

## US Utilities &amp; IPPs

# Entering 2024 with new utility leaders at the helm. Will a new year bring turnover?

Industry Overview

## Utility CEOs have lowest average tenure at only 3-4 years

As we turn the page to 2024, we update our annual review of utility and power senior executive tenure. The utilities sector has had significant and outsized turnover in recent years, notably 2022, and this will likely continue in 2024 given the recent trend. Per Bloomberg, out of the S&P 500 companies, utilities have the lowest average CEO tenure at 3.4 years versus the 6.5 year S&P 500 median. Our review of the broader utilities, universe shows a similar three/four year median/average. The duration for CFOs is even shorter with a two-year median. On average, CEO and CFO tenure each declined by approximately six-to-twelve months over the past year. See our 2022 analysis here: [The Great Retirement? Utility senior leadership turnover compounds risks 12/6/22](#).

## New senior leadership for 2024: LNT, CNP, OGS, & SRE

There were four new senior management appointments effective January 2024 at Alliant Energy (LNT), CenterPoint (CNP), OneGas (OGS), and Sempra (SRE). CNP now technically has the shortest combined CEO and CFO tenure but the CEO is an internal transfer and the CFO is well known from his prior CFO experience. Overall we expect a seamless transition. OneGas and Alliant have already provided their respective 2024 guidances and long-term EPS outlook refreshes. Sempra has an internal transfer for its new CFO and we similarly do not anticipate any major changes in policy. Alliant's CEO transition will likely be the closest watched of the group as a relative newcomer to the company in 2023 after serving a variety of roles at American Electric Power. Otter Tail (Not Covered) also has a new CFO incoming, replacing a 20+ year veteran.

## Interim roles to fill for AGR, AQN, NRG, and UGI

In 2023 Avangrid (CFO), Algonquin (CEO), NRG Energy (CEO), and UGI (CEO) all announced interim senior executives. For AQN, NRG, and UGI the CEO departures were effective immediately and UGI's was described as an involuntary termination. We would expect both Algonquin and UGI to announce new CEOs along with the conclusion of their respective business reviews ongoing as each company looks to refocus and improve historically earnings execution.

## Comparing the shortest and longest CEO/CFO tenure

The management teams with the least experience in their specific roles are CenterPoint, NRG Energy, UGI Corp, Talen Energy, American Electric Power, Hannon Armstrong, and Algonquin Power & Utilities – each of which has a new CEO and CFO within the last eighteen months. In contrast there are 16 management teams with a combined decade of experience, led by Middlesex Water and Consolidated Edison. Within this category, Spire Inc and California Water Services had turnover in 2023. Among electric utilities, we will be watching for updates on succession planning for CEOs with over ten years' experience, primarily Duke Energy and AES Corp. We also watch PNM Resources has the longest tenured electric CEO at 14 years but there is a pending merger. Finally, watch COO position appointments too such as at ES, where AEP's Chodak was recently named. COO appointments been leading indicators consistently of late on transitions in 2023. The complete dataset is included in the full report.

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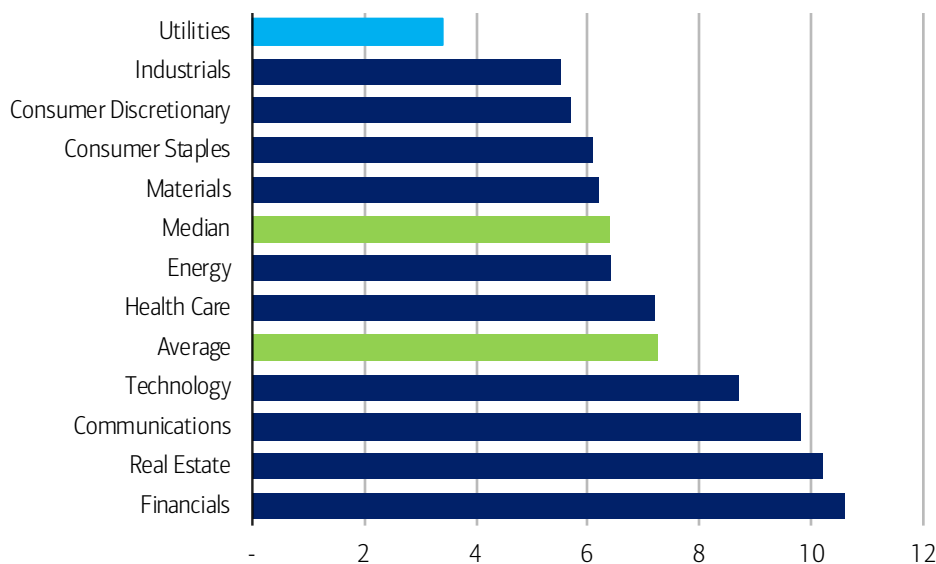
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We were surprised to see that utility CEOs have the shortest tenure despite having the least competitive tensions as regulated monopolies. In general, management changes can bring with them reset or otherwise more conservative financial guidance which is why this is an important area to monitor.

### Exhibit 1: Average S&P 500 Company Sector CEO Tenure

3.4 year average Utility CEO tenure is well below the 7.3 year average and 6.4 years for Energy CEOs



Source: Bloomberg

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Note that the data below reflects when an executive assumes the role so an internal transfer into a CEO or CFO position 'resets' the clock on tenure.

### Exhibit 2: Utility, Power, YieldCo, and LNG Company CEO and CFO Tenure in Position

There is a wide range of experience levels across management teams

Company	Ticker	CEO Tenure	CFO Tenure	Combined	CEO Start	CFO Start	New CEO	New CFO
Centerpoint Energy	CNP US Equity	0.0	0.7	0.7	1/5/2024	5/5/2023	New CEO	New CFO
NRG Energy	NRG US Equity	0.1	0.6	0.7	11/20/2023	6/1/2023	New CEO	New CFO
UGI Corp	UGI US Equity	0.1	0.7	0.8	12/11/2023	4/11/2023	New CEO	New CFO
Talen Energy Cor	TLNE US Equity	0.7	0.5	1.2	4/11/2023	7/10/2023	New CEO	New CFO
American Electric P.	AEP US Equity	1.0	0.3	1.3	1/1/2023	10/2/2023	New CEO	New CFO
Hannon Armstrong	HASI US Equity	0.9	0.9	1.7	3/1/2023	3/1/2023	New CEO	New CFO
Algonquin Power	AQN US Equity	0.4	1.4	1.8	8/10/2023	8/31/2022	New CEO	New CFO
Avangrid Inc	AGR US Equity	1.6	0.2	1.8	5/29/2022	11/1/2023		New CFO
Exelon Corp	EXC US Equity	1.0	1.2	2.2	12/31/2022	10/17/2022	New CEO	New CFO
Hawaiian Elec	HE US Equity	2.0	0.3	2.3	1/1/2022	10/1/2023		New CFO
Entergy Corp	ETR US Equity	1.2	1.2	2.4	11/1/2022	11/1/2022	New CEO	New CFO
One Gas Inc	OGS US Equity	2.5	0.0	2.6	6/28/2021	1/1/2024		New CFO
Nisource Inc	NI US Equity	1.9	0.8	2.7	2/14/2022	3/14/2023		New CFO
Southwest Gas Ho.	SWX US Equity	1.7	1.2	2.9	5/6/2022	11/1/2022		New CFO
Vistra Corp	VST US Equity	1.4	1.4	2.9	8/1/2022	8/1/2022	New CEO	New CFO
Southern Company	SO US Equity	0.6	2.4	3.0	5/24/2023	9/1/2021	New CEO	
American Water W.	AWK US Equity	1.9	1.6	3.6	2/2/2022	5/16/2022		
PG&E Corp	PCG US Equity	3.0	0.7	3.7	1/4/2021	5/4/2023		New CFO
Nextera Energy	NEE US Equity	1.9	1.9	3.7	3/1/2022	3/1/2022		
Nextera Energy P.	NEP US Equity	1.9	1.9	3.7	3/1/2022	3/1/2022		
Northwestern Ene.	NWE US Equity	1.0	2.9	3.9	1/1/2023	2/5/2021	New CEO	
Capital Power Co.	CPX CN Equity	0.7	3.4	4.1	5/8/2023	7/30/2020	New CEO	
FirstEnergy Corp	FE US Equity	0.6	3.6	4.2	6/1/2023	5/24/2020	New CEO	
Eversource Energy	ES US Equity	2.7	1.7	4.4	5/5/2021	5/4/2022		
Dominion Energy	D US Equity	3.3	1.1	4.4	10/1/2020	11/24/2022		New CFO
Constellation En.	CEG US Equity	2.3	2.3	4.5	10/1/2021	10/1/2021		
Can Utilities-A	CU CN Equity	2.5	2.3	4.8	7/1/2021	10/1/2021		
Avista Corp	AVA US Equity	4.3	0.7	4.9	10/1/2019	5/11/2023		New CFO
DTE Energy Co	DTE US Equity	4.5	0.5	5.0	7/1/2019	7/22/2023		New CFO

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Altagas Ltd	ALA CN Equity	0.5	4.6	5.1	7/1/2023	6/10/2019	New CEO	
Idacorp Inc	IDA US Equity	3.6	1.9	5.5	6/1/2020	3/1/2022		
Allete Inc	ALE US Equity	3.9	1.6	5.5	2/3/2020	6/17/2022		
WEC Energy Group	WEC US Equity	1.9	3.6	5.5	2/1/2022	6/1/2020		
Hydro One Ltd	H CN Equity	0.9	4.7	5.6	2/1/2023	5/9/2019	New CEO	
Sempra	SRE US Equity	5.7	0.0	5.7	5/1/2018	1/1/2024		New CFO
Black Hills Corp	BKH US Equity	5.0	0.8	5.8	1/1/2019	4/1/2023		New CFO
Pinnacle West	PNW US Equity	4.2	1.6	5.8	11/15/2019	5/16/2022		
Evergy Inc	EVRG US Equity	3.0	2.9	5.9	1/4/2021	2/22/2021		
Ameren Corp	AEE US Equity	2.0	4.1	6.1	1/1/2022	12/2/2019		
Xcel Energy Inc	XEL US Equity	2.4	3.8	6.2	8/19/2021	3/31/2020		
MDU Res Group	MDU US Equity	0.0	6.3	6.3	1/6/2024	9/30/2017	New CEO	
New Jersey Res	NJR US Equity	4.3	2.0	6.3	10/1/2019	1/1/2022		
Unitil Corp	UTL US Equity	5.7	0.7	6.4	4/25/2018	5/1/2023		New CFO
Portland General	POR US Equity	6.0	0.5	6.5	1/1/2018	6/30/2023		New CFO
Alliant Energy	LNT US Equity	0.0	7.1	7.1	1/1/2024	12/1/2016	New CEO	
Transalta Corp	TA CN Equity	2.8	4.6	7.4	4/1/2021	5/17/2019		
SJW Group	SJW US Equity	6.2	2.0	8.1	11/6/2017	1/26/2022		
PPL Corp	PPL US Equity	3.6	4.5	8.1	6/1/2020	7/1/2019		
Fortis Inc	FTS US Equity	3.0	5.6	8.6	1/1/2021	6/1/2018		
Otter Tail Corp	OTTR US Equity	8.7	0.0	8.8	4/13/2015	1/1/2024		New CFO
Clearway Energy-C	CWEN US Equity	7.7	1.4	9.1	5/6/2016	8/3/2022		New CFO
Pub Serv Enterp.	PEG US Equity	1.4	8.3	9.6	9/1/2022	10/8/2015	New CEO	
CMS Energy Corp	CMS US Equity	3.1	6.7	9.8	12/1/2020	5/1/2017		
MGE Energy Inc	MGEE US Equity	6.9	3.4	10.2	3/1/2017	9/1/2020		
Spire Inc	SR US Equity	0.3	10.3	10.5	10/1/2023	10/1/2013	New CEO	
Northwest Natural	NWN US Equity	5.3	5.3	10.5	10/1/2018	10/1/2018		
Calif Water Svc	CWT US Equity	10.4	0.6	10.9	9/1/2013	6/7/2023		New CFO
Cheniere Energy	LNG US Equity	7.7	3.4	11.1	5/12/2016	8/1/2020		
Atmos Energy	ATO US Equity	4.3	6.9	11.2	10/1/2019	2/1/2017		
OGE Energy Corp	OGE US Equity	8.6	3.0	11.6	6/1/2015	1/1/2021		
Duke Energy Corp	DUK US Equity	10.6	1.4	12.0	6/1/2013	9/1/2022		New CFO
Emera Inc	EMA CN Equity	5.8	7.9	13.6	3/29/2018	3/1/2016		
Essential Utilities	WTRG US Equity	8.5	5.3	13.8	7/1/2015	10/1/2018		
AES Corp	AES US Equity	12.3	2.2	14.5	9/30/2011	10/15/2021		
Edison Intl	EIX US Equity	7.3	7.3	14.6	9/30/2016	10/1/2016		
PNM Resources	PNM US Equity	13.9	1.6	15.5	3/1/2010	5/21/2022		
Atlantica Sustai.	AY US Equity	7.6	8.0	15.6	6/3/2016	1/11/2016		
Cons Edison Inc	ED US Equity	3.0	18.4	21.4	12/29/2020	9/1/2005		
Middlesex Water	MSEX US Equity	18.0	28.0	46.1	1/1/2006	1/1/1996		
<b>Average</b>		<b>3.8</b>	<b>3.3</b>	<b>7.2</b>				
<b>Median</b>		<b>2.8</b>	<b>1.9</b>	<b>5.7</b>				

Note: Color formatting for combined tenure indicates either highest (green) or lowest tenure (red) details. Color formatting under CEO and CFO start date columns indicates either new CEO or CFO recruitment in 2023 (yellow) or starting in 2024 (gold).

Source: Company Filings, Bloomberg, & BofA Global Research

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