	GNRC US	Julien Dumoulin-Smith
	Hydro One	YH	H CN	Julien Dumoulin-Smith
	Idacorp	IDA	IDA US	Paul Zimbardo
	Maxeon Solar Technologies	MAXN	MAXN US	Julien Dumoulin-Smith
	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
	Portland General Electric Company	POR	POR 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	Julien Dumoulin-Smith
	TransAlta Corporation	YTA	TA CN	Julien Dumoulin-Smith
<b>UNDERPERFORM</b>				
	Allete Inc	ALE	ALE US	Julien Dumoulin-Smith

## North America - Utilities and Alt Energy Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
	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
	Bloom Energy	BE	BE 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
<b>RSTR</b>				
	New Fortress Energy	NFE	NFE US	Cameron Lochridge

## Disclosures

## Important Disclosures

## 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.



**FUNDAMENTAL EQUITY OPINION KEY:** Opinions include a Volatility Risk Rating, an Investment Rating and an Income Rating. **VOLATILITY RISK RATINGS**, indicators of potential price fluctuation, are: A - Low, B - Medium and C - High. **INVESTMENT RATINGS** reflect the analyst's assessment of both a stock's absolute total return potential as well as its attractiveness for investment relative to other stocks within its Coverage Cluster (defined below). Our investment ratings are: 1 - Buy stocks are expected to have a total return of at least 10% and are the most attractive stocks in the coverage cluster; 2 - Neutral stocks are expected to remain flat or increase in value and are less attractive than Buy rated stocks and 3 - Underperform stocks are the least attractive stocks in a coverage cluster. An investment rating of 6 (No Rating) indicates that a stock is no longer trading on the basis of fundamentals. Analysts assign investment ratings considering, among other things, the 0-12 month total return expectation for a stock and the firm's guidelines for ratings dispersions (shown in the table below). The current price objective for a stock should be referenced to better understand the total return expectation at any given time. The price objective reflects the analyst's view of the potential price appreciation (depreciation).

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%

<sup>R2</sup>Ratings dispersions may vary from time to time where BofA Global Research believes it better reflects the investment prospects of stocks in a Coverage Cluster.

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