US Utilities & Clean Tech

Regulatory Rundown: Texas, Connecticut, Kentucky, West Virginia, Hawaii, & More

Industry Overview

24 January 2024

Equity
United States
Utilities & Clean Tech

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Texas: PUCT new Chair brings stability

Texas Governor Abbott recently appointed Thomas Gleeson to the Public Utility Commission of Texas (PUCT) Chair, who was formerly the executive director of the PUCT. Gleeson will fill a term through 2029 and there is one remaining seat open. We believe that the new Chair with deep experience at the PUCT is a positive for the regulated utilities, CenterPoint (CNP), Sempra (SRE), and others. The CenterPoint Houston Electric rate case has been very topical with investors, particularly following the last rate case which was a negative driver for CNP shares. *We view both CNP and SRE as attractively positioned with upside potential.*

AEP: Small layoffs should offset lower KY rate case

Per local Ohio media reports, American Electric Power (AEP) is laying off 270 workers effective February 1st. 170 of the impacted employees are in Ohio which we assume is more corporate related rather than at the utility operating company levels. We look for details with AEP's 4Q23 earnings call with a likely excluded charge for exit compensation. If the full 170 employees are at the corporate level and not replaced, this could represent ~$21Mn pre-tax savings reductions using the ~$120,000 median 2022 compensation as a proxy. This would be ~$0.03 annualized EPS benefit ($16Mn earnings), or less than 1% of 2024E EPS. This could be a partial offsetting mitigant to some of the regulatory setbacks experienced lately. For example, the Federal Energy Regulatory Commission (FERC) recent assessment that AEP's transmission rates may have unjust and unreasonable tax inputs. On January 19th, the Kentucky Public Service Commission (PSC) approved a +$60Mn rate increase, below the $74.7Mn settlement (9.75% base ROE) with ~$14Mn attributed to transmission. The distribution reliability rider in the settlement was also rejected. The corporate layoffs should offset the Kentucky rate case outcome below expectations, but this is the latest in an unsettling string of unfavorable regulatory settlement developments for AEP. *We maintain Neutral on shares of AEP where we view the embedded discount in the stock as reasonable.*

ES: CT Regulatory body no longer expected to expand

Connecticut Governor Ned Lamont hosted a meeting with the Connecticut Public Utilities Regulatory Authority (PURA) last week per media reports where he focused on 'working together' to address important topics like performance-based regulation (PBR). Lamont stated that he was delaying his plans to expand PURA to five members from three currently and will revisit in three-to-six months how PURA is operating. Lamont repeated that he supports the current Chair Gillett while being discouraged by the lack of consensus on PURA currently. If there are more favorable Connecticut regulatory developments that would be positive for the regulated utilities such as Eversource Energy (ES); however, we see near-term challenges that make ES relatively expensive with balance sheet repair required. See details here: [Eversource Energy: Offshore Wind Goes from Bad to Worse: Latest impairment leaves little value 09 January 2024]

PUCT: Public Utility Commission of Texas
FERC: Federal Energy Regulatory Commission
PSC: Public Service Commission
PBR: performance-based regulation
AG: Attorney General's Office
KIUC: Kentucky Industrial Utility Customers

CNP: Our Perspectives on Why We are So Constructive

Following our earlier 4Q preview, where we see the outlook as being broadly supportive to shares, we reiterate our underlying confidence on the road ahead. We see the three principle regulatory pathways as increasingly derisked, surprisingly early in the year with early indications on settlement prospects in its Texas Gas base (before the RRC), comfort around longtime familiarity before the PUCT on its Houston Electric case, and constructive trend on interim rates in Minnesota. Admittedly no delay in filing the electric case is an administrative burden for its Texas electric team, but we are not overly worried about this indicating any cautious signs. Rather, we continue to see a broader backdrop of support, despite investors clearly anxious as to risk of a surprise poor regulatory outcome. Yes, we acknowledge some ambiguity in Indiana given its smaller footprint and at times more difficult relationship with stakeholders, but recent Indiana cases still bode favorably.

We see subtle strength in EPS outlook: CNP joins CMS in having ample latitude to achieve 5-year+ growth plan.

We remain comfortable that, akin to SRE, CNP's outlook will remain at the top end of its 6-8% EPS CAGR with growing ability to outperform even this CAGR (albeit never changing its outlook). We perceive CNP and Buy-rated CMS Energy as among the two premium utilities with the greatest 'integrity' of their EPS outlook across a full 5-year outlook with more than enough to drive at least the top end of its guidance. We see underlying confidence from Sempra in its Oncor biz to achieve a constructive high teens ratebase growth outlook at its parallel Texas biz as only affirming an eventual rollout of a robust '25+ investment plan. Subtly in the plan for CNP remains key to watch with subtle resets higher remaining the key 'clue' to any higher EPS estimates as we roll into '25. Finally question on Roe improvement here in '24 of a reset for CNP remains a further upside uncertainty, providing further latitude to our outlook. Reiterate our Buy.

AEP: KY stakeholders focused on generation runtime

The Attorney General's Office (AG) and Kentucky Industrial Utility Customers (KIUC) filed joint testimony in ongoing Kentucky Public Service Commission (PSC) 'show cause' investigation of Kentucky Power Company (KP; American Electric Power subsidiary (Case 2021-00370). Key points raised are: (1) relatively expensive rates; (2) poor performance of the coal generation portfolio with 'low, extremely low, or zero capacity factors' [Rockport 1 & 2 and Mitchell 1 & 2]; (3) Mitchell cost recovery; (4) transmission cost allocation issues; and (5) underinvested distribution system. The public hearing dates previously scheduled have been cancelled with new dates to be rescheduled in the future in response to a motion by KP. We do not view this as a major proceeding but low-capacity factors for AEP has been a frequent stakeholder critique of the company's operations.

FE: WV rate case lags expectations

On January 23rd, FirstEnergy (FE) issued a press release that it has reached a settlement in its West Virginia (WV) rate case with key parties including the Public Service Commission (PSC) Staff (Case 23-0460-E-42T). Other parties to the settlement include the Consumer Advocate of the PSC, WV Energy Users Group, WV Users Group, and Longview Power. The settlement has +$105Mn rate increase (+8% average residential [$10/month] or +6% base rates) effective March 27, 2024, 51% of the initial +$207.5Mn revenue increase request (+13%). FE subsequently revised its request lower to $173Mn (+11% increase) with the settlement representing 61% of the request. There is a $2.5Mn one-time July 2024 bill credit for 2013 test year cost misallocations. The settlement is positive on the 9.8% allowed rate of return but does not include a stated equity ratio (FE proposed 49% equity, up from 46% currently).

Pension volatility mechanism denied again

The settlement rejects the requested pension/OPEB normalization mechanism (PON) which has not received support across FE's proceedings from stakeholders. The requested $90Mn three-year infrastructure investment program (IIP) was withdrawn and there will be a $5-10Mn annual pilot without cash recovery (deferred to the balance sheet). The storm deferral mechanism was approved with $7Mn annual baseline. The +$105Mn rate increase includes +$33Mn increase in depreciation rates via August 2023 settlement. The net energy metering (NEM) rate was not a part of the settlement.

While the 9.8% ROE is constructive, the rate case settlement initially appears to be below expectations at ~60% of the initial request; however, the depreciation reconciliation and equity ratio will be important variables. The higher base ROE is favorable but is mitigated by lack of the full support for the pension and infrastructure mechanisms, although storm deferrals will help. *We maintain Underperform on shares of FirstEnergy (FE) which are relatively expensive plus have more regulatory risk, pension income, and coal mining earnings than regulated utility peers. It remains to be seen what 2024+ coal mining earning are.*

AWK: Latest large rate case filing comes in NJ

On Friday January 19th American Water Works (AWK) filed a New Jersey rate case with +$162Mn revenue increase based on a 56.3% equity ratio and 10.75% ROE. The increase represents +$11/month residential water and +$6/month residential wastewater. AWK is also pursuing a revenue decoupling and some balance sheet cost deferrals. We assume a reasonable rate case outcome for the New Jersey rate case as well as the other pending and prospective regulatory proceedings. The New Jersey case follows a large Pennsylvania case and we see elevated regulatory activity to monitor for AWK. Peer electric utilities equities in similar Northeast states such as Public Service Enterprise Group (PEG) have relatively lagged primarily due to rate case uncertainty. *We maintain Underperform on shares of AWK which are relatively expensive.*

US Utilities & Clean Tech: PowerPoints: AWK NJ 10 January 2024

HE: Checking on latest set of updates. Remain negative

Governor State of the State dominated by fire discussion but no utility help

Hawaiian Governor Josh Green gave his 2024 State of the State address on January 22nd which praised the local fire department and first responders but provided little new information about non-utility victim compensation. Hawaii Electric in August issued a statement that “The Maui County Fire Department responded to this fire, reported it was ‘100% contained’ left the scene and later declared it had been ‘extinguished’”.

The Governor stated that there has been $175Mn of voluntary contributions from the state of Hawaii, Maui County, Kamehameha Schools, Hawaiian Electric, Charter Communications, and Hawaiian TelCom. There is a $600Mn recovery budget and $500Mn interim housing plan. The Governor discussed a potential $25 per visitor fee to generate a projected $68Mn annually for a climate impact fund.

Securitization bill introduced. Very standard utility making practice

Hawaiian Electric (HE) was the best performing regulated utility on January 23rd +4% versus the utilities sector approximately flat after Bloomberg reported progress on a draft Hawaiian utility bill. The Hawaii State Senate introduced Senate Bill 2922 (SB2922) on January 19th and it passed first reading on January 22nd.

If securitization is enacted it does not change our cautious view on shares. Securitization under SB2922 would allow the Public Utilities Commission to authorize recovery of just and reasonable costs Securitization of large expense is routine across the US and is not a novel source of shareholder compensations.

Our base case remains that HE will incur significant liabilities from the August 2023 catastrophic wildfires and we embed approximately -$18/sh net. At current levels, we estimate the market is pricing in ~33% of $5.4Bn pre-tax ($4.1Bn post-tax) wildfire liabilities. Despite the clear recoverability questions, a securitization of $4Bn after-tax potential wildfire over Hawaiian Electric’s ~470,000 customers (rather than Maui Electric’s *de minimis ~74,000 customers pre wildfire) would be unpalatable at $60 per month versus a ~$200 average monthly residential bill.*

PUC denies deferred accounting for some projects

The Hawaiian Public Utilities Commission (PUC) denied Hawaiian Electric's (HE subsidiary) request for deferred accounting treatment for its advanced rate design (ARD)/distributed energy resources program surcharge (DPS) projects as not exceptional (Docket 2019-0323). The PUC draws a distinction between these small costs within HE's control and the Maui wildfire costs (2023-0349) and covid pandemic (2020-0069) as examples. Since the deferred accounting treatment was denied, the other requests for cost recovery via Renewable Energy Infrastructure Program (REIP) or other surcharge mechanism was dismissed as moot. The dollars involved are small at $1-4Mn but will introduce additional regulatory lag.

We maintain Underperform on shares of HE where we continue to believe they are not embedding a large enough potential wildfire liability. Shares have oscillated between $12-$15 in the past six months as we wait for critical wildfire causation reports and legislative updates to see if there are additional non shareholder sources of capital to compensate wildfire victims.

Exhibit 1: Stocks mentioned
Prices and ratings for stocks mentioned in this report

BofA Ticker	Bloomberg ticker	Company name	Price	Rating
AEP	AEP US	American Elec Power	US$ 78.11	A-2-7
AWK	AWK US	American Water	US$ 126.26	B-3-7
CNP	CNP US	CenterPoint Energy	US$ 27.5	B-1-7
CMS	CMS US	CMS Energy	US$ 56.81	A-1-7
ES	ES US	Eversource Energy	US$ 52.88	B-3-7
FE	FE US	FirstEnergy	US$ 36.72	B-3-7
HE	HE US	Hawaiian Electric	US$ 13.35	C-3-9
SRE	SRE US	Sempra	US$ 71.72	B-1-7

Source: BofA Global Research

BofA GLOBAL RESEARCH

BofA Global Research Reports

Title: Subtitle	Primary Author	Date Published
US Utilities & Clean Tech: CleanEnergy: Residential Solar Layoffs. NY, NJ, & MA Offshore Wind Timelines	Julien Dumoulin-Smith	23 January 2024
OGE Energy Corp: Higher visibility to 5-7% consolidated EPS CAGR. OK rate case has a difficult comp.	Julien Dumoulin-Smith	23 January 2024
US Clean Tech: Intersolar conference takes: Buckle up for turbulence to start the year	Julien Dumoulin-Smith	22 January 2024
US Utilities & IPPs: PowerPoints: ED Guidance Update. Why Are Utilities Lagging? More than just rates	Julien Dumoulin-Smith	19 January 2024
Constellation Energy Corp: Can CEG hit a bullseye on transitioning to EPS? 10-15% EPS CAGR	Paul Zimbardo	22 January 2024

Price objective basis & risk

American Electric Power (AEP)

Our price objective of $77 is based on sum-of-the-parts (SOTP) analysis. We ascribe a peer forward FY25E P/E multiple (14.2x) with a 1.0x premium for its Texas transmission and distribution utilities and transmission-only utilities segments and a 0x premium (in-line multiple) for Ohio. We apply a -3x for ApCo on under-earn and coal securitization risk. We apply -4x at SWEPCO on regulatory execution risk. Elsewhere we apply -2x on earnings lag and below-average jurisdictions. Vertically integrated utilities are assigned a -2x discount on regulatory and execution risks. For the unregulated portion, we apply a 3.5x discount to the legacy energy supply and marketing business and an 8x premium to the contracted renewables business to reflect sale aspirations. Risks to achievement of the price objective are 1) regulatory outcomes are less favorable than expected, which could result in reduced return on equity (ROE), 2) large capital intensive projects are subject to delays or cost overruns, which can change the return profile, 3) natural disasters or catastrophic events can affect system reliability and are subject to regulatory cost recovery risk, 4) utilities are subject to interest rate risk to fund their business, which affects cost of capital, 5) uncertainty around announced asset divestitures versus guidance expectations, 6) volatility in volume of electric sales, 7) other adverse regulatory, political, or similar actions.

American Water Works (AWK)

Our American Water Works (AWK) Price Objective of $129 is based on a sum-of-the-parts methodology. The market-cap weighted base P/E is the water sector average 2026 19.9x excluding AWK. The base multiple is grossed-up +7% for the sector growth outlook. We apply an in-line multiple to the water utilities as AWK is the primary public water company and has a mix of favorable and unfavorable attributes that largely balance out.

Risks to achievement of the Price Objective (PO) and rating are changes in: 1) regulatory, legislative, and judicial outcomes, 2) ability to execute capital and operating expenditures forecasts, 3) equity needs and credit ratings, 5) pension returns, return on asset assumptions, and discount rates, 6) interest rates, 7) weather and access to water, 8) management changes, 9) military services growth, 10) stock price for exchangeable note, and 11) mergers and acquisitions.

CenterPoint Energy (CNP)

Our CenterPoint Energy PO is $30 using a 2025E sum-of-the-parts methodology. We apply the 14.4x electric and 14.4x gas base multiples. The base multiples are grossed-up +5% to reflect sector capital appreciation, a consistent approach across the coverage universe. We apply a 15% premium due to above-average growth and constructive jurisdictions.

Risks to achievement of the Price Objective are changes in 1) legislative, regulatory, and political outcomes, 2) capital expenditure forecasts and deployments, 3) earned return on equity, 4) asset sales, 5) capital markets access, costs, and needs, 6) interest rates, 7) weather and natural disasters, 8) management changes, and 9) inflation.

CMS Energy (CMS)

Our PO of $63 is based on a SotP relying on 2025E forward P/E multiples for the utility business and a 2025E forward EV/EBITDA multiple for CMS' IPP assets. For the utility seg we apply a 3.0x prem to the average 2025E regulated multiple P/E of 14.6x for the electric segment and of 13.6x for the gas segment, with the 10-yr capex update providing clear sight on ratebase growth and further upside, as well as continued favorable regulatory environment, and finally historically proven ability to consistently perform at the high end of guidance range. Both electric and gas peer P/E multiples are grossed up +5% to reflect capital appreciation across the sector. For CMS' merchant business we apply a 4x EV/EBITDA multiple, in line with current market value of CMS' power plants. We value Dearborn Industrial Generation (DIG) on a DCF basis through 2038 given the plant is no longer expected to be sold to Consumers.

Downside risks are: 1) earned ROEs declining which reduce CMS utility earnings 2) execution risk on capex and cost cutting which would primarily affect the utility earnings, 3) negatives changes to market energy prices which could affect the DIG plant's ability to re-contract at the assumed prices.

Eversource Energy (ES)
Our sum of the parts based price objective of $50 uses P/E multiples on 2025E earnings. The valuation is based on a 2025 sum of the parts analysis. We apply the 2025 average peer P/Es of 13.5x electric, 13.5x natural gas, and 20.0x water. For Connecticut electric & gas utilities, we value at -20% discount (-2.8x) to reflect historical challenges and prospective earnings risks. Connecticut water is valued in-line with natural gas. The other utilities are valued at a -15% discount (-2.1x) for below-average consolidated growth and weaker balance sheet metrics. Parent net loss per share is valued at an -1x discount to the electric utility average.

Upside and downside risks to our Price Objective are 1) regulatory/political/legislative changes, 2) capital expenditures forecasts, 3) ability to earn the regulatory allowed ROE, 4) offshore wind review, 5) natural disasters & storms, 6) operational performance and gas incidents, 7) integration of historical and prospective M&A, 8) pension plan performance, and 9) equity issuances.

FirstEnergy (FE)
The $32 Price Objective is based on a sum-of-the-parts valuation. Our multiples are driven by relative P/E premiums/discounts to the 14.3x 2025E regulated peer multiple. Peer P/E multiple is grossed up for a year by 5% to reflect capital appreciation across the sector, a consistent approach across our coverage universe. We apply -2x discount to reflect rate review risk, below average risk, and pension exposure. We subtract out the holding company debt given the above-average leverage. The unregulated coal mining business Signal peak is valued at 5x P/E

Upside and downside risks to the Price Objective are: 1) regulatory/political/legislative outcomes, 2) ability to earn the allowed ROEs and/or other changes in regulatory earnings, 3) weather and natural disasters, 4) investigation revelations and liabilities, 5) equity needs versus forecasts, 6) capital expenditures, 7) pension plan returns, discount rate changes, and interest/service costs associated with the plan, 8) economic conditions & interest rates, and 9) taxes.

Hawaiian Electric Industries (HE)
Our $7.00 PO for Hawaiian Electric Industries is based on a sum of the parts approach. We apply:

Regulated Utility: A 14.3x base 2025E sector peer forward mean P/E multiple is grossed up +5% to reflect capital appreciation across the sector. We apply a -10% discount to incorporate below-average growth profile and performance-based rates uncertainty related to achievement of performance incentive mechanisms (PIMs). We assume an approximate -$18/sh post-tax liability on an uncertain 50/50 probability of $5.4Bn property damage liable at the utility. There is no inverse condemnation of strict liability statute in HI, but see ongoing litigation risks from Maui fires.

Bank: A 2023E tangible book value median multiple of 1.2x in-line with small/mid-cap regional banking companies. Tangible book value calculation includes held-to-maturity unrealized gains and (losses).

HoldCo & Other: Pacific Current estimated asset value less associated net debt for Pacific Current and the HEI parent HoldCo.

Upside and downside risks are: 1) wildfire liabilities and litigation, 2) political, regulatory, and legislative changes, 3) capital expenditures, 4) inflation and operating costs, 5) bank loss reserves and margins, 6) non-interest income and interest income at the bank, 7) change in banking deposits, 8) commodity prices, 9) achievement of performance incentive mechanisms [PIMs], 10) pandemics, storms, and natural disasters, and 11) liquidity.

Sempra (SRE)
Our $82 PO is based on a sum of the parts valuation of 2025E earnings. The US utilities are valued using the electric (16.3x) and gas (16.2x) average P/E that we grossed-up +5% to account for sector growth. We apply a -2x discounted valuation to the California gas utility (SoCal Gas) for concerns about long-term use of natural gas. We apply a -1x discounted valuation to the California electric utility (SDG&E) to reflect the wildfire risk exposure. We apply a +2x premium to the TX utility (Oncor) for above average growth and high visibility into rider recovery. The Infrastructure segment (SIP) is valued at 10x EV/EBITDA, an implied premium to the Mexican market (5.5x) and select premium US midstream comparable (Williams and TC Energy at approximately 9-10x) on EV/EBITDA due to its long duration contracted cash flows. The parent drag is treated on a balanced blend of P/E and HoldCo debt and cash netting.

Risks to achievement to our price objective are: 1) Wildfire and other natural disasters/catastrophic events, 2) regulatory outcomes, 3) interest rates, 4) equity needs, 5) earned returns and operating costs, 6) LNG development, 7) ability to deploy capital, and 8) environmental, social, & governance [ESG] profile.

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
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
	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
	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
	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	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
NEUTRAL				
	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	EVRG	EVRG 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
	Maxeon 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

North America - Utilities and Alt Energy Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
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
	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

Disclosures

Important Disclosures

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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