

Edison International

Higher cost of capital was not upside to the guidance plan. Reiterate Underperform

Reiterate Rating: UNDERPERFORM | PO: 61.00 USD | Price: 67.42 USD

Unrecoverable wildfire expense absorbs CoC benefit

We reiterate Underperform on shares of California regulated utility Edison International (EIX) after the 4Q23 update. Up to the 3Q23 call, EIX had been describing a higher authorized cost of capital (CoC) as upside when the messaging shifted to being a combination of a hedge and upside. FY24 and FY25 EPS guidance drivers weaken QoQ despite the benefit from the cost of capital. With that in mind, our prior estimates did not incorporate either the ~+\$0.40 EPS benefit (\$201Mn pre-tax) from the cost of capital or the related cash flow/reducing dilution. We also give management the benefit of the doubt for the low visibility +\$0.37 2025 rate case true-ups and +\$0.18 higher 'operational variances'. As a result, we increase EPS ~9% in 2025-2026 but are still below Consensus and guidance. With below-average growth and elevated risk profile, we continue to view shares of EIX as relatively expensive and see better value elsewhere.

FY24 only +\$0.14 YoY (+3%) despite +\$0.23 net CoC

FY24 adjusted EPS was initiated at \$4.75-\$5.05 with the \$4.90 midpoint below \$5.06 Consensus and slightly ahead of \$4.87 BofA. FY24 is benefitting from ~\$0.14 CEMA operational variance. As expected, the 5-7% 2021-2025 and 2025-2028 EPS CAGRs were reaffirmed. From the \$4.90 FY24 guidance midpoint, there is +16% YoY growth projected to achieve the \$5.70 guidance midpoint. The +\$0.80 EPS improvement is primarily driven by \$0.37 true-ups as well as +\$0.04 higher operational variances which implies a \$0.18 non-AFUDC item(s).

FY25 guidance drivers decline despite higher CoC

Management disclosed in Q&A that it did not update its 2025 EPS driver guidance on the 3Q23 call "because we knew that we would be able to manage within the range." This reduces confidence in the guidance elements on a quarterly basis. The FY25 utility outlook is declining -\$0.05 versus the prior guidance, despite +\$0.30 higher rate base EPS (+\$0.40 was the guidance for cost of capital benefit previously).

Valuation: Increase on higher EPS & P/E; lower fire risk

Raise PO to \$61 (from \$57); see Page 4. We see downside after the +10% relative outperformance and with growing stakeholder questions on California affordability during the rate case.

Estimates (Dec) (US\$)	2022A	2023A	2024E	2025E	2026E
EPS	4.63	4.74	4.83	5.58	5.78
GAAP EPS	1.60	3.32	4.83	5.58	5.78
EPS Change (YoY)	0.9%	2.4%	1.9%	15.5%	3.6%
Consensus EPS (Bloomberg)			5.06	5.63	6.00
DPS	2.84	2.99	3.16	3.30	3.45
Valuation (Dec)					
P/E	14.6x	14.2x	14.0x	12.1x	11.7x
GAAP P/E	42.1x	20.3x	14.0x	12.1x	11.7x
Dividend Yield	4.2%	4.4%	4.7%	4.9%	5.1%
EV / EBITDA*	18.0x	13.7x	11.7x	10.5x	10.0x
Free Cash Flow Yield*	-9.1%	-5.5%	-1.8%	-22.9%	14.6%

* For full definitions of *IQmethod*SM measures, see page 8.

23 February 2024

Equity

Key Changes

(US\$)	Previous	Current
Price Obj.	57.00	61.00
2024E Rev (m)	19,920.0	19,783.2
2025E Rev (m)	20,348.1	20,599.7
2026E Rev (m)	20,835.2	21,035.8
2024E EPS	4.87	4.83
2025E EPS	5.11	5.58
2026E EPS	5.36	5.78
2024E DPS	2.98	3.16

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Stock Data

Price	67.42 USD
Price Objective	61.00 USD
Date Established	23-Feb-2024
Investment Opinion	B-3-7
52-Week Range	58.82 USD - 74.92 USD
Mrkt Val (mn) / Shares Out (mn)	25,957 USD / 385.0
Free Float	99.9%
Average Daily Value (mn)	192.01 USD
BofA Ticker / Exchange	EIX / NYS
Bloomberg / Reuters	EIX US / EIX.N
ROE (2024E)	13.0%
Net Dbt to Eqty (Dec-2023A)	186.0%
ESGMeter TM	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"](#).

CoC: Cost of capital

AFUDC: Allowance for funds used during construction

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iQprofileSM Edison International

iQmethodSM – Bus Performance*

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Return on Capital Employed	1.9%	3.0%	3.8%	4.1%	4.1%
Return on Equity	12.9%	13.2%	13.0%	14.1%	13.6%
Operating Margin	8.6%	15.9%	19.5%	21.4%	22.1%
Free Cash Flow	(2,358)	(1,437)	(464)	(5,955)	3,789

iQmethodSM – Quality of Earnings*

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Cash Realization Ratio	1.8x	2.1x	2.4x	2.3x	2.4x
Asset Replacement Ratio	2.2x	2.1x	1.9x	3.8x	0.5x
Tax Rate	NM	25.8%	24.9%	24.6%	24.8%
Net Debt-to-Equity Ratio	175.4%	186.0%	187.1%	212.9%	188.5%
Interest Cover	1.3x	2.3x	2.8x	2.8x	2.8x

Income Statement Data (Dec)

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Sales	17,172	18,849	19,780	20,597	21,033
% Change	15.4%	9.8%	4.9%	4.1%	2.1%
Gross Profit	10,845	12,286	13,151	13,901	14,271
% Change	15.8%	13.3%	7.0%	5.7%	2.7%
EBITDA	4,392	5,770	6,766	7,536	7,928
% Change	11.7%	31.4%	17.3%	11.4%	5.2%
Net Interest & Other Income	(1,033)	(1,277)	(1,378)	(1,551)	(1,663)
Net Income (Adjusted)	1,772	1,822	1,862	2,154	2,243
% Change	1.8%	2.8%	2.2%	15.7%	4.1%

Free Cash Flow Data (Dec)

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Net Income from Cont Operations (GAAP)	662	1,836	2,592	2,972	3,097
Depreciation & Amortization	2,561	2,533	2,672	2,889	3,044
Change in Working Capital	(52)	0	0	0	0
Deferred Taxation Charge	NA	NA	NA	NA	NA
Other Adjustments, Net	45	(556)	(728)	(815)	(852)
Capital Expenditure	(5,574)	(5,250)	(5,000)	(11,000)	(1,500)
Free Cash Flow	-2,358	-1,437	-464	-5,955	3,789
% Change	54.1%	39.1%	67.7%	NM	NM
Share / Issue Repurchase	13	100	20	100	150
Cost of Dividends Paid	(1,050)	(1,151)	(1,216)	(1,273)	(1,336)
Change in Debt	4,026	2,488	1,660	7,128	(2,603)

Balance Sheet Data (Dec)

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Cash & Equivalents	917	917	917	917	917
Trade Receivables	1,695	1,695	1,695	1,695	1,695
Other Current Assets	4,458	4,458	4,458	4,458	4,458
Property, Plant & Equipment	53,486	56,203	58,531	66,642	65,098
Other Non-Current Assets	17,485	17,485	17,485	17,485	17,485
Total Assets	78,041	80,758	83,086	91,197	89,653
Short-Term Debt	4,629	4,965	5,225	6,101	5,850
Other Current Liabilities	5,718	5,718	5,718	5,718	5,718
Long-Term Debt	27,025	29,177	30,578	36,829	34,478
Other Non-Current Liabilities	23,147	23,036	22,925	22,814	22,703
Total Liabilities	60,519	62,896	64,445	71,462	68,749
Total Equity	17,522	17,862	18,641	19,734	20,904
Total Equity & Liabilities	78,041	80,758	83,086	91,197	89,653

* For full definitions of iQmethodSM measures, see page 8.

Company Sector

Electric Utilities

Company Description

Edison International is the parent holding company of Southern California Edison (SCE). SCE is an investor-owned public utility primarily engaged in supplying and delivering electricity in Los Angeles and Southern California. SCE serves over 15 million residents. EIX also holds the Edison Energy subsidiary, which is a non-regulated business that operates across a range of related industries.

Investment Rationale

We rate Edison International (EIX) Underperform with a cautious risk/reward profile. We estimate a below-average adjusted EPS growth forecast driven primarily by wildfire claim financing costs. California utilities broadly should trade at a discounted P/E valuation given wildfire risks, increasing bill pressures, and political/regulatory uncertainty.

Stock Data

Average Daily Volume 2,847,976

Quarterly Earnings Estimates

	2023	2024
Q1	1.08A	1.15E
Q2	1.02A	0.98E
Q3	1.38A	1.58E
Q4	1.25A	1.10E

Much better EPS for us, but not Street

Below we show the changes in the 2025 EPS drivers from the 3Q23 presentation to the 4Q23. Management disclosed in Q&A that it did not update the detailed drivers of FY25 during 3Q23:

“You'll recall that in Q3 we did -- when we did have the more sizable increase in the reserve we didn't really update every single line item in the 2025 rack-up because we knew that we would be able to manage within the range. So -- but now that we've got the CCM, sort of as I said integrated into our tariffs it'll be implemented in rates we wanted to go through line by line and provide a fresher update so that's what's going on.”

Additionally the actual 2023A and new 2024E guidance categories are presented. It is correct that rate base growth drivers the vast majority of the growth; however, the incorporation of the true-ups and further operational variances into 2025 without details have been a clear area of investor focus.

Exhibit 1: EIX EPS Drivers

FY25 EPS drivers declined from the prior disclosures which management stated were not updated in detail with 3Q23 results

EIX EPS Drivers	FY25E	FY25E		FY24E	FY23A	FY24 YoY	FY25 YoY
Time Provided	3Q23	4Q23	Change	4Q23	4Q23	4Q23	4Q23
Rate Base EPS Midpoint	\$6.63	\$6.93	\$0.30	\$6.14	\$5.51	\$0.63	\$0.78
Operational Variances ex-AFUDC	\$0.38	\$0.20	-\$0.18	\$0.18	\$0.39	-\$0.22	\$0.03
Operational Variances AFUDC	\$0.33	\$0.40	\$0.08	\$0.40	\$0.43	-\$0.03	\$0.00
SCE Costs Excluded from Authorized	-\$0.68	-\$0.93	-\$0.25	-\$0.93	-\$0.76	-\$0.17	\$0.01
EIX Parent & Other	-\$0.88	-\$0.91	-\$0.03	-\$0.89	-\$0.81	-\$0.08	-\$0.02
Adjusted EPS	\$5.78	\$5.70	-\$0.08	\$4.90	\$4.76	\$0.14	\$0.79

Source: Company Filings, Bloomberg, & BofA Global Research

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As noted, we increase our FY25+ adjusted EPS forecast materially to include the +\$0.40 cost of capital benefit and less equity dilution. We now see the low-end of the 5-7% EPS growth rate as achievable but highlight the large wildfire interest expense headwind (\$0.61 guidance and \$0.71 BofA) versus +\$0.40 cost of capital benefit. If the increasingly corporate constructive California Public Utilities Commission (CPUC) changes its precedent on legacy wildfire recovery and grants shareholder recovery for EIX's 2017/2018 wildfires and mudslides, that would present upside to our estimates. In summary, with the CoC benefit simply supporting the prior guidance, we do not see merits to the bull argument on shares of stronger future growth.

Exhibit 2: EIX EPS Elements

Unrecoverable wildfire interest expense is still a growing headwind.

EIX EPS Elements	2021A	2022A	2023A	2024E	2025E	2026E	2027E	2028E	'21-'25	'25-'28
Utility EPS										
Rate Base EPS	4.90	5.32	5.51	6.11	6.91	7.32	7.69	8.21	9.0%	5.9%
SCE Operational Variances non-AFUDC	0.15	0.16	0.38	0.12	0.14	0.05	0.11	0.11	-1.5%	-9.2%
SCE Operational Variances AFUDC	0.31	0.36	0.39	0.39	0.39	0.35	0.38	0.40	5.6%	1.2%
SCE Costs Excluded from Authorized non-Wildfire	(0.21)	(0.29)	(0.24)	(0.25)	(0.25)	(0.24)	(0.24)	(0.24)	4.3%	-0.5%
SCE Costs Excluded from Authorized Wildfire	(0.03)	(0.22)	(0.47)	(0.66)	(0.71)	(0.71)	(0.70)	(0.73)	113.2%	0.9%
Total Utility EPS	5.12	5.33	5.57	5.71	6.49	6.77	7.23	7.75	6.1%	6.1%
Parent & Other										
EIX Parent & Other Opex	(0.12)	(0.14)	(0.16)	(0.16)	(0.17)	(0.17)	(0.17)	(0.17)	8.6%	-0.5%
EIX Parent & Other Financing	(0.41)	(0.56)	(0.65)	(0.70)	(0.72)	(0.80)	(0.87)	(0.88)	15.4%	6.7%
Total Parent & Other	(0.53)	(0.70)	(0.81)	(0.86)	(0.89)	(0.97)	(1.04)	(1.05)	13.9%	5.4%
Total EIX EPS	4.59	4.63	4.76	4.85	5.59	5.80	6.20	6.70	5.0%	6.2%
Consensus	4.49	4.58	4.65	5.06	5.63	6.00	6.33	6.76	5.8%	6.3%
BofA vs Consensus	2.4%	1.1%	2.5%	-4.2%	-0.6%	-3.3%	-2.0%	-0.8%		
Guidance: 5-7% 2021-2025 & 2025-2028	\$4.58	\$4.58	\$4.70	\$4.90	\$5.71	\$6.05	\$6.41	\$6.80	5.7%	6.0%
BofA vs Guidance	0.3%	1.2%	1.3%	-1.1%	-2.0%	-4.2%	-3.3%	-1.3%		
Change in BofA Estimates	0.1%	0.1%	1.5%	-0.5%	9.4%	8.1%	11.7%	15.6%		

Source: Company Filings, Bloomberg, & BofA Global Research

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Interest expense will keep biting into 2025 – and beyond

Management guided to an immaterial increase in unrecoverable wildfire claims interest expense YoY in 2025 but we estimate an incremental -\$0.05 based on the maturity schedule. **There is \$1,150Mn debt with a ~1.1% coupon maturing at a blended June 2024 date.** This means there are five months of higher interest payments negatively impacting 2025, seemingly not incorporated into FY25 drivers. FY24 pre-tax interest expense increased to ~\$325Mn (4.8%) from ~\$274Mn annualized (4.4%) as of 9/30/23. On a mark-to-market basis, we estimate \$375-\$400Mn interest expense, or an incremental ~\$0.12 EPS headwind long-term.

This is separate from the corporate level where we estimate step-ups in parent financing costs for 2026 and 2027.

Valuation: Increase +\$4/sh with many moving elements

We value Edison International at \$61 using a sum-of-the-parts analysis. We apply the 13.4x 2026 electric average P/E multiple which we gross-up +5% to reflect sector capital appreciation, a consistent approach for our utilities coverage. The utilities sector has significantly de-rated since our last refresh with utilities trading at 16.3x 2025 previously. Below are the primary drivers of the change

-\$10.50/sh: ~2.0x decline in the utility sector P/E multiple

+\$5/sh: +8% higher EPS estimate with ~\$0.40 cost of capital and related reduction in dilution

+\$7/sh: We reduce the base discount applied to -1x from -3x to reflect our view that EIX can grow EPS ~5% with the higher authorized cost of capital, at the low-end of the 5-7% EPS guidance but much better than before the allowed rate of return increase.

+\$2.50/sh: After another wildfire season in 2023 without a catastrophic event or material liabilities, we reduce our annual wildfire probability capitalization level **to 25%, down from 33%**. This causes a +\$2/sh benefit. The net present value of ongoing wildfire contributions also declines with the passage of time and a higher discount rate, contributing a ~+\$0.50 benefit as well.

Exhibit 3: Edison International Sum Of the Parts Valuation

A large discount versus peers continues to be warranted, although off a higher starting point of EPS

Edison International Sum Of the Parts Valuation**Base Electric P/E Calculation**

Group Peer P/E	Group EPS CAGR	Group Valuation P/E
13.4x	5%	14.1x
13.4x	0.7x	14.1x

Core Regulated Electric Utilities	2026 EPS	Premium/(Discount)	Multiple Applied	\$ per Share
Southern California Edison - CPUC Ratebase	\$6.35	-1.0x -7%	13.1x	\$83.04
Southern California Edison - CPUC Variances	(0.55)	-1.0x -7%	13.1x	(\$7.18)
Southern California Edison - FERC	\$0.96	-1.0x -7%	13.1x	\$12.61
Total Regulated Utilities	\$6.77	-1.0x -7%	13.1x	\$88.47
Parent Debt Adjustments	\$Mn	Weight	Weighted Value (\$Mn)	
Parent Debt	3,987	50%	1,994	(\$5.17)
Parent Expenses	2026 EPS	Premium/(Discount)	Multiple Applied	
HoldCo Interest Expense - 50% Weighting	(\$0.22)	0.0x 0%	14.1x	(\$3.03)
Corporate SG&A	(0.17)	0.0x 0%	14.1x	(\$2.38)
Preferred Dividend	(0.37)	0.0x 0%	14.1x	(\$5.26)
Total Parent & Other	(\$0.76)	7.8x 56%	20.9x	-\$15.83
Wildfire Adjustments	\$Mn	Weight	Weighted Value (\$Mn)	
Annual wildfire fund reimburse. (\$3.8B cap 2023 3Yr impact)	(1,267)	25%	(317)	(\$10.74)
NPV of Ongoing Wildfire Contribution (\$945mn over 10yrs)	(509)	100%		(\$1.31)
Total Wildfire Adjustments				-\$12.05
Total Equity Value per Share				\$61.00
Potential Price Appreciation				-9.5%
NTM Yield				4.6%
Potential Total Return				-4.89%

Source: Company Filings, Bloomberg, & BofA Global Research

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[US Electric Utilities & IPPs: Power Points: CA CoC; AEP securitization; XEL settlement; FSLR tax credits](#)
[US Utilities & IPPs: PowerPoints: DTE Update, Power/Carbon, PNM/AEP Asset Sale, PCG/EIX Cali Latest](#)
[US Utilities & IPPs: PowerPoints: NJR EPS, ETR Upgrade, AWK Cali, EIX Tx, ED Gas, Power M&A + NY Gas](#)
[US Utilities & IPPs: PowerPoints: EIX Equity, OGE Regulatory, & WEC Illinois Regulatory](#)
[Edison International: Long-Term Roll-Forward: One step forward, one step back. Reit Underperform](#)
[US Utilities & IPPs: Will CA prove 'constructive'? Watching 2H regulatory outcomes & EIX CAGR refresh](#)
[Edison International: Taking the temperature into wildfire season: Why we are still Neutral](#)
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[Edison International: One Step Forward, Two Steps Back: Legacy Liabilities Increase Once Again](#)
[Edison International: Post Downgrade Feedback & Framing the Bull/Bear Debate. We Remain Cautious](#)
[Edison International: Another Legacy Charge Overshadows All: Gearing Up for Wildfire Season](#)

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Price objective basis & risk

Edison International (EIX)

Our \$61 PO is based on sum of the parts analysis with a peer 13.4x 2026 P/E grossed-up 5% for group growth. A -1x P/E discount is applied to the CPUC and FERC jurisdictional utilities to reflect below-average growth and regulatory considerations. Parent expenses are valued at an average multiple. The negative wildfire adjustments are netted-out to reflect a probabilistic approach to the risk of shareholder funded wildfires and the ongoing contribution to the California fund on an NPV basis.

Positive and negative risks are changes in: 1) Wildfire and other natural disasters/catastrophic events, 2) regulatory, political, and legislative outcomes, 3) interest rates, 4) equity needs, 5) earned returns and operating costs, 6) Edison Energy performance, 7) ability to deploy capital, 8) environmental, social, & governance [ESG] profile, and 9) wildfire liabilities for shareholders.

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
BUY				
	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
	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
NEUTRAL				
	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

North America - Utilities and Alt Energy Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
	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	EVERG	EVERG 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
	Maxon 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

UNDERPERFORM

	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
	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

RSTR

	New Fortress Energy	NFE	NFE US	Cameron Lochridge
	SunRun	RUN	RUN US	Julien Dumoulin-Smith



iQmethodSM 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 & 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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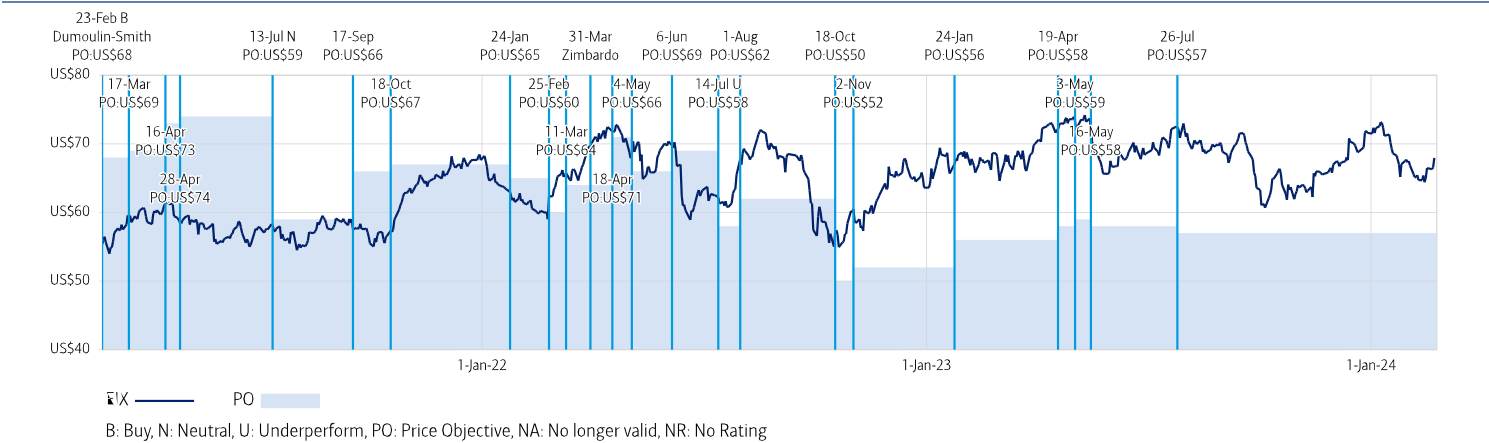
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Edison Intl (EIX) Price Chart



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

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	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 ^{R1}	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%

^{R1} 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 ^{R2}
Buy	≥ 10%	≤ 70%
Neutral	≥ 0%	≤ 30%
Underperform	N/A	≥ 20%

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