# ALLETE NYSE-ALE

| RECENT PRICE | 55.86 | P/E RATIO | 13.9 (Trailing: 16.4 / Median: 19.0) | RELATIVE P/E RATIO | 0.83 | DIV'D YLD | 4.9% | VALUE LINE |
|---|---|---|---|---|---|---|---|---|

**TIMELINESS** 3 Raised 8/25/23
**SAFETY** 2 New 10/1/04
**TECHNICAL** 3 Lowered 8/4/23
**BETA** .90 (1.00 = Market)

| | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| High: | 42.7 | 54.1 | 58.0 | 59.7 | 66.9 | 81.2 | 82.8 | 88.6 | 84.7 | 73.1 | 68.6 | 66.7 |
| Low: | 37.7 | 41.4 | 44.2 | 45.3 | 48.3 | 61.6 | 66.6 | 72.5 | 48.2 | 56.8 | 47.8 | 54.9 |

**Target Price Range**
2026 | 2027 | 2028

**18-Month Target Price Range**

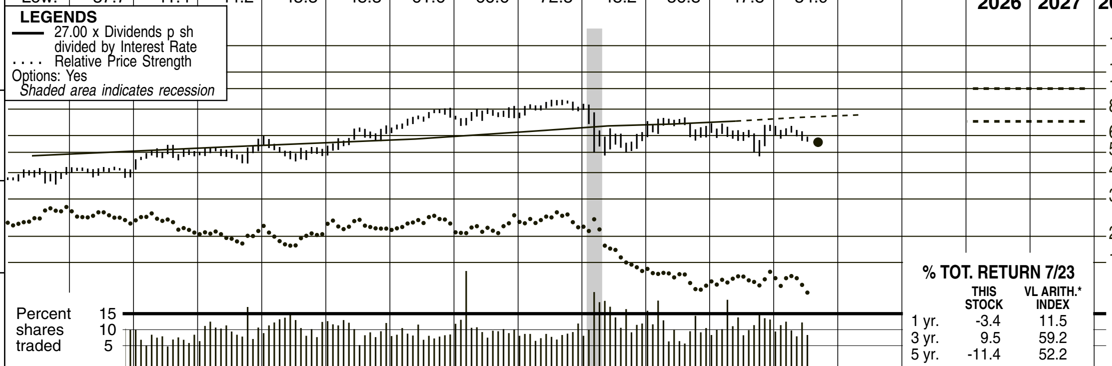
| Low-High | Midpoint (% to Mid) |
|---|---|
| $48-$86 | $67 (20%) |

**2026-28 PROJECTIONS**

| | Price | Gain | Ann'l Total Return |
|---|---|---|---|
| High | 100 | (+80%) | 19% |
| Low | 70 | (+25%) | 10% |

**Institutional Decisions**

| | 4Q2022 | 1Q2023 | 2Q2023 |
|---|---|---|---|
| to Buy | 153 | 137 | 159 |
| to Sell | 131 | 130 | 123 |
| Hld's(000) | 43870 | 43928 | 43650 |




**% TOT. RETURN 7/23**

| | THIS STOCK | VL ARITH.* INDEX |
|---|---|---|
| 1 yr. | -3.4 | 11.5 |
| 3 yr. | 9.5 | 59.2 |
| 5 yr. | -11.4 | 52.2 |

| 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | © VALUE LINE PUB. LLC | 26-28 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 27.33 | 24.57 | 21.57 | 25.34 | 24.75 | 24.40 | 24.60 | 24.77 | 30.27 | 27.01 | 27.78 | 29.10 | 23.99 | 22.44 | 26.68 | 28.04 | *29.30* | *29.65* | Revenues per sh | *31.15* |
| 4.42 | 4.23 | 3.57 | 4.35 | 4.91 | 5.01 | 5.35 | 5.68 | 6.79 | 7.08 | 6.59 | 7.37 | 7.24 | 7.52 | 7.54 | 7.70 | *8.45* | *8.75* | "Cash Flow" per sh | *9.50* |
| 3.08 | 2.82 | 1.89 | 2.19 | 2.65 | 2.58 | 2.63 | 2.90 | 3.38 | 3.14 | 3.13 | 3.38 | 3.33 | 3.35 | 3.23 | 3.38 | *3.70* | *4.05* | Earnings per sh A | *5.00* |
| 1.64 | 1.72 | 1.76 | 1.76 | 1.78 | 1.84 | 1.90 | 1.96 | 2.02 | 2.08 | 2.14 | 2.24 | 2.35 | 2.47 | 2.52 | 2.60 | *2.71* | *2.79* | Div'd Decl'd per sh B ■ † | *3.00* |
| 6.82 | 9.24 | 9.05 | 6.95 | 6.38 | 10.30 | 7.93 | 12.48 | 5.84 | 5.35 | 4.08 | 6.07 | 11.55 | 13.78 | 8.90 | 3.64 | *5.95* | *5.95* | Cap'l Spending per sh | *7.25* |
| 24.11 | 25.37 | 26.41 | 27.26 | 28.78 | 30.48 | 32.44 | 35.06 | 37.07 | 38.17 | 40.47 | 41.86 | 43.17 | 44.04 | 45.36 | 47.06 | *49.10* | *51.25* | Book Value per sh C | *54.00* |
| 30.80 | 32.60 | 35.20 | 35.80 | 37.50 | 39.40 | 41.40 | 45.90 | 49.10 | 49.60 | 51.10 | 51.50 | 51.70 | 52.10 | 53.20 | 56.01 | *58.00* | *59.00* | Common Shs Outst'g D | *61.00* |
| 14.8 | 13.9 | 16.1 | 16.0 | 14.7 | 15.9 | 18.6 | 17.2 | 15.1 | 18.6 | 23.0 | 22.2 | 24.7 | 18.3 | 20.6 | 18.1 | *Bold figures are* | | Avg Ann'l P/E Ratio | *17.0* |
| .79 | .84 | 1.07 | 1.02 | .92 | 1.01 | 1.05 | .91 | .76 | .98 | 1.16 | 1.20 | 1.32 | .94 | 1.11 | 1.05 | *Value Line* | | Relative P/E Ratio | *.95* |
| 3.6% | 4.4% | 5.8% | 5.0% | 4.6% | 4.5% | 3.9% | 3.9% | 4.0% | 3.6% | 3.0% | 3.0% | 2.9% | 4.0% | 3.8% | 4.4% | *estimates* | | Avg Ann'l Div'd Yield | *3.7%* |

**CAPITAL STRUCTURE as of 6/30/23**
**Total Debt** $1801.3 mill. **Due in 5 Yrs** $390.7 mill.
**LT Debt** $1685.9 mill. **LT Interest** $65.9 mill.
(LT interest earned: 2.7x)

**Leases, Uncapitalized** Annual rentals $5.1 mill.

**Pension Assets-12/22** $745.7 mill. **Oblig** $911.7 mill.

**Pfd Stock** None

**Common Stock** 57,398,158 shs.

**MARKET CAP: $3.2 billion (Mid Cap)**

| 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | | 26-28 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1018.4 | 1136.8 | 1486.4 | 1339.7 | 1419.3 | 1498.6 | 1240.5 | 1169.1 | 1419.2 | 1570.7 | *1725* | *1750* | Revenues ($mill) | *1900* |
| 104.7 | 124.8 | 163.4 | 155.3 | 159.2 | 174.1 | 172.4 | 174.2 | 169.2 | 189.3 | *215* | *240* | Net Profit ($mill) | *305* |
| 21.5% | 22.6% | 19.4% | 11.3% | 14.8% | - - | - - | - - | NMF | NMF | *NMF* | *NMF* | Income Tax Rate | *NMF* |
| 4.4% | 6.3% | 2.0% | 1.4% | .8% | .7% | 1.3% | 1.1% | 1.5% | 1.4% | *2.0%* | *2.0%* | AFUDC % to Net Profit | *1.0%* |
| 44.6% | 44.2% | 46.3% | 42.0% | 41.0% | 39.9% | 38.6% | 41.0% | 42.2% | 40.8% | *39.5%* | *39.5%* | Long-Term Debt Ratio | *40.5%* |
| 55.4% | 55.8% | 53.7% | 58.0% | 59.0% | 60.1% | 61.4% | 59.0% | 57.8% | 59.6% | *60.5%* | *60.5%* | Common Equity Ratio | *59.5%* |
| 2425.9 | 2882.2 | 3388.9 | 3263.4 | 3507.4 | 3584.3 | 3632.8 | 3887.8 | 4176.3 | 4457.5 | *4700* | *4900* | Total Capital ($mill) | *5550* |
| 2576.5 | 3286.4 | 3669.1 | 3741.2 | 3822.4 | 3904.4 | 4377.0 | 4840.8 | 5100.2 | 5004.0 | *5300* | *5450* | Net Plant ($mill) | *5675* |
| 5.3% | 5.2% | 5.8% | 5.8% | 5.5% | 5.8% | 5.6% | 5.3% | 4.8% | 5.6% | *5.5%* | *5.5%* | Return on Total Cap'l | *6.0%* |
| 7.8% | 7.8% | 9.0% | 8.2% | 7.7% | 8.1% | 7.7% | 7.6% | 7.0% | 7.5% | *8.0%* | *8.0%* | Return on Shr. Equity | *9.0%* |
| 7.8% | 7.8% | 9.0% | 8.2% | 7.7% | 8.1% | 7.7% | 7.6% | 7.0% | 7.5% | *8.0%* | *8.0%* | Return on Com Equity E | *9.0%* |
| 2.2% | 2.5% | 3.6% | 2.8% | 2.4% | 2.7% | 2.3% | 2.0% | 1.5% | 2.5% | *2.5%* | *2.5%* | Retained to Com Eq | *3.5%* |
| 72% | 67% | 60% | 66% | 68% | 66% | 70% | 74% | 78% | 76% | *70%* | *69%* | All Div'ds to Net Prof | *60%* |

**ELECTRIC OPERATING STATISTICS**

| | 2020 | 2021 | 2022 |
|---|---|---|---|
| % Change Retail Sales (KWH) | -12.0 | +11.5 | +4.7 |
| Avg. Indust. Use (MWH) | NA | NA | NA |
| Avg. Indust. Revs. per KWH (¢) | NA | NA | NA |
| Capacity at Peak (Mw) | NA | NA | NA |
| Peak Load, Winter (Mw) F | 1588 | 1557 | 1556 |
| Annual Load Factor (%) | NA | NA | NA |
| % Change Customers (avg.) | NA | NA | NA |
| Fixed Charge Cov. (%) | 230 | 219 | 220 |

| ANNUAL RATES of change (per sh) | Past 10 Yrs. | Past 5 Yrs. | Est'd '20-'22 to '26-'28 |
|---|---|---|---|
| Revenues | - - | -3.0% | *3.0%* |
| "Cash Flow" | 4.5% | 2.0% | *4.5%* |
| Earnings | 3.0% | .5% | *6.0%* |
| Dividends | 3.5% | 3.5% | *3.5%* |
| Book Value | 4.5% | 3.0% | *3.5%* |

| Cal-endar | QUARTERLY REVENUES ($ mill.) Mar.31 | Jun. 30 | Sep. 30 | Dec. 31 | Full Year |
|---|---|---|---|---|---|
| 2020 | 311.6 | 243.2 | 293.9 | 320.4 | 1169.1 |
| 2021 | 339.2 | 335.6 | 345.4 | 399.0 | 1419.2 |
| 2022 | 383.5 | 373.1 | 388.3 | 425.8 | 1570.7 |
| 2023 | 564.9 | 533.4 | *400* | *226.7* | *1725* |
| 2024 | *425* | *420* | *445* | *460* | *1750* |

| Cal-endar | EARNINGS PER SHARE A Mar.31 | Jun. 30 | Sep. 30 | Dec. 31 | Full Year |
|---|---|---|---|---|---|
| 2020 | 1.28 | .39 | .78 | .90 | 3.35 |
| 2021 | .99 | .53 | .53 | 1.18 | 3.23 |
| 2022 | 1.24 | .67 | .59 | .90 | 3.38 |
| 2023 | 1.02 | .90 | *.70* | *1.08* | *3.70* |
| 2024 | *1.35* | *.65* | *.90* | *1.15* | *4.05* |

| Cal-endar | QUARTERLY DIVIDENDS PAID B ■ † Mar.31 | Jun.30 | Sep.30 | Dec.31 | Full Year |
|---|---|---|---|---|---|
| 2019 | .5875 | .5875 | .5875 | .5875 | 2.35 |
| 2020 | .6175 | .6175 | .6175 | .6175 | 2.47 |
| 2021 | .63 | .63 | .63 | .63 | 2.52 |
| 2022 | .65 | .65 | .65 | .65 | 2.60 |
| 2023 | .6775 | .6775 | | | |

**BUSINESS:** ALLETE, Inc. is the parent of Minnesota Power, which supplies electricity to 146,000 customers in northeastern MN, & Superior Water, Light & Power in northwestern WI. Electric rev. breakdown: taconite mining/processing, 26%; paper/wood products, 9%; other industrial, 8%; residential, 13%; commercial, 13%; wholesale, 14%; other, 17%. ALLETE Clean Energy (ACE) owns renewable energy projects. Acq'd U.S. Water Services 2/15; sold it 3/19. Generating sources: coal, 28%; wind, 10%; other, 4%; purchased, 58%. Fuel costs: 40% of revs. '22 deprec. rate: 3.2%. Has 1,400 employees. Chairman, President & CEO: Bethany M. Owen. Inc.: Minnesota. Address: 30 West Superior St., Duluth, MN 55802-2093. Tel.: 218-279-5000. Internet: www.allete.com.

**We expect an earnings rebound for ALLETE in 2023.** In the second quarter, the company posted better-than-anticipated top- and bottom-line results. The recent purchase of New Energy Equity is proving beneficial, as it has been a main driver of performance, lately. The utility expects New Energy to provide full-year earnings of $16 million-$17 million. ALLETE also reaffirmed its full-year 2023 earnings-per-share estimate range of $3.55 to $3.85. As a result, our bottom-line call is staying put at $3.70 a share.

**ALLETE's main utility subsidiary had its Need and Route permit application approved.** In late July, the Minnesota Public Utilities Commission approved the application, which will improve the regulatory process for Minnesota Power. The company plans to file another similar application with the North Dakota Public Service Commission later this year. Meanwhile, ALLETE Clean Energy continues to make progress on the development of clean and renewable energy projects. ALLETE Clean Energy recently announced a five-year power purchase agreement to sell wind power to Seattle City Light. The company also remains focused on its carbon-reduction goals, and the agreement includes an option to add solar and energy storage at the site.

**We look for solid earnings growth through the next few years.** We see ALLETE posting full-year 2024 profits of $4.05 a share. The utility should continue to benefit from rate relief and the development of clean and renewable energy projects. An improving macroeconomic environment offset by higher operating and maintenance costs, and lower wind resources, should also help out over that interim.

**The dividend remains this issue's most notable feature.** ALLETE carries a dividend yield of 4.9%, which is above the industry average. Meanwhile, total return potential over the next 18-months and 3- to 5-years is superior to that of most utilities, in part due to the stock's recent price struggles; the quotation has slipped 10% in value since our June report. These shares are ranked 2 (Above Average) for Safety, and have high scores for Price Stability and Earnings Predictability.

*Zachary J. Hodgkinson September 8, 2023*

(A) Diluted EPS. Excl. nonrec. gains (loss): '15, (46¢); '17, 25¢; '19, 26¢; '19 EPS don't sum due to rounding. Next earnings report due early Nov. (B) Div'ds historically paid in early Mar., June, Sept. and Dec. ■ Div'd reinvest. plan avail. † Shareholder invest. plan avail. (C) Incl. deferred charges. In '22: $9.60/sh. (D) In mill. (E) Rate base: Orig. cost depr. Rate all'd in MN on com. eq. in '18: 9.25%; earned on avg. com. eq., '21: 7.2%. Regul. Climate: Avg. (F) Summer peak in '21.

| | |
|---|---|
| Company's Financial Strength | A |
| Stock's Price Stability | 90 |
| Price Growth Persistence | 45 |
| Earnings Predictability | 90 |

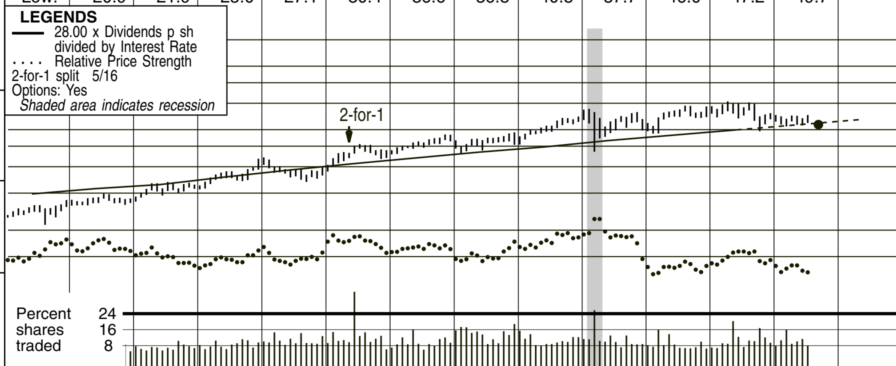
# ALLIANT ENERGY NDQ-LNT

| RECENT PRICE | 50.69 | P/E RATIO | 17.4 (Trailing: 19.3 Median: 21.0) | RELATIVE P/E RATIO | 1.04 | DIV'D YLD | 3.6% | VALUE LINE |
|---|---|---|---|---|---|---|---|---|

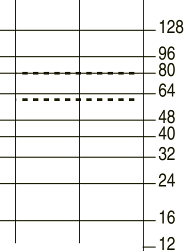
**TIMELINESS** 4 Lowered 3/24/23
**SAFETY** 2 Raised 9/28/07
**TECHNICAL** 3 Raised 8/11/23
**BETA** .85 (1.00 = Market)

| | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| High: | 23.8 | 27.1 | 34.9 | 35.4 | 41.0 | 45.6 | 46.6 | 55.4 | 60.3 | 62.3 | 65.4 | 56.3 |
| Low: | 20.9 | 21.9 | 25.0 | 27.1 | 30.4 | 36.6 | 36.8 | 40.8 | 37.7 | 46.0 | 47.2 | 49.7 |

**LEGENDS**
—— 28.00 x Dividends p sh divided by Interest Rate
. . . . Relative Price Strength
2-for-1 split 5/16
Options: Yes
*Shaded area indicates recession*




**Target Price Range**
2026 | 2027 | 2028




**18-Month Target Price Range**

| Low-High | Midpoint (% to Mid) |
|---|---|
| $43-$75 | $59 (15%) |

**2026-28 PROJECTIONS**

| | Price | Gain | Ann'l Total Return |
|---|---|---|---|
| High | 80 | (+60%) | *15%* |
| Low | 60 | (+20%) | *8%* |

**Institutional Decisions**

| | 4Q2022 | 1Q2023 | 2Q2023 |
|---|---|---|---|
| to Buy | 329 | 303 | 270 |
| to Sell | 252 | 259 | 267 |
| Hld's(000) | 192231 | 193788 | 196380 |

**% TOT. RETURN 7/23**

| | THIS STOCK | VL ARITH.* INDEX |
|---|---|---|
| 1 yr. | -8.8 | 11.5 |
| 3 yr. | 9.2 | 59.2 |
| 5 yr. | 44.2 | 52.2 |

| 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | © VALUE LINE PUB. LLC | 26-28 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 15.57 | 16.67 | 15.51 | 15.40 | 16.51 | 13.94 | 14.77 | 15.10 | 14.34 | 14.58 | 14.62 | 14.97 | 14.89 | 13.67 | 14.65 | 16.74 | ***16.40*** | ***16.55*** | **Revenues per sh** | ***16.95*** |
| 2.56 | 2.28 | 2.10 | 2.60 | 2.75 | 2.95 | 3.34 | 3.49 | 3.45 | 3.43 | 3.97 | 4.32 | 4.59 | 4.92 | 5.25 | 5.40 | ***5.50*** | ***5.75*** | **"Cash Flow" per sh** | ***6.45*** |
| 1.35 | 1.27 | .95 | 1.38 | 1.38 | 1.53 | 1.65 | 1.74 | 1.69 | 1.65 | 1.99 | 2.19 | 2.33 | 2.47 | 2.63 | 2.73 | ***2.85*** | ***3.10*** | **Earnings per sh A** | ***3.80*** |
| .64 | .70 | .75 | .79 | .85 | .90 | .94 | 1.02 | 1.10 | 1.18 | 1.26 | 1.34 | 1.42 | 1.52 | 1.61 | 1.71 | ***1.81*** | ***1.92*** | **Div'd Decl'd per sh B ■ †** | ***2.29*** |
| 2.46 | 3.98 | 5.43 | 3.91 | 3.03 | 5.22 | 3.32 | 3.78 | 4.25 | 5.26 | 6.34 | 6.92 | 6.69 | 5.47 | 4.67 | 5.91 | ***5.80*** | ***5.80*** | **Cap'l Spending per sh** | ***5.40*** |
| 12.15 | 12.78 | 12.54 | 13.05 | 13.57 | 14.12 | 14.79 | 15.54 | 16.41 | 16.96 | 18.08 | 19.43 | 21.24 | 22.76 | 23.91 | 24.99 | ***26.55*** | ***27.80*** | **Book Value per sh C** | ***31.90*** |
| 220.72 | 220.90 | 221.31 | 221.79 | 222.04 | 221.97 | 221.89 | 221.87 | 226.92 | 227.67 | 231.35 | 236.06 | 245.02 | 249.87 | 250.47 | 251.14 | ***255.80*** | ***256.00*** | **Common Shs Outst'g D** | ***257.00*** |
| 15.1 | 13.4 | 13.9 | 12.5 | 14.5 | 14.5 | 15.3 | 16.6 | 18.1 | 22.3 | 20.6 | 19.1 | 21.2 | 21.2 | 21.2 | 21.4 | ***Bold figures are*** | | **Avg Ann'l P/E Ratio** | ***18.0*** |
| .80 | .81 | .93 | .80 | .91 | .92 | .86 | .87 | .91 | 1.17 | 1.04 | 1.03 | 1.13 | 1.09 | 1.15 | 1.24 | ***Value Line*** | | **Relative P/E Ratio** | ***1.00*** |
| 3.1% | 4.1% | 5.7% | 4.6% | 4.3% | 4.1% | 3.7% | 3.5% | 3.6% | 3.2% | 3.1% | 3.2% | 2.9% | 2.9% | 2.9% | 2.9% | ***estimates*** | | **Avg Ann'l Div'd Yield** | ***3.7%*** |

| 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | © VALUE LINE PUB. LLC | 26-28 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 3276.8 | 3350.3 | 3253.6 | 3320.0 | 3382.2 | 3534.5 | 3647.7 | 3416.0 | 3669.0 | 4205.0 | ***4190*** | ***4240*** | **Revenues ($mill)** | ***4350*** |
| 382.1 | 395.7 | 390.9 | 384.0 | 466.1 | 522.3 | 567.4 | 624.0 | 674.0 | 686.0 | ***715*** | ***800*** | **Net Profit ($mill)** | ***975*** |
| 12.4% | 10.1% | 15.3% | 13.4% | 12.5% | 8.4% | 10.8% | - - | 10.8% | 3.1% | ***1.0%*** | ***2.0%*** | **Income Tax Rate** | ***2.0%*** |
| 8.1% | 8.8% | 9.4% | 16.3% | 10.7% | 14.5% | 16.3% | 8.8% | 3.7% | 8.7% | ***4.0%*** | ***4.0%*** | **AFUDC % to Net Profit** | ***4.0%*** |
| 46.1% | 49.7% | 47.3% | 51.5% | 47.8% | 52.3% | 50.6% | 53.5% | 52.9% | 55.0% | ***53.5%*** | ***52.5%*** | **Long-Term Debt Ratio** | ***52.0%*** |
| 50.8% | 47.5% | 50.0% | 46.1% | 49.8% | 45.7% | 47.6% | 44.9% | 47.1% | 45.0% | ***46.5%*** | ***47.5%*** | **Common Equity Ratio** | ***48.0%*** |
| 6461.0 | 7257.2 | 7446.3 | 8377.6 | 8392.8 | 10032 | 10938 | 12657 | 12725 | 13944 | ***14665*** | ***15035*** | **Total Capital ($mill)** | ***17070*** |
| 7147.3 | 6442.0 | 8970.2 | 9809.9 | 10798 | 12462 | 13527 | 14336 | 14987 | 16247 | ***17050*** | ***17090*** | **Net Plant ($mill)** | ***19180*** |
| 7.0% | 6.5% | 6.3% | 5.6% | 6.7% | 6.3% | 6.3% | 5.9% | 6.3% | 6.1% | ***6.5%*** | ***6.5%*** | **Return on Total Cap'l** | ***7.0%*** |
| 11.0% | 10.8% | 10.0% | 9.5% | 10.6% | 10.9% | 10.5% | 10.6% | 11.3% | 10.9% | ***10.5%*** | ***11.0%*** | **Return on Shr. Equity** | ***12.0%*** |
| 11.3% | 11.2% | 10.2% | 9.7% | 10.9% | 11.2% | 10.7% | 10.8% | 11.0% | 10.9% | ***10.5%*** | ***11.0%*** | **Return on Com Equity E** | ***12.0%*** |
| 4.9% | 4.6% | 3.6% | 2.8% | 4.0% | 4.4% | 4.2% | 4.2% | 4.3% | 4.1% | ***4.0%*** | ***4.5%*** | **Retained to Com Eq** | ***4.5%*** |
| 57% | 60% | 66% | 72% | 64% | 62% | 61% | 62% | 62% | 62% | ***62%*** | ***62%*** | **All Div'ds to Net Prof** | ***60%*** |

**CAPITAL STRUCTURE as of 6/30/23**
**Total Debt** $8986 mill. **Due in 5 Yrs** $2117 mill.
**LT Debt** $8186 mill. **LT Interest** $285 mill.
(LT interest earned: 3.5x)

**Leases, Uncapitalized** Annual rentals $3 mill.

**Pension Assets-12/22** $706 mill. **Oblig** $875 mill.

**Pfd Stock** None

**Common Stock** 252,719,092 shs.

**MARKET CAP: $12.8 billion (Large Cap)**

**ELECTRIC OPERATING STATISTICS**

| | 2020 | 2021 | 2022 |
|---|---|---|---|
| % Change Retail Sales (KWH) | -2.3 | +3.7 | -.7 |
| Avg. Indust. Use (MWH) | 11134 | 11696 | 11494 |
| Avg. Indust. Revs. per KWH (¢) | 7.55 | 7.64 | 8.39 |
| Capacity at Peak (Mw) | NA | NA | NA |
| Peak Load, Summer (Mw) | 5496 | 5486 | 5629 |
| Annual Load Factor (%) | NA | NA | NA |
| % Change Customers (yr-end) | +.6 | +.8 | +.7 |
| Fixed Charge Cov. (%) | 251 | 259 | NA |

**ANNUAL RATES**

| of change (per sh) | Past 10 Yrs. | Past 5 Yrs. | Est'd '20-'22 to '26-'28 |
|---|---|---|---|
| Revenues | - - | .5% | *2.0%* |
| "Cash Flow" | 6.5% | 7.5% | *3.5%* |
| Earnings | 6.0% | 8.0% | *6.5%* |
| Dividends | 6.5% | 6.5% | *6.0%* |
| Book Value | 6.0% | 7.0% | *5.0%* |

| Cal-endar | QUARTERLY REVENUES ($ mill.) Mar.31 | Jun.30 | Sep.30 | Dec.31 | Full Year |
|---|---|---|---|---|---|
| **2020** | 916 | 763 | 920 | 817 | 3416 |
| **2021** | 901 | 817 | 1024 | 927 | 3669 |
| **2022** | 1068 | 943 | 1135 | 1059 | 4205 |
| **2023** | 1077 | 912 | ***1140*** | ***1061*** | ***4190*** |
| **2024** | ***1080*** | ***950*** | ***1145*** | ***1065*** | ***4240*** |

| Cal-endar | EARNINGS PER SHARE A Mar.31 | Jun.30 | Sep.30 | Dec.31 | Full Year |
|---|---|---|---|---|---|
| **2020** | .72 | .54 | .94 | .26 | 2.47 |
| **2021** | .68 | .57 | 1.02 | .35 | 2.63 |
| **2022** | .77 | .63 | .90 | .43 | 2.73 |
| **2023** | .65 | .64 | ***1.01*** | ***.55*** | ***2.85*** |
| **2024** | ***.71*** | ***.70*** | ***1.10*** | ***.59*** | ***3.10*** |

| Cal-endar | QUARTERLY DIVIDENDS PAID B ■ † Mar.31 | Jun.30 | Sep.30 | Dec.31 | Full Year |
|---|---|---|---|---|---|
| **2019** | .355 | .355 | .355 | .355 | 1.42 |
| **2020** | .38 | .38 | .38 | .38 | 1.52 |
| **2021** | .4025 | .4025 | .4025 | .4025 | 1.61 |
| **2022** | .4275 | .4275 | .4275 | .4275 | 1.71 |
| **2023** | .4525 | .4525 | .4525 | | |

**BUSINESS:** Alliant Energy Corporation (formerly Interstate Energy) is a holding company formed through the merger of WPL Holdings, IES Industries, and Interstate Power. Supplies electricity to 985,000 customers and gas to 425,000 customers in Wisconsin, Iowa, and Minnesota. Electric revenue by state: WI, 43%; IA, 56%. MN, 1%. Electric revenue: residential, 36%; commercial, 25%; industrial, 29%; wholesale, 8%; other, 2%. Generating sources: coal, 32%; gas, 32%; wind, 16%; other, 1%; purchased, 19%. Fuel costs: 25% of revs. '22 reported deprec. rates: 2.9%-6.1%. Has 3,300 employees. Chairman, President & CEO: John O. Larsen. Inc.: Wisconsin. Address: 4902 N. Biltmore Lane, Madison, Wisconsin 53718-2148. Tel.: 608-458-3311. Internet: www.alliantenergy.com.

**Alliant Energy remains upbeat about 2023.** Indeed, with the early-August release of decent June-quarter results, management affirmed its positive near-term outlook for the Wisconsin-based electric and gas utility. Notably, leadership still sees Alliant earning between $2.82 and $2.96 a share this year, up 3%–8% from 2022's $2.73 tally, even as revenues may decline (due to mild weather and more-modest heating and cooling demand in late spring).

**Lower operating and maintenance expense is expected to provide a boost.** As we understand it, the company is eying a 3%–4% reduction in these costs this year, with much of the likely savings beginning in the December quarter. Importantly, Alliant stands to benefit from additional 'undergrounding' of power lines, as subterranean assets require less maintenance and are significantly less susceptible to storm damage than overhead wires.

**Alliant recently got the go ahead for a pair of green energy projects.** Following a favorable ruling by Wisconsin's Public Service Commission in early August, the utility is clear to begin construction on a battery energy storage system in the Wood County town of Saratoga and another in the Grant County hamlet of Potosi. The two systems will have the capacity to provide 180,000 homes with four hours of bridge power at times when sun- and wind-power generation is inadequate. If all goes as planned, they should be fully operational by the end of 2024 (for Wood County) and by mid-2025 (for Grant County).

**We look for earnings to reach $3.80 a share by 2026–2028.** Our target implies average annual profit growth of 6%–9% over the next 3 to 5 years. Underpinning our positive stance is an expanded rate base, as well as generally favorable demographics across Alliant's core service areas in Iowa and Wisconsin.

**Shares of Alliant Energy are ranked 4 (Below Average) for relative year-ahead price performance.** Still, over the next several years, we think the stock will deliver returns competitive with those of its peers, partly thanks to a decent dividend (current yield: 3.6%).

*Nils C. Van Liew* *September 8, 2023*

(A) Diluted EPS. Excl. nonrecurring losses: '11, 1¢; '12, 8¢. '20 & '21 EPS don't sum due to rounding. Next earnings report due early Nov. (B) Dividends historically paid in mid-Feb., May, Aug., and Nov. ■ Dividend reinvestment plan avail. † Shareholder investment plan avail. (C) Incl. deferred charges. In '21: $1,980 mill., $7.91/sh. (D) In millions, adj. for split. (E) Rate base: Orig. cost. Rates all'd on com. eq. in IA in '20: various; in WI in '22: 10%; earned on avg. com. eq., '21: 11.3%. Regulatory Climate: Wisconsin, Above Average; Iowa, Average.

| | |
|---|---|
| **Company's Financial Strength** | A |
| **Stock's Price Stability** | 95 |
| **Price Growth Persistence** | 90 |
| **Earnings Predictability** | 95 |

# AMEREN NYSE-AEE

RECENT PRICE **80.32** | P/E RATIO **18.1** (Trailing: 18.8 / Median: 20.0) | RELATIVE P/E RATIO **1.08** | DIV'D YLD **3.1%** | **VALUE LINE**

**TIMELINESS** 4 Lowered 9/8/23
**SAFETY** 1 Raised 9/10/21
TECHNICAL 3 Raised 8/18/23
**BETA** .85 (1.00 = Market)

**18-Month Target Price Range**
**Low-High** **Midpoint (% to Mid)**
$70-$125 $98 (20%)

**2026-28 PROJECTIONS**

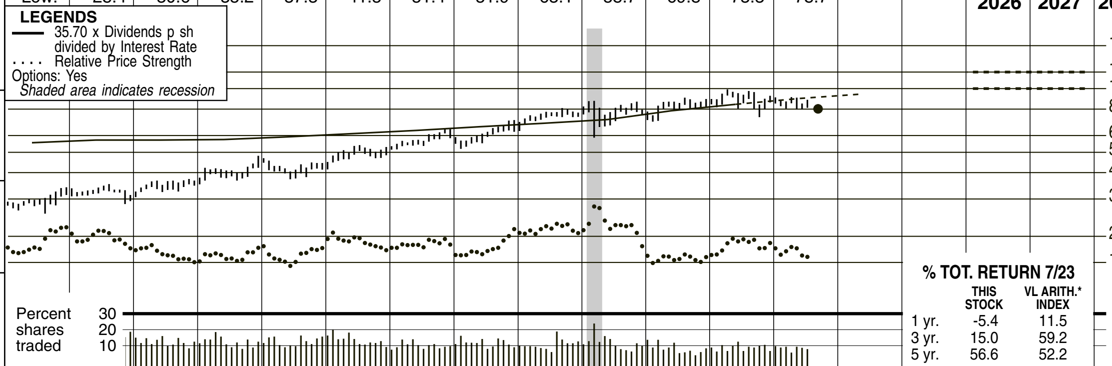
| | Price | Gain | Ann'l Total Return |
|---|---|---|---|
| High | 120 | (+50%) | *13%* |
| Low | 100 | (+25%) | *9%* |

**Institutional Decisions**

| | 4Q2022 | 1Q2023 | 2Q2023 |
|---|---|---|---|
| to Buy | 326 | 296 | 289 |
| to Sell | 270 | 268 | 287 |
| Hld's(000) | 206602 | 205221 | 204708 |

| | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| High: | 35.3 | 37.3 | 48.1 | 46.8 | 54.1 | 64.9 | 70.9 | 80.9 | 87.7 | 90.8 | 99.2 | 91.2 |
| Low: | 28.4 | 30.6 | 35.2 | 37.3 | 41.5 | 51.4 | 51.9 | 63.1 | 58.7 | 69.8 | 73.3 | 78.7 |

**Target Price Range** 2026 | 2027 | 2028




**% TOT. RETURN 7/23**

| | THIS STOCK | VL ARITH.* INDEX |
|---|---|---|
| 1 yr. | -5.4 | 11.5 |
| 3 yr. | 15.0 | 59.2 |
| 5 yr. | 56.6 | 52.2 |

| 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | © VALUE LINE PUB. LLC | 26-28 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 36.23 | 36.92 | 29.87 | 31.77 | 31.04 | 28.14 | 24.06 | 24.95 | 25.13 | 25.04 | 25.46 | 25.73 | 24.00 | 22.87 | 24.81 | 30.37 | ***31.00*** | ***31.60*** | **Revenues per sh** | ***32.65*** |
| 6.76 | 6.44 | 6.06 | 6.33 | 5.87 | 5.87 | 5.25 | 5.77 | 6.08 | 6.59 | 6.80 | 7.64 | 7.83 | 8.08 | 8.89 | 9.59 | ***9.50*** | ***10.05*** | **"Cash Flow" per sh** | ***12.20*** |
| 2.98 | 2.88 | 2.78 | 2.77 | 2.47 | 2.41 | 2.10 | 2.40 | 2.38 | 2.68 | 2.77 | 3.32 | 3.35 | 3.50 | 3.84 | 4.14 | ***4.38*** | ***4.70*** | **Earnings per sh A** | ***5.50*** |
| 2.54 | 2.54 | 1.54 | 1.54 | 1.56 | 1.60 | 1.60 | 1.61 | 1.66 | 1.72 | 1.78 | 1.85 | 1.92 | 2.00 | 2.20 | 2.36 | ***2.52*** | ***2.65*** | **Div'd Decl'd per sh B ■** | ***3.30*** |
| 6.96 | 9.75 | 7.51 | 4.66 | 4.50 | 5.49 | 5.87 | 7.66 | 8.12 | 8.78 | 9.05 | 9.56 | 9.92 | 13.02 | 13.67 | 12.79 | ***12.90*** | ***12.55*** | **Cap'l Spending per sh** | ***13.00*** |
| 32.41 | 32.80 | 33.08 | 32.15 | 32.64 | 27.27 | 26.97 | 27.67 | 28.63 | 29.27 | 29.61 | 31.21 | 32.73 | 35.29 | 37.64 | 40.11 | ***40.20*** | ***42.90*** | **Book Value per sh C** | ***55.00*** |
| 208.30 | 212.30 | 237.40 | 240.40 | 242.60 | 242.63 | 242.63 | 242.63 | 242.63 | 242.63 | 242.63 | 244.50 | 246.20 | 253.30 | 257.70 | 262.00 | ***267.00*** | ***269.00*** | **Common Shs Outst'g D** | ***285.00*** |
| 17.4 | 14.2 | 9.3 | 9.7 | 11.9 | 13.4 | 16.5 | 16.7 | 17.5 | 18.3 | 20.6 | 18.3 | 22.1 | 22.2 | 21.4 | 21.5 | ***Bold figures are*** | | **Avg Ann'l P/E Ratio** | ***20.0*** |
| .92 | .85 | .62 | .62 | .75 | .85 | .93 | .88 | .88 | .96 | 1.04 | .99 | 1.18 | 1.14 | 1.16 | 1.24 | ***Value Line*** | | **Relative P/E Ratio** | ***1.10*** |
| 4.9% | 6.2% | 6.0% | 5.8% | 5.3% | 5.0% | 4.6% | 4.0% | 4.0% | 3.5% | 3.1% | 3.0% | 2.6% | 2.6% | 2.7% | 2.7% | ***estimates*** | | **Avg Ann'l Div'd Yield** | ***3.0%*** |
| | | | | | | 5838.0 | 6053.0 | 6098.0 | 6076.0 | 6177.0 | 6291.0 | 5910.0 | 5794.0 | 6394.0 | 7957.0 | ***8270*** | ***8500*** | **Revenues ($mill)** | ***9300*** |
| | | | | | | 518.0 | 593.0 | 585.0 | 659.0 | 683.0 | 821.0 | 834.0 | 877.0 | 995.0 | 1074.0.0 | ***1190*** | ***1275*** | **Net Profit ($mill)** | ***1570*** |
| | | | | | | 37.5% | 38.9% | 38.3% | 36.7% | 38.2% | 22.4% | 17.9% | 15.0% | 13.6% | 14.0% | ***12.0%*** | ***12.0%*** | **Income Tax Rate** | ***12.0%*** |
| | | | | | | 7.1% | 5.7% | 5.1% | 4.1% | 5.6% | 6.9% | 5.8% | 5.5% | 6.0% | 5.0% | ***6.0%*** | ***5.0%*** | **AFUDC % to Net Profit** | ***4.0%*** |
| | | | | | | 45.2% | 47.2% | 49.3% | 47.7% | 49.2% | 50.3% | 52.1% | 55.0% | 56.1% | 56.6% | ***55.5%*** | ***53.5%*** | **Long-Term Debt Ratio** | ***51.0%*** |
| | | | | | | 53.7% | 51.7% | 49.7% | 51.3% | 49.8% | 48.8% | 47.1% | 44.3% | 43.3% | 43.4% | ***44.0%*** | ***46.0%*** | **Common Equity Ratio** | ***48.5%*** |
| | | | | | | 12190 | 12975 | 13968 | 13840 | 14420 | 15632 | 17116 | 20158 | 22391 | 24193 | ***24950*** | ***25750*** | **Total Capital ($mill)** | ***29500*** |
| | | | | | | 16205 | 17424 | 18799 | 20113 | 21466 | 22810 | 24376 | 26807 | 29261 | 31262 | ***33050*** | ***35000*** | **Net Plant ($mill)** | ***38400*** |
| | | | | | | 5.6% | 5.8% | 5.3% | 6.0% | 6.0% | 6.4% | 6.0% | 5.3% | 5.3% | 5.4% | ***5.0%*** | ***5.0%*** | **Return on Total Cap'l** | ***6.0%*** |
| | | | | | | 7.7% | 8.7% | 8.3% | 9.1% | 9.3% | 10.6% | 10.2% | 9.7% | 10.1% | 10.2% | ***11.0%*** | ***11.0%*** | **Return on Shr. Equity** | ***10.0%*** |
| | | | | | | 7.8% | 8.7% | 8.3% | 9.2% | 9.4% | 10.7% | 10.3% | 9.7% | 10.2% | 10.2% | ***11.0%*** | ***11.0%*** | **Return on Com Equity E** | ***10.0%*** |
| | | | | | | 1.9% | 2.9% | 2.5% | 3.3% | 3.4% | 4.8% | 4.4% | 4.2% | 4.4% | 4.4% | ***5.0%*** | ***5.0%*** | **Retained to Com Eq** | ***4.0%*** |
| | | | | | | 76% | 67% | 70% | 64% | 64% | 56% | 57% | 57% | 57% | 57% | ***57%*** | ***56%*** | **All Div'ds to Net Prof** | ***60%*** |

**CAPITAL STRUCTURE as of 6/30/23**
**Total Debt** $16007 mill. **Due in 5 Yrs** $2789 mill.
**LT Debt** $14328 mill. **LT Interest** $450 mill.
(LT interest earned: 3.8x)
**Pension Assets-12/22** $5745 mill.
**Oblig** $5457 mill.
**Pfd Stock** $129 mill. **Pfd Div'd** $5 mill.
807,595 sh. $3.50 to $5.50 cum. (no par), $100 stated val., redeem. $102.176-$110/sh.; 487,508 sh. 4.00% to 5.16%, $100 par, redeem. $100-$104.30/sh.
**Common Stock** 262,749,535 shs.
**as of 7/31/23**
**MARKET CAP: $21.1 billion (Large Cap)**

**ELECTRIC OPERATING STATISTICS**

| | 2020 | 2021 | 2022 |
|---|---|---|---|
| % Change Retail Sales (KWH) | -3.5 | -5.6 | +2.1 |
| Avg. Indust. Use (MWH) | NA | NA | NA |
| Avg. Indust. Revs. per KWH (¢) | NA | NA | NA |
| Capacity at Peak (Mw) | NA | NA | NA |
| Peak Load, Summer (Mw) | NA | NA | NA |
| Annual Load Factor (%) | NA | NA | NA |
| % Change Customers (yr-end) | NA | NA | NA |
| Fixed Charge Cov. (%) | 307 | 291 | 325 |

| ANNUAL RATES of change (per sh) | Past 10 Yrs. | Past 5 Yrs. | Est'd '20-'22 to '26-'28 |
|---|---|---|---|
| Revenues | -1.5% | 0.5% | *4.0%* |
| "Cash Flow" | 4.0% | 6.5% | *5.5%* |
| Earnings | 4.0% | 8.0% | *6.5%* |
| Dividends | 3.5% | 5.0% | *6.5%* |
| Book Value | 2.0% | 5.5% | *6.5%* |

| Cal-endar | QUARTERLY REVENUES ($ mill.) Mar.31 | Jun.30 | Sep.30 | Dec.31 | Full Year |
|---|---|---|---|---|---|
| **2020** | 1440 | 1398 | 1628 | 1328 | 5794 |
| **2021** | 1566 | 1472 | 1811 | 1545 | 6394 |
| **2022** | 1879 | 1726 | 2306 | 2046 | 7957 |
| **2023** | 2062 | 1760 | ***2370*** | ***2078*** | ***8270*** |
| **2024** | ***2120*** | ***1800*** | ***2450*** | ***2130*** | ***8500*** |

| Cal-endar | EARNINGS PER SHARE A Mar.31 | Jun.30 | Sep.30 | Dec.31 | Full Year |
|---|---|---|---|---|---|
| **2020** | .59 | .98 | 1.47 | .46 | 3.50 |
| **2021** | .91 | .80 | 1.65 | .48 | 3.84 |
| **2022** | .97 | .80 | 1.74 | .63 | 4.14 |
| **2023** | 1.00 | .90 | ***1.83*** | ***.67*** | ***4.40*** |
| **2024** | ***1.03*** | ***.90*** | ***2.00*** | ***.77*** | ***4.70*** |

| Cal-endar | QUARTERLY DIVIDENDS PAID B ■ Mar.31 | Jun.30 | Sep.30 | Dec.31 | Full Year |
|---|---|---|---|---|---|
| **2019** | .475 | .475 | .475 | .495 | 1.92 |
| **2020** | .495 | .495 | .495 | .515 | 2.00 |
| **2021** | .55 | .55 | .55 | .55 | 2.20 |
| **2022** | .59 | .59 | .59 | .59 | 2.36 |
| **2023** | .63 | .63 | .63 | | |

**BUSINESS:** Ameren Corporation is a holding company formed through the merger of Union Electric and CIPSCO. Has 1.2 million electric and 127,000 gas customers in Missouri; 1.2 million electric and 813,000 gas customers in Illinois. Discontinued nonregulated power-generation operation in '13. Electric revenue breakdown: residential, 49%; commercial, 34%; industrial, 8%; other, 9%. Generating sources: coal, 73%; nuclear, 11%; hydro & other, 9%; purchased, 7%. Fuel costs: 25% of revenues. Has approximately 9,250 employees. Chairman: Warner L. Baxter. President & CEO: Martin J. Lyons, Jr. Inc.: Missouri. Address: One Ameren Plaza, 1901 Chouteau Ave., P.O. Box 66149, St. Louis, MO 63166-6149. Tel.: 314-621-3222. Internet: www.ameren.com.

**Ameren Corporation recorded better-than-expected second-quarter results.** Reported earnings per share of $0.90 exceeded our estimate of $0.80. Part of the outperformance was because AEE was able to recognize a gain from costs it had previously written off, owing to changes or allowances in its 2023 rate order (how much regulators say a utility can charge its customers). Ameren also had fewer operations and maintenance expenses than anticipated and some favorable tax positions. Leadership remains confident in its earnings per share guidance for 2023, which is set at a range of $4.25 to $4.45. New electric rates in Missouri should translate to $0.09 more in earnings for the third quarter and an increase of $0.04 in the fourth period. Furthermore, due to macroeconomic changes (the rise in the Treasury yield), the expected profitability (return on equity) for Ameren's Illinois Electric segment has slightly increased.

**Regulatory challenges are heating up.** AEE has a rate case ongoing for its Illinois electric segment, which is currently in a crucial phase involving testimonies and rebuttals. This is a formal process where AEE, regulatory staff, and other stakeholders present evidence and arguments about the proposed rate changes. The company has provided a rebuttal concerning a lower-than-expected return on equity (ROE). ROE is a critical metric in rate cases as it determines the return the utility can earn on its equity. We expect investors will remain highly focused on the proceeding until the commission ultimately rules. Elsewhere, legislation related to the 'Right of First Refusal' (the right of incumbent utilities to construct any new transmission projects in their service territories, even if another entity proposes the project) has been passed but awaits the governor's approval or veto.

**These shares are ranked to trail the broader market averages in the coming year (Timeliness: 4, Below Average).** We expect the company to continue to focus on disciplined cost management, and take advantage of higher base rates in the years ahead. We like Ameren's efforts to transition toward cleaner energy. That said, this issues is best left to conservative income accounts.

*Kevin Downing* *September 8, 2023*

**(A)** Diluted EPS. Excl. nonrec. gain (losses): '10, ($2.19); '11, (32¢); '12, ($6.42); '17, (63¢); gain (loss) from discontinued ops.: '13, (92¢); '15, 21¢. Next earnings report due early-November. **(B)** Div'ds paid late Mar., June, Sept., & Dec. ■ Div'd reinvest. plan avail. **(C)** Incl. intang. In '21: $6.60/sh. **(D)** In mill. **(E)** Rate base: Orig. cost depr. Rate allowed on com. eq. in MO in '22: elec. & gas, none specified; in IL: electric, varies; in '21: gas, 9.67%; earned on avg. com. eq., '21: 10.6%.

| | |
|---|---|
| **Company's Financial Strength** | A |
| **Stock's Price Stability** | 100 |
| **Price Growth Persistence** | 90 |
| **Earnings Predictability** | 100 |

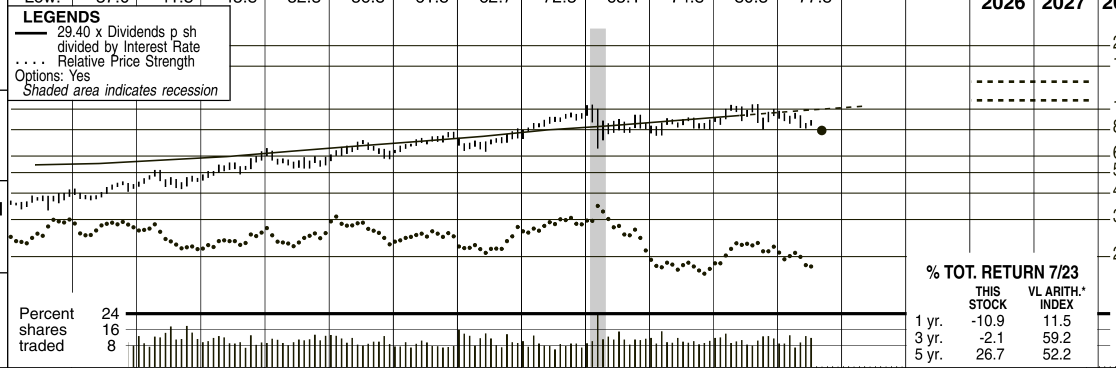
# AMERICAN ELEC. PWR. NDQ-AEP

| RECENT PRICE | 79.20 | P/E RATIO | 14.4 (Trailing: 19.9, Median: 18.0) | RELATIVE P/E RATIO | 0.86 | DIV'D YLD | 4.2% | VALUE LINE |
|---|---|---|---|---|---|---|---|---|

**TIMELINESS** 4 Lowered 7/21/23
**SAFETY** 1 Raised 3/17/17
**TECHNICAL** 3 Raised 8/11/23
**BETA** .80 (1.00 = Market)

| | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| High: | 45.4 | 51.6 | 63.2 | 65.4 | 71.3 | 78.1 | 81.1 | 96.2 | 105.0 | 91.5 | 105.6 | 98.3 |
| Low: | 37.0 | 41.8 | 45.8 | 52.3 | 56.8 | 61.8 | 62.7 | 72.3 | 65.1 | 74.8 | 80.3 | 77.8 |

**Target Price Range**
2026 | 2027 | 2028




**18-Month Target Price Range**

| Low-High | Midpoint (% to Mid) |
|---|---|
| $71-$124 | $98 (25%) |

**2026-28 PROJECTIONS**

| | Price | Gain | Ann'l Total Return |
|---|---|---|---|
| High | 135 | (+70%) | *17%* |
| Low | 110 | (+40%) | *12%* |

**Institutional Decisions**

| | 4Q2022 | 1Q2023 | 2Q2023 |
|---|---|---|---|
| to Buy | 707 | 635 | 596 |
| to Sell | 496 | 532 | 572 |
| Hld's(000) | 390225 | 381232 | 386016 |

**% TOT. RETURN 7/23**

| | THIS STOCK | VL ARITH.* INDEX |
|---|---|---|
| 1 yr. | -10.9 | 11.5 |
| 3 yr. | -2.1 | 59.2 |
| 5 yr. | 26.7 | 52.2 |

| 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | © VALUE LINE PUB. LLC | 26-28 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 33.41 | 35.56 | 28.22 | 30.01 | 31.27 | 30.77 | 31.48 | 34.78 | 33.51 | 33.31 | 31.35 | 32.84 | 31.49 | 30.04 | 33.30 | 38.20 | ***38.00*** | ***38.80*** | **Revenues per sh** | ***40.90*** |
| 6.80 | 6.84 | 6.32 | 6.29 | 6.83 | 6.92 | 7.02 | 7.57 | 7.98 | 8.47 | 7.95 | 8.77 | 9.35 | 10.28 | 10.98 | 10.72 | ***11.00*** | ***11.65*** | **"Cash Flow" per sh** | ***14.75*** |
| 2.86 | 2.99 | 2.97 | 2.60 | 3.13 | 2.98 | 3.18 | 3.34 | 3.59 | 4.23 | 3.62 | 3.90 | 4.08 | 4.42 | 4.96 | 5.09 | ***5.25*** | ***5.60*** | **Earnings per sh A** | ***6.80*** |
| 1.58 | 1.64 | 1.64 | 1.71 | 1.85 | 1.88 | 1.95 | 2.03 | 2.15 | 2.27 | 2.39 | 2.53 | 2.71 | 2.84 | 3.00 | 3.17 | ***3.35*** | ***3.52*** | **Div'd Decl'd per sh B ■ †** | ***4.16*** |
| 8.88 | 9.83 | 6.19 | 5.07 | 5.74 | 6.45 | 7.75 | 8.68 | 9.37 | 9.98 | 11.79 | 12.89 | 12.43 | 12.72 | 11.43 | 13.18 | ***15.35*** | ***14.15*** | **Cap'l Spending per sh** | ***14.00*** |
| 25.17 | 26.33 | 27.49 | 28.33 | 30.33 | 31.37 | 32.98 | 34.37 | 36.44 | 35.38 | 37.17 | 38.58 | 39.73 | 41.38 | 44.49 | 46.60 | ***52.60*** | ***55.05*** | **Book Value per sh C** | ***62.55*** |
| 400.43 | 406.07 | 478.05 | 480.81 | 483.42 | 485.67 | 487.78 | 489.40 | 491.05 | 491.71 | 492.01 | 493.25 | 494.17 | 496.60 | 504.21 | 513.87 | ***523.00*** | ***530.00*** | **Common Shs Outst'g D** | ***550.00*** |
| 16.3 | 13.1 | 10.0 | 13.4 | 11.9 | 13.8 | 14.5 | 15.9 | 15.8 | 15.2 | 19.3 | 18.0 | 21.4 | 19.6 | 17.1 | 21.1 | *Bold figures are* | | **Avg Ann'l P/E Ratio** | ***18.0*** |
| .87 | .79 | .67 | .85 | .75 | .88 | .81 | .84 | .80 | .80 | .97 | .97 | 1.14 | 1.01 | .92 | 1.23 | *Value Line* | | **Relative P/E Ratio** | ***1.00*** |
| 3.4% | 4.2% | 5.5% | 4.9% | 5.0% | 4.6% | 4.2% | 3.8% | 3.8% | 3.5% | 3.4% | 3.6% | 3.1% | 3.3% | 3.5% | 3.3% | *estimates* | | **Avg Ann'l Div'd Yield** | ***3.3%*** |

**CAPITAL STRUCTURE as of 6/30/23**
**Total Debt** $44009 mill. **Due in 5 Yrs** $12886 mill.
**LT Debt** $36762 mill. **LT Interest** $1400 mill.

**Leases, Uncapitalized** Annual rentals $119.6 mill.

**Pfd Stock** None

**Common Stock** 515,153,841 shs.

**MARKET CAP: $40.8 billion (Large Cap)**

| 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | | 26-28 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 15357 | 17020 | 16453 | 16380 | 15425 | 16196 | 15561 | 14919 | 16792 | 19640 | ***19865*** | ***20550*** | **Revenues ($mill)** | ***22500*** |
| 1549.0 | 1634.0 | 1763.4 | 2073.6 | 1783.2 | 1923.8 | 2019.0 | 2200.1 | 2488.1 | 2307.2 | ***2765*** | ***2990*** | **Net Profit ($mill)** | ***3740*** |
| 36.2% | 37.8% | 35.1% | 26.8% | 33.7% | 5.8% | .7% | 1.9% | 4.6% | NMF | ***21.0%*** | ***21.0%*** | **Income Tax Rate** | ***21.0%*** |
| 7.3% | 9.0% | 11.0% | 8.0% | 8.0% | 10.7% | 12.7% | 9.7% | 7.8% | 7.0% | ***7.0%*** | ***7.0%*** | **AFUDC % to Net Profit** | ***5.0%*** |
| 51.1% | 49.0% | 49.8% | 50.0% | 51.5% | 53.2% | 56.1% | 58.5% | 58.3% | 58.5% | ***58.0%*** | ***58.0%*** | **Long-Term Debt Ratio** | ***57.5%*** |
| 48.9% | 51.0% | 50.2% | 50.0% | 48.5% | 46.8% | 43.9% | 41.5% | 41.7% | 42.0% | ***42.0%*** | ***42.0%*** | **Common Equity Ratio** | ***42.5%*** |
| 32913 | 33001 | 35633 | 34775 | 37707 | 40677 | 44759 | 49537 | 53734 | 57520 | ***62950*** | ***68900*** | **Total Capital ($mill)** | ***75900*** |
| 40997 | 44117 | 46133 | 45639 | 50262 | 55099 | 60138 | 63902 | 66001 | 71283 | ***74600*** | ***78000*** | **Net Plant ($mill)** | ***87300*** |
| 6.0% | 6.3% | 6.1% | 7.2% | 5.9% | 5.9% | 5.6% | 5.6% | 5.6% | 4.0% | ***4.5%*** | ***4.5%*** | **Return on Total Cap'l** | ***5.0%*** |
| 9.6% | 9.7% | 9.9% | 11.9% | 9.8% | 10.1% | 10.3% | 10.7% | 11.1% | 9.7% | ***10.0%*** | ***10.0%*** | **Return on Shr. Equity** | ***11.0%*** |
| 9.6% | 9.7% | 9.9% | 11.9% | 9.8% | 10.1% | 10.3% | 10.7% | 11.1% | 9.7% | ***10.0%*** | ***10.0%*** | **Return on Com Equity** | ***11.0%*** |
| 3.7% | 3.8% | 3.9% | 5.5% | 3.2% | 3.5% | 3.4% | 3.8% | 4.3% | 2.9% | ***4.0%*** | ***4.0%*** | **Retained to Com Eq** | ***4.5%*** |
| 62% | 61% | 60% | 54% | 67% | 65% | 67% | 65% | 61% | 70% | ***63%*** | ***63%*** | **All Div'ds to Net Prof** | ***61%*** |

**ELECTRIC OPERATING STATISTICS**

| | 2020 | 2021 | 2022 |
|---|---|---|---|
| % Change Retail Sales (KWH) | - - | +3.0 | - - |
| Avg. Indust. Use (MWH) | NA | NA | NA |
| Avg. Indust. Revs. per KWH (¢) | NA | NA | NA |
| Capacity at Peak (Mw) | NA | NA | NA |
| Peak Load (Mw) | NA | NA | NA |
| Annual Load Factor (%) | NA | NA | NA |
| % Change Customers (yr-end) | +1.0 | NA | NA |
| Fixed Charge Cov. (%) | 243 | 272 | 285 |

| ANNUAL RATES of change (per sh) | Past 10 Yrs. | Past 5 Yrs. | Est'd '20-'22 to '26-'28 |
|---|---|---|---|
| Revenues | .5% | -.5% | *3.0%* |
| "Cash Flow" | 5.0% | 5.5% | *5.5%* |
| Earnings | 5.0% | 4.0% | *6.5%* |
| Dividends | 5.0% | 5.0% | *5.5%* |
| Book Value | 3.5% | 3.5% | *6.0%* |

| Cal-endar | QUARTERLY REVENUES ($ mill.) Mar.31 | Jun.30 | Sep.30 | Dec.31 | Full Year |
|---|---|---|---|---|---|
| 2020 | 3747 | 3494 | 4066 | 3610 | 14918 |
| 2021 | 4281 | 3826 | 4623 | 4061 | 16792 |
| 2022 | 4593 | 4640 | 5526 | 4881 | 19640 |
| 2023 | 4690 | 4373 | ***5415*** | ***5387*** | ***19865*** |
| 2024 | ***4820*** | ***4750*** | ***5375*** | ***5605*** | ***20550*** |

| Cal-endar | EARNINGS PER SHARE A Mar.31 | Jun.30 | Sep.30 | Dec.31 | Full Year |
|---|---|---|---|---|---|
| 2020 | 1.00 | 1.05 | 1.50 | .87 | 4.42 |
| 2021 | 1.15 | 1.15 | 1.59 | 1.07 | 4.96 |
| 2022 | 1.22 | 1.20 | 1.62 | 1.05 | 5.09 |
| 2023 | 1.11 | 1.13 | ***1.65*** | ***1.36*** | ***5.25*** |
| 2024 | ***1.35*** | ***1.35*** | ***1.75*** | ***1.15*** | ***5.60*** |

| Cal-endar | QUARTERLY DIVIDENDS PAID B ■ † Mar.31 | Jun.30 | Sep.30 | Dec.31 | Full Year |
|---|---|---|---|---|---|
| 2019 | .67 | .67 | .67 | .70 | 2.71 |
| 2020 | .70 | .70 | .70 | .74 | 2.84 |
| 2021 | .74 | .74 | .74 | .78 | 3.00 |
| 2022 | .78 | .78 | .78 | .83 | 3.17 |
| 2023 | .83 | .83 | .83 | | |

**BUSINESS:** American Electric Power Company Inc. (AEP), through 10 operating utilities, serves 5.5 million customers in Arkansas, Kentucky, Indiana, Louisiana, Michigan, Ohio, Oklahoma, Tennessee, Texas, Virginia, & West Virginia. Has a transmission subsidiary. Electric revenue breakdown: residential, 43%; commercial, 23%; industrial, 18%; wholesale, 10%; other, 6%. Sold commercial barge operation in '15. Generating sources not available. Fuel costs: 33% of revenues. '22 reported depreciation rates (utility): 2.6%-12.5%. Has 16,700 employees. President & Chief Executive Officer: Julie Sloat. Executive Chairman: Niholas K. Akins. Incorporated: New York. Address: 1 Riverside Plaza, Columbus, Ohio 43215-2373. Telephone: 614-716-1000. Internet: www.aep.com.

**American Electric Power is starting to see some impact from challenging economic conditions.** Although the utility's residential customer counts continue to grow, it is also seeing usage decline as more customers are being strained by inflation and lack of income growth. These two factors impact how much energy residential customers use. The company expects the turbulent situation to stabilize in the second half of this year. Meanwhile, American is also seeing a noticeable deceleration in industrial energy usage (load), resulting from a manufacturing slowdown throughout the country. The weakness has been broad-based across industries, but the company pointed out it would have been even worse without its efforts to stimulate economic development in the communities it services (i.e., helps companies decide where to build facilities). Even with these efforts, AEP expects industrial load growth to remain subdued throughout the end of the year due to the tighter financial conditions and slowing demand for finished goods. Commercial load has done better, growing almost eight percent annually in the last two quarters, also buoyed by economic development efforts. The company expects commercial load to continue to outperform through the end of the year, owing to ongoing technology development.

**The company continues to take actions to de-risk and simplify the business.** American announced it will sell its interests in two non-core transmission joint ventures (Prairie Wind and Pioneer.) The company also plans to complete the previously announced strategic review of the Transource Energy joint venture by the end of the year. These activities, and likely others ahead, should strengthen the balance sheet. Meanwhile, AEP received regulatory approval to add nearly 2,000 megawatts of new wind and solar generation to help meet customers' power needs in Oklahoma, Arkansas, and Louisiana.

**We only recommend this stock to risk-averse investors seeking income.** Although investors appear to be pricing in a degree of economic contraction and the shares are reasonably priced from a valuation standpoint, we see a lack of near-term catalysts for the shares.

*Kevin Downing* *September 8, 2023*

(A) Diluted EPS. Excl. nonrec. gains (losses): '07, (20¢); '08, 40¢; '10, (7¢); '11, 89¢; '12, (38¢); '13, (14¢); '16, ($2.99); '17, 26¢; '19, (20¢); gains (loss) from disc. ops.: '06, 2¢; '08, 3¢; '15, 58¢; '16, (1¢); '22, (58¢); '23, (34¢). Next earnings report due late October. (B) Div'ds paid early Mar., June, Sept., & Dec. ■ Div'd reinvestment plan avail. † Shareholder invest. plan avail. (C) Incl. intang. In '22: $52.5 million (D) In mill.

| Company's Financial Strength | A+ |
|---|---|
| Stock's Price Stability | 100 |
| Price Growth Persistence | 80 |
| Earnings Predictability | 90 |

# AVISTA CORP. NYSE-AVA

| RECENT PRICE | P/E RATIO | | RELATIVE P/E RATIO | DIV'D YLD | |
|---|---|---|---|---|---|
| 32.04 | 13.8 | (Trailing: 16.6 Median: 19.0) | 0.86 | 5.7% | VALUE LINE |

**TIMELINESS** 2 Raised 10/13/23
**SAFETY** 2 Raised 5/7/10
**TECHNICAL** 4 Raised 10/13/23
**BETA** .90 (1.00 = Market)

| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| High: | 28.0 | 29.3 | 37.4 | 38.3 | 45.2 | 52.8 | 52.9 | 49.5 | 53.0 | 49.1 | 46.9 | 45.3 |
| Low: | 22.8 | 24.1 | 27.7 | 29.8 | 34.3 | 37.8 | 41.9 | 39.8 | 32.1 | 36.7 | 35.7 | 30.5 |

**18-Month Target Price Range**

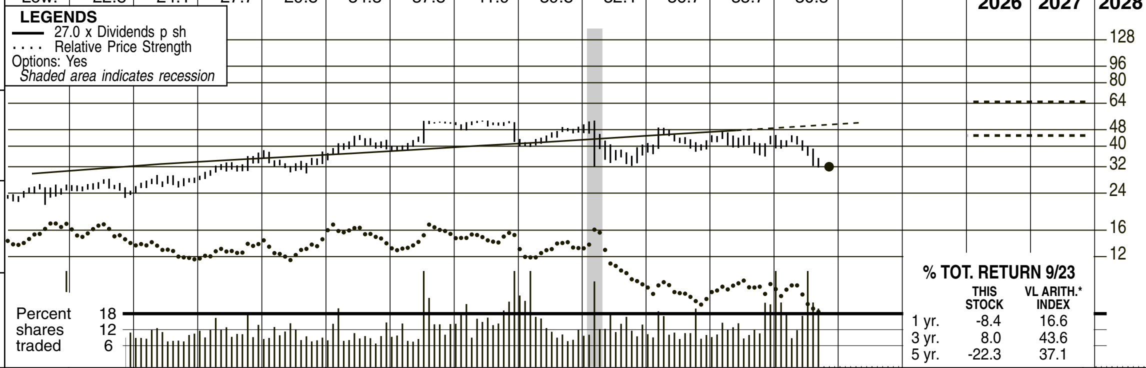
| Low-High | Midpoint (% to Mid) |
|---|---|
| $28-$54 | $41 (30%) |

**2026-28 PROJECTIONS**

| | Price | Gain | Ann'l Total Return |
|---|---|---|---|
| High | 65 | (+105%) | 23% |
| Low | 45 | (+40%) | 13% |

**Institutional Decisions**

| | 4Q2022 | 1Q2023 | 2Q2023 |
|---|---|---|---|
| to Buy | 153 | 122 | 109 |
| to Sell | 125 | 134 | 133 |
| Hld's(000) | 66349 | 67752 | 67636 |




**% TOT. RETURN 9/23**

| | THIS STOCK | VL ARITH.* INDEX |
|---|---|---|
| 1 yr. | -8.4 | 16.6 |
| 3 yr. | 8.0 | 43.6 |
| 5 yr. | -22.3 | 37.1 |

| 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | © VALUE LINE PUB. LLC | 26-28 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 26.80 | 30.77 | 27.58 | 27.29 | 27.73 | 25.86 | 26.94 | 23.66 | 23.83 | 22.47 | 22.08 | 21.27 | 20.03 | 19.09 | 20.13 | 22.82 | **22.10** | **22.15** | Revenues per sh | **23.45** |
| 2.93 | 3.98 | 4.45 | 3.62 | 3.78 | 3.70 | 4.36 | 4.36 | 4.92 | 5.30 | 4.87 | 5.01 | 6.06 | 5.16 | 5.34 | 4.40 | **5.10** | **5.50** | "Cash Flow" per sh | **6.60** |
| .72 | 1.36 | 1.58 | 1.65 | 1.72 | 1.32 | 1.85 | 1.84 | 1.89 | 2.15 | 1.95 | 2.07 | 2.97 | 1.90 | 2.10 | 2.12 | **2.30** | **2.50** | Earnings per sh A | **2.90** |
| .60 | .69 | .81 | 1.00 | 1.10 | 1.16 | 1.22 | 1.27 | 1.32 | 1.37 | 1.43 | 1.49 | 1.55 | 1.62 | 1.69 | 1.76 | **1.84** | **1.92** | Div'd Decl'd per sh B ■ | **2.20** |
| 4.04 | 4.09 | 3.86 | 3.64 | 4.20 | 4.61 | 5.05 | 5.47 | 6.46 | 6.34 | 6.30 | 6.46 | 6.59 | 5.84 | 6.15 | 6.03 | **6.00** | **6.35** | Cap'l Spending per sh | **6.75** |
| 17.27 | 18.30 | 19.17 | 19.71 | 20.30 | 21.06 | 21.61 | 23.84 | 24.53 | 25.69 | 26.41 | 26.99 | 28.87 | 29.31 | 30.14 | 31.15 | **31.85** | **33.00** | Book Value per sh C | **37.00** |
| 52.91 | 54.49 | 54.84 | 57.12 | 58.42 | 59.81 | 60.08 | 62.24 | 62.31 | 64.19 | 65.49 | 65.69 | 67.18 | 69.24 | 71.50 | 74.95 | **77.00** | **78.50** | Common Shs Outst'g D | **85.00** |
| 30.9 | 15.0 | 11.4 | 12.7 | 14.1 | 19.3 | 14.6 | 17.3 | 17.6 | 18.8 | 23.4 | 24.5 | 15.0 | 21.2 | 20.2 | 20.0 | *Bold figures are* | | Avg Ann'l P/E Ratio | **19.0** |
| 1.64 | .90 | .76 | .81 | .88 | 1.23 | .82 | .91 | .89 | .99 | 1.18 | 1.32 | .80 | 1.09 | 1.09 | 1.16 | *Value Line* | | Relative P/E Ratio | **1.05** |
| 2.7% | 3.4% | 4.5% | 4.8% | 4.5% | 4.6% | 4.5% | 4.0% | 4.0% | 3.4% | 3.1% | 2.9% | 3.5% | 4.0% | 4.0% | 4.2% | *estimates* | | Avg Ann'l Div'd Yield | **4.0%** |

**CAPITAL STRUCTURE as of 6/30/23**
**Total Debt** $2791.5 mill. **Due in 5 Yrs** $30.0 mill.
**LT Debt** $2530.0 mill. **LT Interest** $140.0 mill.
Incl. $51.5 mill. debt to affiliated trusts; $42.5 mill. finance leases.
(LT interest earned: 2.1x)
**Leases, Uncapitalized** Annual rentals $10.3 mill.
**Pension Assets-12/22** $540.7 mill. **Oblig** $557.7 mill.
**Pfd Stock** None

**Common Stock** 75,763,513 shs. **as of 7/28/23**
**MARKET CAP: $2.4 billion (Mid Cap)**

| 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | | 26-28 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1618.5 | 1472.6 | 1484.8 | 1442.5 | 1445.9 | 1396.9 | 1345.6 | 1321.9 | 1438.9 | 1710.2 | **1700** | **1740** | Revenues ($mill) | **1995** |
| 111.1 | 114.2 | 118.1 | 137.2 | 126.1 | 136.4 | 197.0 | 129.5 | 147.3 | 155.2 | **175** | **195** | Net Profit ($mill) | **255** |
| 36.0% | 37.6% | 36.3% | 36.3% | 36.5% | 16.0% | 13.8% | 5.2% | 7.5% | 15.0% | **15.0%** | **15.0%** | Income Tax Rate | **15.0%** |
| 8.8% | 11.1% | 10.1% | 8.1% | 7.9% | 7.7% | 5.5% | 8.5% | 7.5% | 2.4% | **5.0%** | **5.0%** | AFUDC % to Net Profit | **5.0%** |
| 51.4% | 51.0% | 50.0% | 51.2% | 47.2% | 50.5% | 49.4% | 50.4% | 47.5% | 50.4% | **50.5%** | **50.5%** | Long-Term Debt Ratio | **49.5%** |
| 48.6% | 49.0% | 50.0% | 48.8% | 52.8% | 49.5% | 50.6% | 49.6% | 52.5% | 49.6% | **49.5%** | **49.5%** | Common Equity Ratio | **50.5%** |
| 2669.7 | 3027.3 | 3060.3 | 3379.0 | 3273.2 | 3580.3 | 3834.6 | 4089.8 | 4104.7 | 4709.7 | **5000** | **5250** | Total Capital ($mill) | **6100** |
| 3202.4 | 3620.0 | 3898.6 | 4147.5 | 4398.8 | 4648.9 | 4797.0 | 4991.6 | 5225.5 | 5444.7 | **5650** | **5900** | Net Plant ($mill) | **6375** |
| 5.4% | 4.9% | 5.1% | 5.3% | 5.0% | 4.8% | 6.2% | 4.2% | 4.7% | 4.6% | **5.0%** | **5.0%** | Return on Total Cap'l | **5.0%** |
| 8.6% | 7.7% | 7.7% | 8.3% | 7.3% | 7.7% | 10.2% | 6.4% | 6.8% | 6.6% | **7.5%** | **7.5%** | Return on Shr. Equity | **7.5%** |
| 8.6% | 7.7% | 7.7% | 8.3% | 7.3% | 7.7% | 10.2% | 6.4% | 6.8% | 6.6% | **7.5%** | **7.5%** | Return on Com Equity E | **7.5%** |
| 2.9% | 2.4% | 2.3% | 3.0% | 1.9% | 2.2% | 4.9% | .9% | 1.4% | 1.1% | **2.0%** | **2.0%** | Retained to Com Eq | **2.0%** |
| 66% | 69% | 70% | 64% | 73% | 72% | 52% | 85% | 80% | 83% | **80%** | **77%** | All Div'ds to Net Prof | **76%** |

**ELECTRIC OPERATING STATISTICS**

| | 2020 | 2021 | 2022 |
|---|---|---|---|
| % Change Retail Sales (KWH) | -2.4 | +4.3 | +3.1 |
| Avg. Indust. Use (MWH) | NA | NA | NA |
| Avg. Indust. Revs. per KWH (¢) | 6.38 | 6.41 | 6.62 |
| Capacity at Peak (Mw) | NA | NA | NA |
| Peak Load, Summer (Mw) | 1721 | 1889 | 1810 |
| Annual Load Factor (%) | NA | NA | NA |
| % Change Customers (yr-end) | +1.8 | +1.4 | -1.0 |
| Fixed Charge Cov. (%) | 222 | 216 | 175 |

| ANNUAL RATES of change (per sh) | Past 10 Yrs. | Past 5 Yrs. | Est'd '20-'22 to '26-'28 |
|---|---|---|---|
| Revenues | -2.5% | -2.0% | *2.0%* |
| "Cash Flow" | 3.0% | -0.5% | *3.5%* |
| Earnings | 2.5% | 0.5% | *6.0%* |
| Dividends | 4.5% | 4.0% | *4.5%* |
| Book Value | 4.0% | 3.5% | *3.5%* |

| Cal-endar | QUARTERLY REVENUES ($ mill.) Mar.31 | Jun.30 | Sep.30 | Dec.31 | Full Year |
|---|---|---|---|---|---|
| 2020 | 390.2 | 278.6 | 272.6 | 380.5 | 1321.9 |
| 2021 | 412.9 | 298.2 | 296.0 | 431.8 | 1438.9 |
| 2022 | 462.7 | 378.6 | 359.4 | 509.5 | 1710.2 |
| 2023 | 474.6 | 379.9 | ***335*** | ***510.5*** | ***1700*** |
| 2024 | ***485*** | ***390*** | ***345*** | ***520*** | ***1740*** |

| Cal-endar | EARNINGS PER SHARE A Mar.31 | Jun.30 | Sep.30 | Dec.31 | Full Year |
|---|---|---|---|---|---|
| 2020 | .72 | .26 | .07 | .85 | 1.90 |
| 2021 | .98 | .20 | .20 | .71 | 2.10 |
| 2022 | .99 | .16 | d.08 | 1.05 | 2.12 |
| 2023 | .73 | .23 | ***.15*** | ***1.19*** | ***2.30*** |
| 2024 | ***.75*** | ***.25*** | ***.25*** | ***1.25*** | ***2.50*** |

| Cal-endar | QUARTERLY DIVIDENDS PAID B ■ Mar.31 | Jun.30 | Sep.30 | Dec.31 | Full Year |
|---|---|---|---|---|---|
| 2019 | .3875 | .3875 | .3875 | .3875 | 1.55 |
| 2020 | .405 | .405 | .405 | .405 | 1.62 |
| 2021 | .4225 | .4225 | .4225 | .4225 | 1.69 |
| 2022 | .44 | .44 | .44 | .44 | 1.76 |
| 2023 | .46 | .46 | .46 | | |

**BUSINESS:** Avista Corporation (formerly The Washington Water Power Company) supplies electricity & gas in eastern Washington & northern Idaho. Supplies electricity to part of Alaska & gas to part of Oregon. Customers: 411,000 electric, 377,000 gas. Acq'd Alaska Electric Light and Power 7/14. Sold Ecova energy-management sub. 6/14. Electric rev. breakdown: residential, 38%; commercial, 30%; industrial, 10%; wholesale, 17%; other, 5%. Generating sources: gas & coal, 31%; hydro, 31%; purch., 38%. Fuel costs: 35% of revs. '22 reported depr. rate (Avista Utilities): 3.6%. Has 1,767 employees. Chairman: Scott L. Morris. Pres. & CEO: Dennis Vermillion. Inc.: WA. Address: 1411 E. Mission Ave., Spokane, WA 99202-2600. Tel.: 509-489-0500. Internet: www.avistacorp.com.

**Avista's earnings target for 2023 remains at $2.30 a share.** As always, when dealing with utility stocks, we caution our subscribers to look at the full-year numbers and not get caught up in the sequential figures. These businesses post choppy quarterly results and AVA is no different. That said, leadership has stated it looks for annual gains in the range of 5% to 7%, and our current outlook is just above that spread. This year, tax credits tied to earlier rate cases are being returned to customers. With that, we anticipate lower showings in the second and third quarters, with roughly 50% of annual utility earnings recognized in the final stanza of the year. Too, costs under the Energy Recovery Mechanism in Washington are apt to be higher than expected in 2023 due to poor hydro conditions.

**The pressure points on utility stocks in general are mounting.** AVA shares have fallen about 15% in price since our late July coverage. For starters, higher interest rates make the yield on these selections less attractive. Additionally, each media report that states a recession can be avoided sends members of the investment community looking for riskier propositions. And, all of this is happening at a time when the Maui wildfires have everyone asking questions about the legal liabilities of utility companies.

**Avista has some positives going for it.** Pertaining to electric and natural gas general rate cases, the company received approval from the Idaho Public Utilities Commission for the multiparty settlement agreement filed in mid-June. Annual base electric revenues increased 8% on September 1, 2023. On the natural gas side of the coin, a boost of 2.7% kicked in on the same day. The settlement includes a 9.4% return on equity with a common equity ratio of 50% and a rate of return on the rate base of 7.19%. Clean energy moves should also pay off. A wind generation pact in Montana is promising, and hydro agreements will lift AVA's generating capabilities from non-emitting resources.

**At north of 5.5%, this timely utility's yield exceeds the industry average.** Too, the recent downturn in the quotation has enhanced capital appreciation potential out to 2026-2028.

*Erik M. Manning* *October 20, 2023*

(A) Diluted EPS. Excl. nonrec. gain (loss): '14, 9¢; '17, (16¢); gains on discont. ops.: '14, $1.17; '15, 8¢. EPS may not sum due to rounding. Next earnings report due early November.
(B) Div'ds paid in mid-Mar., June, Sept. & Dec. ■ Div'd reinvest. plan avail. (C) Incl. deferred chgs. In '22: $911.2 mill., $12.16/sh. (D) In mill. (E) Rate base: Net orig. cost. Rate allowed on com. eq. in WA in '21: 9.4%; in ID in '21: 9.4%; in OR in '21: 9.4%; earned on avg. com. eq., '22: 7.1%. Regulatory Climate: WA, Below Avg.; ID, Above Avg.

| | |
|---|---|
| **Company's Financial Strength** | B++ |
| **Stock's Price Stability** | 75 |
| **Price Growth Persistence** | 45 |
| **Earnings Predictability** | 65 |

# CMS ENERGY CORP. NYSE-CMS

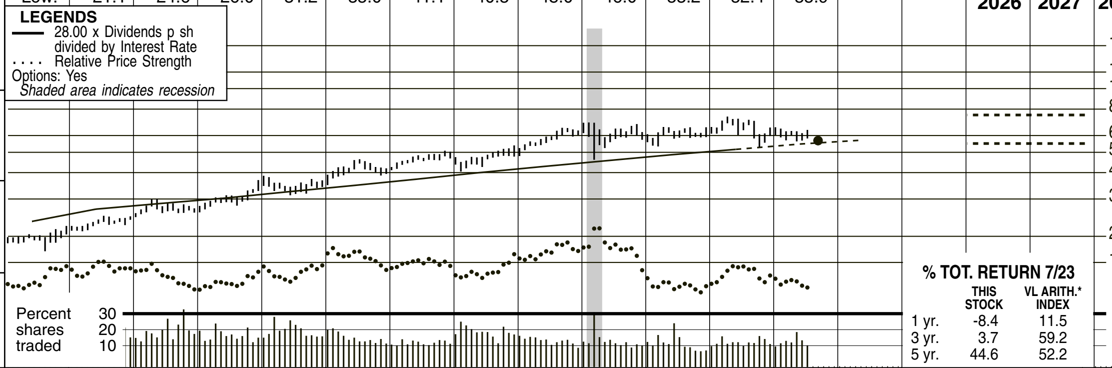
| RECENT PRICE | 56.81 | P/E RATIO | 18.0 (Trailing: 22.7 Median: 21.0) | RELATIVE P/E RATIO | 1.08 | DIV'D YLD | 3.4% | VALUE LINE |
|---|---|---|---|---|---|---|---|---|

**TIMELINESS** 3 Raised 8/11/23
**SAFETY** 2 Raised 3/21/14
**TECHNICAL** 3 Raised 7/28/23
**BETA** .80 (1.00 = Market)

| | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| High: | 25.0 | 30.0 | 36.9 | 38.7 | 46.3 | 50.8 | 53.8 | 65.3 | 69.2 | 65.8 | 73.8 | 65.7 |
| Low: | 21.1 | 24.6 | 26.0 | 31.2 | 35.0 | 41.1 | 40.5 | 48.0 | 46.0 | 53.2 | 52.4 | 55.9 |

**Target Price Range**
2026 | 2027 | 2028

**LEGENDS**
— 28.00 x Dividends p sh divided by Interest Rate
.... Relative Price Strength
Options: Yes
*Shaded area indicates recession*



**18-Month Target Price Range**

| Low-High | Midpoint (% to Mid) |
|---|---|
| $52-$91 | $72 (25%) |

**2026-28 PROJECTIONS**

| | Price | Gain | Ann'l Total Return |
|---|---|---|---|
| High | 75 | (+30%) | 10% |
| Low | 55 | (-5%) | 3% |

**Institutional Decisions**

| | 4Q2022 | 1Q2023 | 2Q2023 |
|---|---|---|---|
| to Buy | 339 | 303 | 297 |
| to Sell | 264 | 252 | 262 |
| Hld's(000) | 276172 | 274530 | 284222 |

Percent shares traded 30 20 10

**% TOT. RETURN 7/23**

| | THIS STOCK | VL ARITH.* INDEX |
|---|---|---|
| 1 yr. | -8.4 | 11.5 |
| 3 yr. | 3.7 | 59.2 |
| 5 yr. | 44.6 | 52.2 |

| 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | © VALUE LINE PUB. LLC | 26-28 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 28.95 | 30.13 | 27.23 | 25.77 | 25.59 | 23.90 | 24.68 | 26.09 | 23.29 | 22.92 | 23.37 | 24.25 | 24.11 | 23.12 | 25.29 | 29.51 | *29.30* | *30.15* | Revenues per sh | *31.15* |
| 3.08 | 3.88 | 3.47 | 3.70 | 3.65 | 3.82 | 4.06 | 4.22 | 4.59 | 4.88 | 5.29 | 5.61 | 5.89 | 6.24 | 6.42 | 6.69 | *7.15* | *7.70* | "Cash Flow" per sh | *8.50* |
| .64 | 1.23 | .93 | 1.33 | 1.45 | 1.53 | 1.66 | 1.74 | 1.89 | 1.98 | 2.17 | 2.32 | 2.39 | 2.64 | 2.58 | 2.84 | *3.05* | *3.30* | Earnings per sh A | *3.75* |
| .20 | .36 | .50 | .66 | .84 | .96 | 1.02 | 1.08 | 1.16 | 1.24 | 1.33 | 1.43 | 1.53 | 1.63 | 1.74 | 1.84 | *1.95* | *2.04* | Div'd Decl'd per sh B ■ | *2.30* |
| 5.61 | 3.50 | 3.59 | 3.29 | 3.47 | 4.65 | 4.98 | 5.73 | 5.64 | 5.99 | 5.91 | 7.32 | 7.41 | 8.02 | 7.16 | 8.15 | *8.00* | *9.50* | Cap'l Spending per sh | *9.75* |
| 9.46 | 10.88 | 11.42 | 11.19 | 11.92 | 12.09 | 12.98 | 13.34 | 14.21 | 15.23 | 15.77 | 16.78 | 17.68 | 19.02 | 22.11 | 23.32 | *25.40* | *31.30* | Book Value per sh C | *31.75* |
| 225.15 | 226.41 | 227.89 | 249.60 | 254.10 | 264.10 | 266.10 | 275.20 | 277.16 | 279.21 | 281.65 | 283.37 | 283.86 | 288.94 | 289.76 | 291.27 | *292.00* | *295.00* | Common Shs Outst'g D | *300.00* |
| 26.8 | 10.9 | 13.6 | 12.5 | 13.6 | 15.1 | 16.3 | 17.3 | 18.3 | 20.9 | 21.3 | 20.3 | 24.3 | 23.3 | 23.6 | 22.9 | *Bold figures are* | | Avg Ann'l P/E Ratio | *17.5* |
| 1.42 | .66 | .91 | .80 | .85 | .96 | .92 | .91 | .92 | 1.10 | 1.07 | 1.10 | 1.29 | 1.20 | 1.28 | 1.32 | *Value Line* | | Relative P/E Ratio | *.95* |
| 1.2% | 2.7% | 4.0% | 4.0% | 4.3% | 4.2% | 3.8% | 3.6% | 3.4% | 3.0% | 2.9% | 3.0% | 2.6% | 2.6% | 2.9% | 2.8% | *estimates* | | Avg Ann'l Div'd Yield | *3.5%* |

**CAPITAL STRUCTURE as of 6/30/23**
**Total Debt** $15057 mill. **Due in 5 Yrs** $2300 mill.
**LT Debt** $13925 mill. **LT Interest** $600 mill.
Incl. $68 mill. finance leases.
(LT interest earned: 2.4x)
**Leases, Uncapitalized** Annual rentals $5 mill.
**Pension Assets-12/22** $3599 mill. **Oblig** $3070 mill.
**Pfd Stock** $224 mill. **Pfd Div'd** $10 mill.
Incl. 373,148 shs. $4.50 $100 par, cum., callable at $110.00; 9,200,000 shs. 4.2%, $25 par, cum.
**Common Stock** 291,726,672 shs.
**as of 7/10/23**
**MARKET CAP: $16.6 billion (Large Cap)**

| 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | | 26-28 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 6566.0 | 7179.0 | 6456.0 | 6399.0 | 6583.0 | 6873.0 | 6845.0 | 6680.0 | 7329.0 | 8596.0 | *8550* | *8900* | Revenues ($mill) | *9350* |
| 454.0 | 479.0 | 525.0 | 553.0 | 610.0 | 659.0 | 682.0 | 757.0 | 751.0 | 833.0 | *900* | *980* | Net Profit ($mill) | *1125* |
| 39.9% | 34.3% | 34.0% | 33.1% | 31.2% | 14.9% | 17.7% | 15.0% | 11.5% | 10.3% | *15.0%* | *15.0%* | Income Tax Rate | *15.0%* |
| 2.0% | 2.3% | 2.7% | 3.1% | 1.1% | 1.4% | 2.1% | 1.1% | 1.5% | 1.4% | *2.0%* | *2.0%* | AFUDC % to Net Profit | *1.0%* |
| 67.5% | 68.7% | 68.3% | 67.1% | 67.3% | 69.0% | 70.4% | 71.2% | 64.5% | 65.3% | *61.5%* | *61.5%* | Long-Term Debt Ratio | *60.0%* |
| 32.2% | 31.0% | 31.4% | 32.6% | 32.4% | 30.7% | 29.4% | 28.6% | 34.2% | 33.6% | *36.5%* | *36.5%* | Common Equity Ratio | *39.0%* |
| 10730 | 11846 | 12534 | 13040 | 13692 | 15476 | 17082 | 19223 | 18760 | 20205 | *22725* | *23900* | Total Capital ($mill) | *24300* |
| 12246 | 13412 | 14705 | 15715 | 16761 | 18126 | 18926 | 21039 | 22352 | 22713 | *23850* | *25350* | Net Plant ($mill) | *28500* |
| 6.0% | 5.7% | 5.7% | 5.8% | 5.9% | 5.6% | 5.3% | 5.2% | 5.3% | 5.4% | *5.0%* | *5.0%* | Return on Total Cap'l | *6.0%* |
| 13.0% | 12.9% | 13.2% | 12.9% | 13.6% | 13.8% | 13.5% | 13.7% | 11.3% | 11.9% | *10.0%* | *10.5%* | Return on Shr. Equity | *11.5%* |
| 13.1% | 13.0% | 13.3% | 13.0% | 13.7% | 13.8% | 13.6% | 13.7% | 11.6% | 12.1% | *10.0%* | *10.5%* | Return on Com Equity E | *12.0%* |
| 5.2% | 5.0% | 5.2% | 4.8% | 5.2% | 5.3% | 4.9% | 5.3% | 3.8% | 4.3% | *3.5%* | *4.0%* | Retained to Com Eq | *4.5%* |
| 60% | 62% | 61% | 63% | 62% | 62% | 64% | 62% | 68% | 65% | *64%* | *62%* | All Div'ds to Net Prof | *62%* |

**ELECTRIC OPERATING STATISTICS**

| | 2020 | 2021 | 2022 |
|---|---|---|---|
| % Change Retail Sales (KWH) | -3.1 | +2.4 | +3.0 |
| Avg. Indust. Use (MWH) | NA | NA | NA |
| Avg. Indust. Revs. per KWH (¢) | 8.14 | 8.46 | 8.78 |
| Capacity at Peak (Mw) | NA | NA | NA |
| Peak Load, Summer (Mw) | 8215 | 7951 | 8061 |
| Annual Load Factor (%) | NA | NA | NA |
| % Change Customers (yr-end) | +1.0 | +1.0 | +1.0 |
| Fixed Charge Cov. (%) | 240 | 223 | 226 |

**ANNUAL RATES**

| of change (per sh) | Past 10 Yrs. | Past 5 Yrs. | Est'd '20-'22 to '26-'28 |
|---|---|---|---|
| Revenues | .5% | 2.5% | *4.0%* |
| "Cash Flow" | 5.5% | 5.5% | *6.0%* |
| Earnings | 6.5% | 6.0% | *6.5%* |
| Dividends | 8.0% | 7.0% | *6.0%* |
| Book Value | 6.0% | 7.5% | *7.0%* |

| Cal-endar | QUARTERLY REVENUES ($ mill.) Mar.31 | Jun.30 | Sep.30 | Dec.31 | Full Year |
|---|---|---|---|---|---|
| 2020 | 1864 | 1443 | 1575 | 1798 | 6680 |
| 2021 | 2013 | 1558 | 1725 | 2033 | 7329 |
| 2022 | 2374 | 1920 | 2024 | 2278 | 8596 |
| 2023 | 2284 | 1555 | *2150* | *2561* | *8550* |
| 2024 | *2335* | *2100* | *2200* | *2265* | *8900* |

| Cal-endar | EARNINGS PER SHARE A Mar.31 | Jun.30 | Sep.30 | Dec.31 | Full Year |
|---|---|---|---|---|---|
| 2020 | .85 | .48 | .76 | .55 | 2.64 |
| 2021 | 1.09 | .55 | .54 | .40 | 2.58 |
| 2022 | 1.20 | .50 | .56 | .58 | 2.84 |
| 2023 | .69 | .67 | *.80* | *.89* | *3.05* |
| 2024 | *.80* | *.75* | *.85* | *.90* | *3.30* |

| Cal-endar | QUARTERLY DIVIDENDS PAID B ■ Mar.31 | Jun.30 | Sep.30 | Dec. 31 | Full Year |
|---|---|---|---|---|---|
| 2019 | .3825 | .3825 | .3825 | .3825 | 1.53 |
| 2020 | .4075 | .4075 | .4075 | .4075 | 1.63 |
| 2021 | .435 | .435 | .435 | .435 | 1.74 |
| 2022 | .46 | .46 | .46 | .46 | 1.84 |
| 2023 | .4875 | .4875 | .4875 | | |

**BUSINESS:** CMS Energy Corporation is a holding company for Consumers Energy, which supplies electricity and gas to lower Michigan (excluding Detroit). Has 1.9 million electric, 1.8 million gas customers. Has 1,836 megawatts of nonregulated generating capacity. Sold EnerBank in '21. Electric revenue breakdown: residential, 46%; commercial, 32%; industrial, 15%; other, 7%. Generating sources: coal, 29%; gas, 19%; renewables, 6%; purchased, 47%. Fuel costs: 34% of revenues. '22 depreciation rates: 3.7% electric, 2.9% gas, 8.9% other. Has 8,560 full-time employees. Chairman: John G. Russell. President & CEO: Garrick Rochow. Inc.: Michigan. Address: One Energy Plaza, Jackson, Michigan 49201. Telephone: 517-788-0550. Internet: www.cmsenergy.com.

**CMS Energy's subsidiary, Consumers Energy, plans to sell some of its hydroelectric dams.** The unit is considering selling 13 hydroelectric facilities to reduce costs and free up/redirect financial resources. Despite generating less than 1% of the total electricity consumed, the cost of energy from these dams is over nine times higher than other sources of generation. After the utility company sells these assets, it will likely invest the proceeds to replace old assets or build new infrastructures.

**There is some news regarding rate cases for the subsidiary of the utility company.** Consumers Energy filed a settlement agreement with a gas rate increase of $95 million, based on a 9.9% return on equity (ROE), effective October 1st. Moreover, the utility filed an application with the Michigan Public Service Commission (MPSC) seeking an electric tariff increase of $216 million, based on a 10.25% ROE. This filing includes the requested approval of a surcharge recovery of $9 million of distribution investments made last year, exceeding the authorized 2021 electric rate order.

**CMS Energy continues to expand its infrastructure to save costs and boost profits.** As part of its goal, the utility expects to upgrade its infrastructure by investing $15.5 billion from 2023 through 2027. It plans to invest $6.3 billion in gas networks, $6.1 billion in electric distribution, and $3.1 billion in clean energy. The investment plan is expected to grow the rate base at 7% annually and should allow Consumers to provide affordable prices to their customers. Utility companies usually are incentivized to invest in capital projects. Hence, we view the investment plan favorably.

**Shares of CMS Energy are ranked to mirror the broader market averages in the year ahead.** Also, the stock has below-average capital appreciation potential over the 2026-2028 horizon. Nevertheless, the company has a good record of stable operating performance and consistent dividend hikes, which may interest some income-seeking conservative accounts. However, the dividend yield (3.4%) is slightly below the industry's median yield (3.6%), at present.

*Emma Jalees* *September 8, 2023*

(A) Diluted EPS. Excl. nonrec. gains (losses): '07, ($1.26); '09, (7¢); '10, 3¢; '11, 12¢; '12, (14¢); '17, (53¢); gains (losses) on disc. ops.: '07, (40¢); '09, 8¢; '10, (8¢); '11, 1¢; '12, 3¢; '21, $2.08; '22, 1¢. Next earnings report due late October. (B) Div'ds historically paid late Feb., May, Aug., & Nov. ■ Div'd reinvestment plan avail. (C) Incl. intang. In '22: $7.80/sh. (D) In mill. (E) Rate base: Net orig. cost. Rate all'd on com. eq. in '22: 9.9% elec.; in '19: 9.9% gas; earned on avg. com. eq., '21: 13.2%. Regulatory Climate: Above Average.

| | |
|---|---|
| Company's Financial Strength | A |
| Stock's Price Stability | 95 |
| Price Growth Persistence | 90 |
| Earnings Predictability | 90 |

# DUKE ENERGY NYSE-DUK

| RECENT PRICE | P/E RATIO | | RELATIVE P/E RATIO | DIV'D YLD | |
|---|---|---|---|---|---|
| 93.62 | 16.1 | (Trailing: 17.9 Median: 18.0) | 0.93 | 4.4% | VALUE LINE |

**TIMELINESS** 3 Raised 2/24/23

**SAFETY** 2 New 6/1/07

**TECHNICAL** 3 Lowered 6/30/23

**BETA** .85 (1.00 = Market)

**18-Month Target Price Range**

| Low-High | Midpoint (% to Mid) |
|---|---|
| $78-$133 | $106 (15%) |

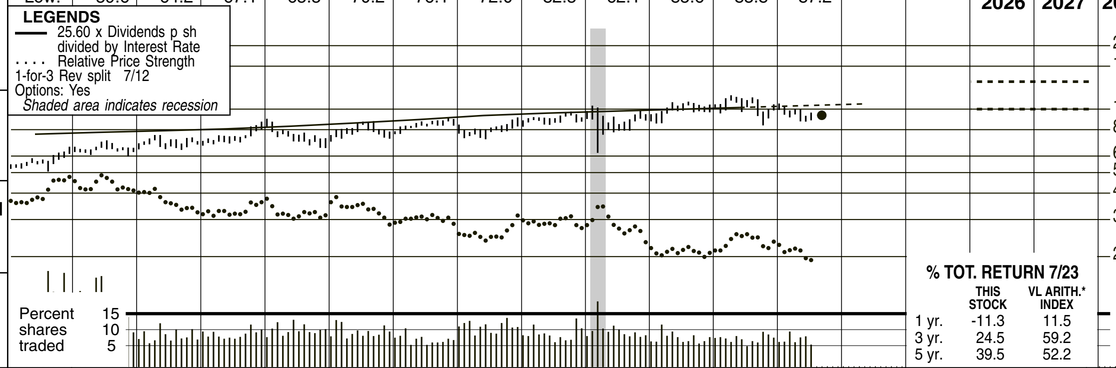
**2026-28 PROJECTIONS**

| | Price | Gain | Ann'l Total Return |
|---|---|---|---|
| High | 135 | (+45%) | 13% |
| Low | 100 | (+5%) | 6% |

**Institutional Decisions**

| | 3Q2022 | 4Q2022 | 1Q2023 |
|---|---|---|---|
| to Buy | 868 | 947 | 891 |
| to Sell | 675 | 673 | 731 |
| Hld's(000) | 491683 | 499614 | 493832 |

| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| High: | 71.1 | 75.5 | 87.3 | 90.0 | 87.8 | 91.8 | 91.4 | 97.4 | 103.8 | 108.4 | 116.3 | 106.4 |
| Low: | 59.6 | 64.2 | 67.1 | 65.5 | 70.2 | 76.1 | 72.0 | 82.5 | 62.1 | 85.6 | 83.8 | 87.2 |




**Target Price Range**

2026 | 2027 | 2028

**% TOT. RETURN 7/23**

| | THIS STOCK | VL ARITH.* INDEX |
|---|---|---|
| 1 yr. | -11.3 | 11.5 |
| 3 yr. | 24.5 | 59.2 |
| 5 yr. | 39.5 | 52.2 |

| 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | © VALUE LINE PUB. LLC | 26-28 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 30.24 | 31.15 | 29.18 | 32.22 | 32.63 | 27.88 | 34.84 | 33.84 | 34.10 | 32.49 | 33.66 | 33.73 | 34.21 | 31.04 | 32.64 | 37.36 | **37.35** | **37.65** | Revenues per sh | **39.60** |
| 8.11 | 7.34 | 7.58 | 8.49 | 8.68 | 6.80 | 8.56 | 9.11 | 9.40 | 9.20 | 10.01 | 11.05 | 12.12 | 12.04 | 12.60 | 12.91 | **13.30** | **13.55** | "Cash Flow" per sh | **14.60** |
| 3.60 | 3.03 | 3.39 | 4.02 | 4.14 | 3.71 | 3.98 | 4.13 | 4.10 | 3.71 | 4.22 | 4.72 | 5.06 | 5.12 | 5.24 | 5.27 | **5.65** | **6.00** | Earnings per sh A | **7.00** |
| 2.58 | 2.70 | 2.82 | 2.91 | 2.97 | 3.03 | 3.09 | 3.15 | 3.24 | 3.36 | 3.49 | 3.64 | 3.75 | 3.82 | 3.90 | 3.98 | **4.06** | **4.14** | Div'd Decl'd per sh B ■ | **4.30** |
| 7.43 | 10.35 | 9.85 | 10.84 | 9.80 | 7.81 | 7.83 | 7.62 | 9.83 | 11.29 | 11.50 | 12.91 | 15.17 | 12.88 | 12.63 | 14.76 | **16.75** | **17.60** | Cap'l Spending per sh | **16.75** |
| 50.40 | 49.51 | 49.85 | 50.84 | 51.14 | 58.04 | 58.54 | 57.81 | 57.74 | 58.62 | 59.63 | 60.27 | 61.20 | 59.82 | 61.55 | 61.51 | **64.50** | **66.25** | Book Value per sh C | **70.00** |
| 420.62 | 423.96 | 436.29 | 442.96 | 445.29 | 704.00 | 706.00 | 707.00 | 688.00 | 700.00 | 700.00 | 727.00 | 733.00 | 769.00 | 769.00 | 770.00 | **770.00** | **770.00** | Common Shs Outst'g D | **770.00** |
| 16.1 | 17.3 | 13.3 | 12.7 | 13.8 | 17.5 | 17.4 | 17.9 | 18.2 | 21.3 | 19.9 | 17.0 | 17.7 | 17.1 | 18.9 | 19.6 | *Bold figures are* | | Avg Ann'l P/E Ratio | **17.0** |
| .85 | 1.04 | .89 | .81 | .87 | 1.11 | .98 | .94 | .92 | 1.12 | 1.00 | .92 | .94 | .88 | 1.02 | 1.14 | *Value Line* | | Relative P/E Ratio | **.95** |
| 4.4% | 5.2% | 6.2% | 5.7% | 5.2% | 4.7% | 4.4% | 4.3% | 4.3% | 4.3% | 4.2% | 4.5% | 4.2% | 4.4% | 3.9% | 3.9% | *estimates* | | Avg Ann'l Div'd Yield | **3.9%** |

**CAPITAL STRUCTURE as of 3/31/23**
**Total Debt** $72437 mill. **Due in 5 Yrs** $19536 mill.
**LT Debt** $69107 mill. **LT Interest** $2206 mill.
Incl. $915 mill. finance leases.
(LT interest earned: 2.7x)
**Leases, Uncapitalized** Annual rentals $225 mill.
**Pension Assets-12/21** $9235 mill.
**Oblig** $8207 mill.
**Pfd Stock** $1962 mill. **Pfd Div'd** $107 mill.
40 mill. shs. 5.75%, cum., $25 liq. value, redeemable at $25.50 prior to 6/15/24; 1 mill. shs. 4.875%, cum., $1000 liq. value.
**Common Stock** 770,651,719 shs. **as of 4/30/23**
**MARKET CAP: $72.1 billion (Large Cap)**

| 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | | 26-28 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 24598 | 23925 | 23459 | 22743 | 23565 | 24521 | 25079 | 23868 | 25097 | 28768 | **28750** | **29500** | Revenues ($mill) | **31500** |
| 2813.0 | 2934.0 | 2854.0 | 2560.0 | 2963.0 | 3339.0 | 3747.0 | 3878.0 | 4133.0 | 4104.1 | **4350** | **4620** | Net Profit ($mill) | **5390** |
| 32.6% | 30.6% | 32.2% | 31.0% | 30.4% | 14.1% | 12.7% | .3% | 5.1% | 7.4% | **9.0%** | **9.0%** | Income Tax Rate | **9.0%** |
| 8.8% | 7.2% | 9.2% | 11.7% | 12.3% | 11.4% | 8.0% | 6.9% | 5.9% | **8.0%** | **7.0%** | **7.0%** | AFUDC % to Net Profit | **7.0%** |
| 48.0% | 47.7% | 48.6% | 52.6% | 54.0% | 53.8% | 54.0% | 53.7% | 55.1% | **56.5%** | **58.5%** | **58.5%** | Long-Term Debt Ratio | **61.0%** |
| 52.0% | 52.3% | 51.4% | 47.4% | 46.0% | 46.2% | 44.1% | 44.4% | 43.1% | **42.0%** | **40.0%** | **40.0%** | Common Equity Ratio | **37.5%** |
| 79482 | 78088 | 77222 | 86609 | 90774 | 94940 | 101807 | 103589 | 109744 | **115150** | **124525** | **124525** | Total Capital ($mill) | **144100** |
| 69490 | 70046 | 75709 | 82520 | 86391 | 91694 | 102127 | 106782 | 111408 | 111748 | **124375** | **124375** | Net Plant ($mill) | **141100** |
| 4.6% | 4.8% | 4.8% | 4.0% | 4.3% | 4.6% | 4.7% | 4.8% | 4.8% | 4.5% | **4.5%** | **4.5%** | Return on Total Cap'l | **4.5%** |
| 6.8% | 7.2% | 7.2% | 6.2% | 7.1% | 7.6% | 8.0% | 8.1% | 8.4% | 8.5% | **9.0%** | **9.0%** | Return on Shr. Equity | **9.0%** |
| 6.8% | 7.2% | 7.2% | 6.2% | 7.1% | 7.6% | 8.3% | 8.2% | 8.5% | 8.5% | **9.0%** | **9.0%** | Return on Com Equity E | **9.0%** |
| 1.5% | 1.7% | 1.5% | .6% | 1.2% | 2.0% | 2.4% | 2.3% | 1.9% | 2.5% | **2.5%** | **2.5%** | Retained to Com Eq | **3.0%** |
| 78% | 76% | 79% | 91% | 83% | 74% | 71% | 73% | 78% | 76% | **73%** | **73%** | All Div'ds to Net Prof | **68%** |

**ELECTRIC OPERATING STATISTICS**

| | 2020 | 2021 | 2022 |
|---|---|---|---|
| % Change Retail Sales (KWH) | -2.3 | +2.0 | NA |
| Avg. Indust. Use (MWH) | NA | NA | NA |
| Avg. Indust. Revs. per KWH (¢) | NA | NA | NA |
| Capacity at Peak (Mw) | NA | NA | NA |
| Peak Load, Summer (Mw) | NA | NA | NA |
| Annual Load Factor (%) | NA | NA | NA |
| % Change Customers (avg.) | NA | NA | NA |
| Fixed Charge Cov. (%) | 183 | 209 | 285 |

**ANNUAL RATES**

| of change (per sh) | Past 10 Yrs. | Past 5 Yrs. | Est'd '20-'22 to '26-'28 |
|---|---|---|---|
| Revenues | .5% | -.5% | 2.5% |
| "Cash Flow" | 4.0% | 5.0% | 5.0% |
| Earnings | 3.0% | 4.5% | 5.0% |
| Dividends | 3.0% | 3.5% | 2.0% |
| Book Value | 2.0% | 1.0% | 2.5% |

| Cal-endar | QUARTERLY REVENUES ($ mill.) Mar.31 | Jun.30 | Sep.30 | Dec.31 | Full Year |
|---|---|---|---|---|---|
| 2020 | 5949 | 5421 | 6721 | 5777 | 23868 |
| 2021 | 6150 | 5758 | 6951 | 6238 | 25097 |
| 2022 | 7132 | 6685 | 7968 | 6983 | 28768 |
| 2023 | 7276 | **6200** | **8000** | **7274** | **28750** |
| 2024 | **7450** | **6850** | **7950** | **7250** | **29500** |

| Cal-endar | EARNINGS PER SHARE A Mar.31 | Jun.30 | Sep.30 | Dec.31 | Full Year |
|---|---|---|---|---|---|
| 2020 | 1.14 | 1.08 | 1.87 | 1.03 | 5.12 |
| 2021 | 1.26 | 1.15 | 1.88 | .94 | 5.24 |
| 2022 | 1.30 | 1.14 | 1.78 | 1.11 | 5.27 |
| 2023 | 1.20 | **1.10** | **2.05** | **1.30** | **5.65** |
| 2024 | **1.35** | **1.30** | **2.05** | **1.30** | **6.00** |

| Cal-endar | QUARTERLY DIVIDENDS PAID B ■ Mar.31 | Jun.30 | Sep.30 | Dec.31 | Full Year |
|---|---|---|---|---|---|
| 2019 | .9275 | .9275 | .945 | .945 | 3.75 |
| 2020 | .945 | .945 | .965 | .965 | 3.82 |
| 2021 | .965 | .965 | .985 | .985 | 3.90 |
| 2022 | .985 | .985 | 1.005 | 1.005 | 3.98 |
| 2023 | 1.005 | 1.005 | | | |

**BUSINESS:** Duke Energy Corporation is a holding company for utilities with 7.6 mill. elec. customers in NC, FL, IN, SC, OH, & KY, and 1.6 mill. gas customers in OH, KY, NC, SC, and TN. Owns independent power plants & has 25% stake in National Methanol in Saudi Arabia. Acq'd Progress Energy 7/12; Piedmont Natural Gas 10/16; discontinued most int'l ops. in '16. Elec. rev. breakdown: residential, 45%; commercial, 28%; industrial, 13%; other, 14%. Generating sources: gas, 32%; nuclear, 30%; coal, 18%; other, 1%; purchased, 19%. Fuel costs: 28% of revs. '22 reported deprec. rate: 3.6%. Has 27,600 employees. Chairman, President & CEO: Lynn J. Good. Inc.: DE. Address: 550 South Tryon St., Charlotte, NC 28202-1803. Tel.: 704-382-3853. Internet: www.duke-energy.com.

**Duke Energy's bottom-line will likely continue to benefit from rate relief throughout this year.** The company has a number of cases pending. In North Carolina, the utility reached a partial settlement with the North Carolina Public Staff regarding customer rate increases. Interim rates were implemented in June, and permanent rates are expected to be put into place on October 1st. In Kentucky, the utility recently requested a $75.2 million (17.8%) hike, as the rate case hearing nears a conclusion. The company has invested more than $300 million in Kentucky since its last rate case. Adjusted first-quarter earnings of $1.20 a share slightly underperformed our call of $1.30. Our 2023 full-year estimate remains at $5.65 a share, as we think Duke should benefit from rate relief and strong electric volume growth. Management reaffirmed a range of $5.55 to $5.75, and a long-term earnings growth rate of 5% to 7% through 2027.

**We look for another year of solid profit growth in 2024.** Rate relief and volume growth remain the key drivers. Duke is awaiting regulatory outcomes in North Carolina and Kentucky, among other pending rate cases. We estimate a full-year 2024 bottom-line of $6.00, right around management's annual target of 5%-7% growth.

**The company is focused on the boosting shareholder value.** The board raised the dividend, effective with the September payment. The hike to the annualized disbursement was $0.02, or 2%. The dividend yield of 4.4% sits above the utility median. Meanwhile, the growth rate is well below the industry average due to Duke's high payout ratio.

**These shares have dropped slightly in value since our last report three months ago.** The stock is now down about 15% over the past 12 months. Still, Duke's 3- to 5-year capital appreciation potential is nothing to get excited about. Indeed, the current quotation is already trading near the low end of our 2026-2028 Target Price Range of $100-$135. The equity has been upgraded one notch in our Timeliness ranking system to 3 (Average). Income-oriented investors may be drawn to the high dividend payout.

*Zachary J. Hodgkinson* *August 11, 2023*

(A) Dil. EPS. Excl. net nonrec. losses: '12, 64¢; '13, 22¢; '14, 59¢; '15, 5¢; '16, 60¢; '18, 96; '20, $3.40; '21, 30¢; 1Q22, 22¢; net nonrec gain: '17, 14¢. 2021 EPS don't sum to annual due to rounding. Next egs. due early Nov. (B) Div'ds paid mid-Mar., June, Sept., & Dec. ■ Div'd reinv. plan avail. (C) Incl. intang. In '22: $41.34/sh. (D) In mill., adj. for rev. split. (E) Rate base: Net orig. cost. Rate all'd on com. eq. in '21 in NC: 9.6%; in '19 in SC: 9.5%; in '20 in FL: 9.5%-11.5%; in '20 in IN: 9.7%. Reg. Clim.: NC, SC Avg.; OH, IN Above Avg.

| | |
|---|---|
| **Company's Financial Strength** | A |
| **Stock's Price Stability** | 95 |
| **Price Growth Persistence** | 45 |
| **Earnings Predictability** | 100 |

# ENTERGY CORP. NYSE-ETR

RECENT PRICE **95.28** | P/E RATIO **14.2** (Trailing: 14.5, Median: 14.0) | RELATIVE P/E RATIO **0.85** | DIV'D YLD **4.5%** | **VALUE LINE**

**TIMELINESS** 3 Raised 9/8/23
**SAFETY** 2 Raised 12/13/19
**TECHNICAL** 3 Raised 8/11/23
**BETA** .95 (1.00 = Market)

**18-Month Target Price Range**

| Low-High | Midpoint (% to Mid) |
|---|---|
| \$84-\$148 | \$116 (20%) |

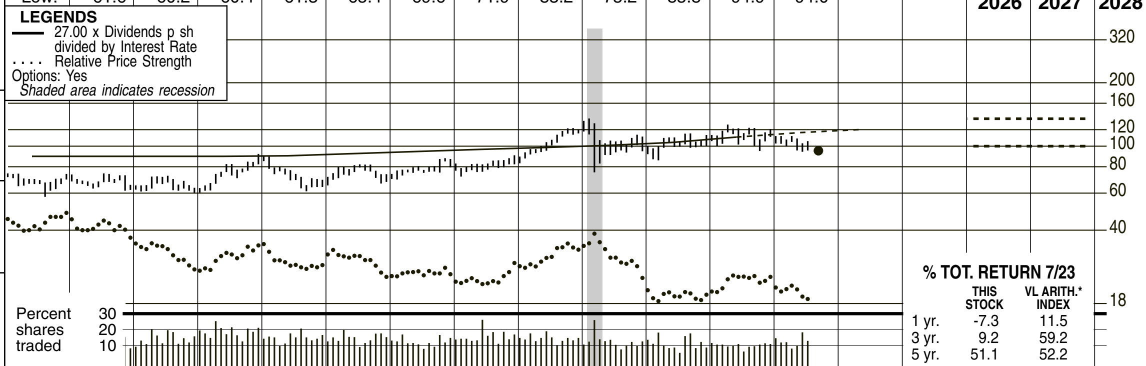
**2026-28 PROJECTIONS**

| | Price | Gain | Ann'l Total Return |
|---|---|---|---|
| High | 135 | (+40%) | 13% |
| Low | 100 | (+5%) | 6% |

**Institutional Decisions**

| | 4Q2022 | 1Q2023 | 2Q2023 |
|---|---|---|---|
| to Buy | 377 | 367 | 405 |
| to Sell | 274 | 287 | 270 |
| Hld's(000) | 186530 | 184354 | 181973 |

| | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| High: | 74.5 | 72.6 | 92.0 | 90.3 | 82.1 | 87.9 | 90.8 | 122.1 | 135.5 | 115.0 | 126.8 | 111.9 |
| Low: | 61.6 | 60.2 | 60.4 | 61.3 | 65.4 | 69.6 | 71.9 | 83.2 | 75.2 | 85.8 | 94.9 | 94.0 |




**% TOT. RETURN 7/23**

| | THIS STOCK | VL ARITH.* INDEX |
|---|---|---|
| 1 yr. | -7.3 | 11.5 |
| 3 yr. | 9.2 | 59.2 |
| 5 yr. | 51.1 | 52.2 |

| 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | © VALUE LINE PUB. LLC | 26-28 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 59.47 | 69.15 | 56.82 | 64.27 | 63.67 | 57.94 | 63.86 | 69.71 | 64.54 | 60.55 | 61.35 | 58.23 | 54.63 | 50.51 | 57.95 | 65.18 | **54.90** | **7.80** | Revenues per sh | **65.20** |
| 11.73 | 12.89 | 13.29 | 16.54 | 17.53 | 15.98 | 16.25 | 17.68 | 17.71 | 18.72 | 16.70 | 16.50 | 17.19 | 18.21 | 17.90 | 15.51 | **17.25** | **17.05** | "Cash Flow" per sh | **18.90** |
| 5.60 | 6.20 | 6.30 | 6.66 | 7.55 | 6.02 | 4.96 | 5.77 | 5.81 | 6.88 | 5.19 | 5.88 | 6.30 | 6.90 | 6.87 | 5.37 | **6.80** | **6.05** | Earnings per sh A | **6.50** |
| 2.58 | 3.00 | 3.00 | 3.24 | 3.32 | 3.32 | 3.32 | 3.32 | 3.34 | 3.42 | 3.50 | 3.58 | 3.66 | 3.74 | 3.86 | 4.10 | **4.30** | **4.45** | Div'd Decl'd per sh B ■ † | **5.00** |
| 10.29 | 13.92 | 12.99 | 13.33 | 15.21 | 18.18 | 15.73 | 14.82 | 16.79 | 17.28 | 22.07 | 22.45 | 21.72 | 24.52 | 30.86 | 25.04 | **23.00** | **19.00** | Cap'l Spending per sh | **19.75** |
| 40.71 | 42.07 | 45.54 | 47.53 | 50.81 | 51.73 | 54.00 | 55.83 | 51.89 | 45.12 | 44.28 | 46.78 | 51.34 | 54.56 | 57.42 | 61.40 | **62.85** | **65.50** | Book Value per sh C | **73.90** |
| 193.12 | 189.36 | 189.12 | 178.75 | 176.36 | 177.81 | 178.37 | 179.24 | 178.39 | 179.13 | 180.52 | 189.06 | 199.15 | 200.24 | 202.65 | 211.18 | **214.00** | **218.00** | Common Shs Outst'g D | **230.00** |
| 19.3 | 16.6 | 12.0 | 11.6 | 9.1 | 11.2 | 13.2 | 12.9 | 12.5 | 10.9 | 15.0 | 13.8 | 16.5 | 15.3 | 15.0 | 21.1 | *Bold figures are* | | Avg Ann'l P/E Ratio | **18.0** |
| 1.02 | 1.00 | .80 | .74 | .57 | .71 | .74 | .68 | .63 | .57 | .75 | .75 | .88 | .79 | .81 | 1.22 | *Value Line* | | Relative P/E Ratio | **1.00** |
| 2.4% | 2.9% | 4.0% | 4.2% | 4.9% | 4.9% | 5.1% | 4.5% | 4.6% | 4.6% | 4.5% | 4.4% | 3.5% | 3.6% | 3.7% | 3.6% | *estimates* | | Avg Ann'l Div'd Yield | **4.3%** |

**CAPITAL STRUCTURE as of 6/30/23**
**Total Debt** \$27279 mill. **Due in 5 Yrs** \$11117 mill.
**LT Debt** \$24322 mill. **LT Interest** \$824.0 mill.
Incl. \$54.7 mill. of securitization bonds.
(LT interest earned: 2.8x)
**Leases, Uncapitalized** Annual rentals \$62.1 mill.
**Pension Assets-12/22** \$6993.1 mill. **Oblig** \$8409.6 mill.
**Pfd Stock** \$254.4 mill. **Pfd Div'd** \$18.3 mill.
200,000 shs. 6.25%-7.5%, \$100 par; 250,000 shs. 8.75%, 1.4 mill. shs. 5.375%; all cum., without sinking fund.
**Common Stock** 211,455,588 shs. **as of 7/31/23**
**MARKET CAP: \$20.2 billion (Large Cap)**

| 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | | 26-28 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 11391 | 12495 | 11513 | 10846 | 11074 | 11009 | 10879 | 10114 | 11743 | 13764 | **11750** | **12600** | Revenues (\$mill) | **15000** |
| 904.5 | 1060.0 | 1061.2 | 1249.8 | 950.7 | 1092.1 | 1258.2 | 1406.7 | 1402.8 | 1103.2 | **1455** | **1320** | Net Profit (\$mill) | **1495** |
| 26.7% | 37.8% | 2.2% | 11.3% | 1.8% | - - | - - | - - | 16.1% | 16.1% | **23.0%** | **23.0%** | Income Tax Rate | **23.0%** |
| 10.1% | 9.3% | 7.4% | 8.1% | 14.7% | 17.5% | 16.7% | 12.2% | 7.1% | 2.5% | **10.0%** | **8.0%** | AFUDC % to Net Profit | **7.0%** |
| 55.1% | 54.9% | 57.8% | 63.6% | 63.6% | 63.2% | 62.0% | 65.5% | 67.6% | 64.2% | **64.5%** | **64.5%** | Long-Term Debt Ratio | **64.5%** |
| 43.6% | 43.8% | 40.8% | 35.5% | 35.5% | 35.9% | 37.1% | 33.7% | 31.7% | 35.2% | **35.5%** | **35.5%** | Common Equity Ratio | **35.5%** |
| 22109 | 22842 | 22714 | 22777 | 22528 | 24602 | 27557 | 32386 | 36733 | 36810 | **41110** | **43545** | Total Capital (\$mill) | **48910** |
| 27882 | 28723 | 27824 | 27921 | 29664 | 31974 | 35183 | 38853 | 42244 | 42477 | **45025** | **50590** | Net Plant (\$mill) | **56845** |
| 5.4% | 6.0% | 6.0% | 6.9% | 5.7% | 5.8% | 5.9% | 5.6% | 4.9% | 4.3% | **4.5%** | **4.0%** | Return on Total Cap'l | **4.0%** |
| 9.1% | 10.3% | 11.1% | 15.1% | 11.6% | 12.0% | 12.0% | 12.6% | 11.8% | 8.4% | **9.0%** | **9.0%** | Return on Shr. Equity | **8.5%** |
| 9.2% | 10.4% | 11.2% | 15.2% | 11.7% | 12.2% | 12.1% | 12.7% | 11.9% | 8.4% | **9.0%** | **9.0%** | Return on Com Equity E | **8.5%** |
| 3.0% | 4.4% | 4.8% | 7.7% | 3.9% | 4.9% | 5.2% | 5.9% | 5.2% | 1.9% | **2.5%** | **2.5%** | Retained to Com Eq | **2.0%** |
| 68% | 58% | 58% | 50% | 68% | 61% | 58% | 55% | 57% | 78% | **63%** | **74%** | All Div'ds to Net Prof | **77%** |

**ELECTRIC OPERATING STATISTICS**

| | 2020 | 2021 | 2022 |
|---|---|---|---|
| % Change Retail Sales (KWH) | -4.1 | +3.2 | +1.1 |
| Avg. Indust. Use (MWH) | 1017 | 1015 | 1018 |
| Avg. Indust. Revs. per KWH(¢) | 4.95 | 5.91 | 7.08 |
| Capacity at Peak (Mw) | 25665 | NA | NA |
| Peak Load, Summer (Mw) | 21340 | NA | NA |
| Annual Load Factor (%) | 62 | NA | NA |
| % Change Customers (yr-end) | +1.0 | +1.0 | +1.0 |
| Fixed Charge Cov. (%) | 202 | 243 | 209 |

| ANNUAL RATES of change (per sh) | Past 10 Yrs. | Past 5 Yrs. | Est'd '20-'22 to '26-'28 |
|---|---|---|---|
| Revenues | -.5% | -1.5% | 2.0% |
| "Cash Flow" | .5% | -.5% | 1.5% |
| Earnings | -.5% | 1.5% | .5% |
| Dividends | 1.5% | 2.5% | 4.0% |
| Book Value | 1.5% | 4.0% | 4.0% |

| Cal-endar | QUARTERLY REVENUES (\$ mill.) Mar.31 | Jun.30 | Sep.30 | Dec.31 | Full Year |
|---|---|---|---|---|---|
| 2020 | 2427 | 2413 | 2904 | 2370 | 10114 |
| 2021 | 2845 | 2822 | 3353 | 2723 | 11743 |
| 2022 | 2878 | 3395 | 4219 | 3273 | 13764 |
| 2023 | 2981 | 2846 | **2900** | **3023** | **11750** |
| 2024 | **2900** | **3300** | **3300** | **3100** | **12600** |

| Cal-endar | EARNINGS PER SHARE A Mar.31 | Jun.30 | Sep.30 | Dec.31 | Full Year |
|---|---|---|---|---|---|
| 2020 | .59 | 1.79 | 2.59 | 1.93 | 6.90 |
| 2021 | 1.66 | 1.30 | 2.63 | 1.28 | 6.87 |
| 2022 | 1.36 | .78 | 2.74 | .51 | 5.37 |
| 2023 | 1.47 | 1.84 | **2.70** | **.79** | **6.80** |
| 2024 | **1.40** | **.95** | **2.85** | **.85** | **6.05** |

| Cal-endar | QUARTERLY DIVIDENDS PAID B ■ † Mar.31 | Jun.30 | Sep.30 | Dec.31 | Full Year |
|---|---|---|---|---|---|
| 2019 | .91 | .91 | .91 | .93 | 3.66 |
| 2020 | .93 | .93 | .93 | .95 | 3.74 |
| 2021 | .95 | .95 | .95 | 1.01 | 3.86 |
| 2022 | 1.01 | 1.01 | 1.01 | 1.07 | 4.10 |
| 2023 | 1.07 | 1.07 | 1.07 | | |

**BUSINESS:** Entergy Corporation supplies electricity to 3 million customers through subsidiaries in Arkansas, Louisiana, Mississippi, Texas, and New Orleans (regulated separately from Louisiana). Distributes gas to 206,000 customers in Louisiana. Is selling its last nonutility nuclear unit (shut down 5/22). Electric revenue breakdown: residential, 37%; commercial, 24%; industrial, 27%; other, 12%. Generating sources: gas, 68%; nuclear, 22%; coal, 9%; hydro and solar, 1%. Fuel costs: 32% of revenues. '22 reported depreciation rate: 2.7%. Has 11,707 employees. Chairman & CEO: Leo P. Denault. Incorporated: Delaware. Address: 639 Loyola Avenue, P.O. Box 61000, New Orleans, Louisiana 70161. Telephone: 504-576-4000. Internet: www.entergy.com.

**Entergy recorded a much stronger 2023 second-quarter bottom-line performance.** Revenues fell to nearly \$2.85 billion as lower fuel prices reduced customers' bills. Still, lower energy prices were a boon to margins, as Entergy paid less for the input, and it benefited from fewer asset write-downs during the quarter. Profits also benefited from some regulatory credits received during the quarter, while maintenance expenses dropped. Still, not all was positive, as interest costs increased due to rising rates. These factors allowed earnings to expand to \$1.84 per share during the quarter. We expect decent results to be reported over the second half of the year. Though revenues will likely face tough comparisons due to lower energy prices, the company should benefit from demand growth in Texas and Louisiana. Additionally, a few positive rate case outcomes over the past year will likely boost the bottom line. New rates started September 1st in Louisiana and New Orleans, while the company has filed elsewhere in its coverage area for additional revenues. We have raised our 2023 full-year estimate by \$0.95 to \$6.80.

**We expect the company will take a step back in 2024.** Entergy has experienced weaker demand from a few manufacturing customers, and we think this will continue to be a headwinds should the U.S. economy weaken. Additionally, several large industrial projects within Entergy's coverage area have been delayed until 2025. Still, Entergy should place several projects in service through 2026, including 6,000 megawatts of green energy capacity. Additionally, we think the company will make incremental gains through regulatory filings, including new rates in Arkansas starting in January 2024. Considering these factors, we project earnings will decline to \$6.05 per share in 2024 before rebounding to \$6.50 by 2026-2028.

**Shares of Entergy Corp. are neutrally ranked for Timeliness.** Though the equity has below-average 3- to 5-year appreciation potential, the dividend is a top draw. Cash flows cover the payout, and we project it will grow steadily. The yield compares favorably to others in *The Survey*. Thus, we think this stock is a solid choice for income-seeking accounts.

*John E. Seibert III* *September 8, 2023*

(A) Diluted EPS. GAAP starting in 2022. Excl. nonrec. losses: '12, \$1.26; '13, \$1.14; '14, 56¢; '15, \$6.99; '16, \$10.14; '17, \$2.91; '18, \$1.25; '21, \$1.33. Next earnings report due early November. (B) Div'ds historically paid in early Mar., June, Sept., & Dec. ■ Div'd reinvestment plan avail. † Shareholder investment plan avail. (C) Incl. deferred charges. In '22: \$23.64/sh. (D) In mill. (E) Rate base: Net original cost. Allowed ROE (blended): 9.71%; earned on avg. com. eq., '22: 8.5%. Regulatory Climate: Average.

| | |
|---|---|
| Company's Financial Strength | B++ |
| Stock's Price Stability | 90 |
| Price Growth Persistence | 65 |
| Earnings Predictability | 75 |

# EVERGY, INC. NYSE-EVRG

| RECENT PRICE | P/E RATIO | RELATIVE P/E RATIO | DIV'D YLD |
|---|---|---|---|
| 56.72 | 15.4 (Trailing: 17.2, Median: NMF) | 0.92 | 4.5% |

**VALUE LINE**

TIMELINESS **3** Raised 2/3/23

SAFETY **2** New 9/14/18

TECHNICAL **3** Raised 7/28/23

BETA .90 (1.00 = Market)

**18-Month Target Price Range**

| Low-High | Midpoint (% to Mid) |
|---|---|
| $49-$81 | $65 (15%) |

**2026-28 PROJECTIONS**

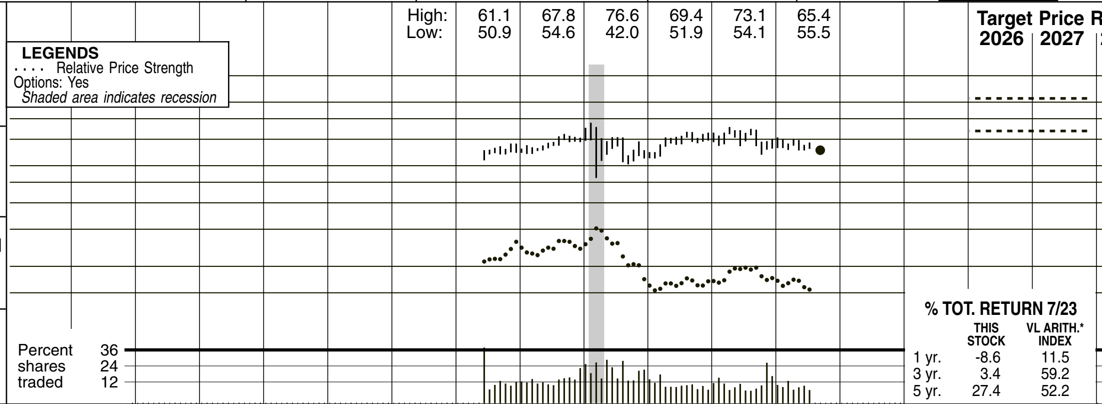
| | Price | Gain | Ann'l Total Return |
|---|---|---|---|
| High | 100 | (+75%) | *18%* |
| Low | 70 | (+25%) | *9%* |

**Institutional Decisions**

| | 4Q2022 | 1Q2023 | 2Q2023 |
|---|---|---|---|
| to Buy | 358 | 310 | 298 |
| to Sell | 268 | 284 | 272 |
| Hld's(000) | 191450 | 194561 | 192350 |

| | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|---|
| High: | 61.1 | 67.8 | 76.6 | 69.4 | 73.1 | 65.4 |
| Low: | 50.9 | 54.6 | 42.0 | 51.9 | 54.1 | 55.5 |

**LEGENDS**
.... Relative Price Strength
Options: Yes
*Shaded area indicates recession*




**% TOT. RETURN 7/23**

| | THIS STOCK | VL ARITH.* INDEX |
|---|---|---|
| 1 yr. | -8.6 | 11.5 |
| 3 yr. | 3.4 | 59.2 |
| 5 yr. | 27.4 | 52.2 |

Evergy, Inc. was formed through the merger of Great Plains Energy and Westar Energy in June of 2018. Great Plains Energy holders received .5981 of a share of Evergy for each of their shares, and Westar Energy holders received one share of Evergy for each of their shares. The merger was completed on June 4, 2018. Shares of Evergy began trading on the New York Stock Exchange one day later.

| 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | © VALUE LINE PUB. LLC | 26-28 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| -- | -- | -- | -- | -- | 16.75 | 22.71 | 21.66 | 24.36 | 25.49 | *25.20* | *26.10* | Revenues per sh | *27.40* |
| -- | -- | -- | -- | -- | 4.89 | 7.18 | 7.06 | 8.18 | 7.34 | *7.95* | *8.20* | "Cash Flow" per sh | *9.20* |
| -- | -- | -- | -- | -- | 2.50 | 2.79 | 2.72 | 3.83 | 3.26 | *3.65* | *4.00* | Earnings per sh A | *4.85* |
| -- | -- | -- | -- | -- | 1.74 | 1.93 | 2.05 | 2.18 | 2.33 | *2.49* | *2.61* | Div'd Decl'd per sh B ■ | *3.05* |
| -- | -- | -- | -- | -- | 4.19 | 5.34 | 6.88 | 8.60 | 9.41 | *9.20* | *9.25* | Cap'l Spending per sh | *9.50* |
| -- | -- | -- | -- | -- | 39.28 | 37.82 | 38.50 | 40.32 | 41.86 | *42.70* | *44.10* | Book Value per sh C | *47.50* |
| -- | -- | -- | -- | -- | 255.33 | 226.64 | 226.84 | 229.30 | 229.90 | *230.00* | *230.00* | Common Shs Outst'g D | *230.00* |
| -- | -- | -- | -- | -- | 22.7 | 21.8 | 21.7 | 16.2 | 19.9 | *Bold figures are* | | Avg Ann'l P/E Ratio | *17.5* |
| -- | -- | -- | -- | -- | 1.23 | 1.16 | 1.11 | .88 | 1.15 | *Value Line* | | Relative P/E Ratio | *.95* |
| -- | -- | -- | -- | -- | 3.1% | 3.2% | 3.5% | 3.5% | 4.0% | *estimates* | | Avg Ann'l Div'd Yield | *3.7%* |
| -- | -- | -- | -- | -- | 4275.9 | 5147.8 | 4913.4 | 5586.7 | 5859.1 | *5800* | *6000* | Revenues ($mill) | *6300* |
| -- | -- | -- | -- | -- | 535.8 | 669.9 | 618.3 | 879.7 | 752.7 | *840* | *885* | Net Profit ($mill) | *1115* |
| -- | -- | -- | -- | -- | 9.8% | 12.6% | 14.1% | 11.7% | 5.8% | *9.0%* | *9.0%* | Income Tax Rate | *9.0%* |
| -- | -- | -- | -- | -- | 2.5% | 2.5% | 5.5% | 5.0% | 5.1% | *6.0%* | *6.0%* | AFUDC % to Net Profit | *5.0%* |
| -- | -- | -- | -- | -- | 40.0% | 50.6% | 51.3% | 50.1% | 50.0% | *51.5%* | *51.5%* | Long-Term Debt Ratio | *53.5%* |
| -- | -- | -- | -- | -- | 60.0% | 49.4% | 48.7% | 49.9% | 48.0% | *48.5%* | *48.5%* | Common Equity Ratio | *46.5%* |
| -- | -- | -- | -- | -- | 16716 | 17337 | 17924 | 18542 | 19668 | *20175* | *21250* | Total Capital ($mill) | *23400* |
| -- | -- | -- | -- | -- | 18952 | 19346 | 20106 | 21150 | 22137 | *23150* | *24200* | Net Plant ($mill) | *26300* |
| -- | -- | -- | -- | -- | 4.0% | 4.8% | 4.5% | 5.7% | 6.9% | *5.5%* | *5.5%* | Return on Total Cap'l | *6.0%* |
| -- | -- | -- | -- | -- | 5.3% | 7.8% | 7.1% | 9.5% | 8.1% | *9.0%* | *9.0%* | Return on Shr. Equity | *10.0%* |
| -- | -- | -- | -- | -- | 5.3% | 7.8% | 7.1% | 9.5% | 8.1% | *9.0%* | *9.0%* | Return on Com Equity E | *10.0%* |
| -- | -- | -- | -- | -- | .6% | 2.4% | 1.8% | 4.1% | 3.1% | *3.0%* | *3.0%* | Retained to Com Eq | *3.5%* |
| -- | -- | -- | -- | -- | 89% | 69% | 75% | 57% | 73% | *69%* | *68%* | All Div'ds to Net Prof | *63%* |

**CAPITAL STRUCTURE as of 6/30/23**

**Total Debt** $10186.5 mill. **Due in 5 Yrs** $4388.2 mill.
**LT Debt** $10097.1 mill. **LT Interest** $305.5 mill.
Incl. $40.9 mill. finance leases.
(LT interest earned: 3.8x)

**Leases, Uncapitalized** Annual rentals $18.8 mill.

**Pension Assets-12/22** $1714.7 mill. **Oblig** $2561.7 mill.

**Pfd Stock** None

**Common Stock** 229,702,154 shs.
**MARKET CAP: $13.0 billion (Large Cap)**

**ELECTRIC OPERATING STATISTICS**

| | 2020 | 2021 | 2022 |
|---|---|---|---|
| % Change Retail Sales (KWH) | -3.9 | +3.1 | +6.7 |
| Avg. Indust. Use (MWH) | NA | NA | NA |
| Avg. Indust. Revs. per KWH (¢) | 7.14 | 6.94 | NA |
| Capacity at Peak (Mw) | NA | NA | NA |
| Peak Load, Summer (Mw) | NA | NA | NA |
| Annual Load Factor (%) | NA | NA | NA |
| % Change Customers (yr-end) | NA | NA | NA |
| Fixed Charge Cov. (%) | 286 | 350 | NA |

| ANNUAL RATES of change (per sh) | Past 10 Yrs. | Past 5 Yrs. | Est'd '20-'22 to '26-'28 |
|---|---|---|---|
| Revenues | -- | -- | *2.5%* |
| "Cash Flow" | -- | -- | *5.0%* |
| Earnings | -- | -- | *7.5%* |
| Dividends | -- | -- | *7.0%* |
| Book Value | -- | -- | *3.5%* |

| Cal-endar | QUARTERLY REVENUES ($ mill.) Mar.31 | Jun.30 | Sep.30 | Dec.31 | Full Year |
|---|---|---|---|---|---|
| 2020 | 1116 | 1184 | 1517 | 1094 | 4913.4 |
| 2021 | 1611 | 1236 | 1616 | 1122 | 5586.7 |
| 2022 | 1223 | 1446 | 1909 | 1281 | 5859.1 |
| 2023 | 1297 | 1354 | *1900* | *1249* | *5800* |
| 2024 | *1250* | *1500* | *1950* | *1300* | *6000* |

| Cal-endar | EARNINGS PER SHARE A Mar.31 | Jun.30 | Sep.30 | Dec.31 | Full Year |
|---|---|---|---|---|---|
| 2020 | .31 | .59 | 1.60 | .22 | 2.72 |
| 2021 | .84 | .81 | 1.95 | .23 | 3.83 |
| 2022 | .53 | .84 | 1.86 | .03 | 3.26 |
| 2023 | .62 | .78 | *1.85* | *.40* | *3.65* |
| 2024 | *.65* | *.85* | *2.10* | *.40* | *4.00* |

| Cal-endar | QUARTERLY DIVIDENDS PAID B ■ Mar.31 | Jun.30 | Sep.30 | Dec.31 | Full Year |
|---|---|---|---|---|---|
| 2019 | .475 | .475 | .475 | .505 | 1.93 |
| 2020 | .505 | .505 | .505 | .535 | 2.05 |
| 2021 | .535 | .535 | .535 | .5725 | 2.18 |
| 2022 | .5725 | .5725 | .5725 | .6125 | 2.33 |
| 2023 | .6125 | .6125 | | | |

**BUSINESS:** Evergy, Inc. was formed through the merger of Great Plains Energy and Westar Energy in June of 2018. Through its subsidiaries (now doing business under the Evergy name), provides electric service to 1.6 million customers in Kansas and Missouri, including the greater Kansas City area. Electric revenue breakdown: residential, 32%; commercial, 27%; industrial, 15%; wholesale, 13%; other, 13%. Generating sources: coal, 54%; nuclear, 17%; purchased, 29%. Fuel costs: 28% of revenues. '22 reported deprec. rate: 3%. Has 4,900 employees. Chairman: Mark A. Ruelle. President & CEO: David A. Campbell. COO: Kevin E. Bryant. Inc.: Missouri. Address: 1200 Main Street, Kansas City, Missouri 64105. Tel.: 816-556-2200. Internet: www.evergy.com.

**Evergy's utilities in Kansas have rate cases pending.** As a reminder, Kansas Central filed for an increase of $204 million, based on a return on equity of 10.25% and a common-equity ratio of 52%. Meanwhile, Kansas Metro requested a hike of $14 million, based on a 10.25% return on equity and a 52% common-equity ratio. A settlement conference is scheduled for late September, and the new rates will go into effect too late to have a significant impact on 2023 earnings. In Missouri, the approved order regarding the securitization of winter storm Yuri costs incurred at Missouri West is now under appeal. The company expects a resolution by the end of 2023, and plans to complete securitization financing after the appeal process.

**We continue to look for 2023 earnings of $3.65 per share, which is the midpoint of Evergy's updated guidance range.** The company continues to benefit from investment in its transmission system, and we think this will likely remain a driver of earnings over the next few years. In the June period, higher transmission margins, due to ongoing investments, increased profits by $0.02 a share. Too, rate relief in Missouri and Kansas should remain a key factor for profit growth in the long term. As a result, we expect earnings to improve in 2024 to $4.00 per share, in line with Evergy's target of 6%-8% growth from 2021 to 2025. We also think that the company will earn $4.85 per share by 2026-2028.

**We expect a dividend hike in the second half of this year.** We look for a boost of around $0.04 a share in the quarterly distribution. Management remains committed to keeping its target dividend growth in line with profit growth and a payout ratio of 60%-70%.

**Evergy shares have remained under pressure of late.** Indeed, the stock is down slightly in value since our early June report, and has now dropped more than 20% over the past 12 months. Meanwhile, 18-month and 3- to 5-year capital appreciation potential remains solid for a utility. Income-oriented investors will likely be drawn to the stock's attractive dividend. The yield of 4.5% is above-average for a utility, and prospective dividend increases of about 7% add to the appeal.

*Zachary J. Hodgkinson September 8, 2023*

**(A)** Diluted earnings. Next earnings report due early Nov. **(B)** Dividends paid in mid-March, June, September, and December. ■ Dividend reinvestment plan available. **(C)** Incl. intangibles. **(D)** In millions. **(E)** Rate base: Original cost depreciated. Rate allowed on common equity in Missouri in '18: none specified; in Kansas in '18: 9.3%; earned on average common equity, '22: 9.8%. Regulatory Climate: Average.

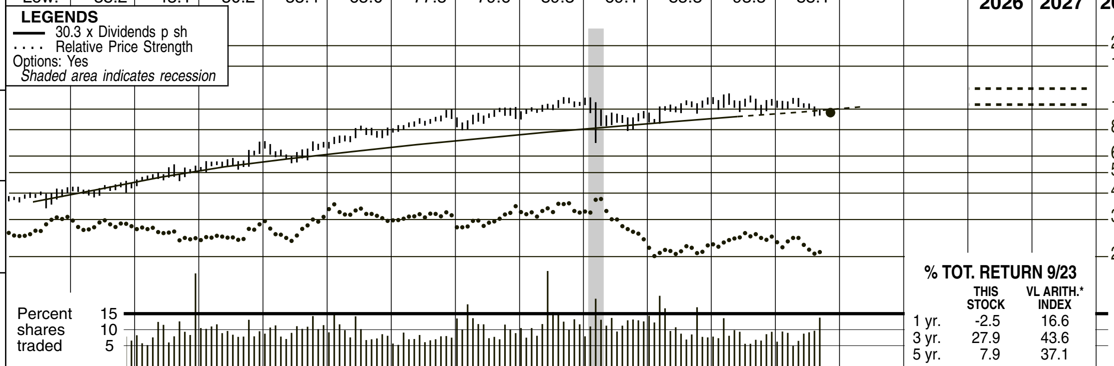
| | |
|---|---|
| Company's Financial Strength | B++ |
| Stock's Price Stability | 90 |
| Price Growth Persistence | 30 |
| Earnings Predictability | 85 |

| IDACORP, INC. NYSE-IDA | RECENT PRICE 96.28 | P/E RATIO 18.4 (Trailing: 17.9 / Median: 20.0) | RELATIVE P/E RATIO 1.15 | DIV'D YLD 3.4% | VALUE LINE |
|---|---|---|---|---|---|

**TIMELINESS** 4 Lowered 8/18/23
**SAFETY** 1 Raised 1/22/21
**TECHNICAL** 5 Lowered 9/29/23
**BETA** .85 (1.00 = Market)

| | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| High: | 45.7 | 54.7 | 70.1 | 70.5 | 83.4 | 100.0 | 102.4 | 114.0 | 113.6 | 113.8 | 118.9 | 113.0 |
| Low: | 38.2 | 43.1 | 50.2 | 55.4 | 65.0 | 77.5 | 79.6 | 89.3 | 69.1 | 85.3 | 93.5 | 88.1 |

**LEGENDS**
— 30.3 x Dividends p sh
.... Relative Price Strength
Options: Yes
*Shaded area indicates recession*




**18-Month Target Price Range**

| Low-High | Midpoint (% to Mid) |
|---|---|
| $83-$137 | $110 (15%) |

**2026-28 PROJECTIONS**

| | Price | Gain | Ann'l Total Return |
|---|---|---|---|
| High | 125 | (+30%) | 10% |
| Low | 105 | (+10%) | 6% |

**Institutional Decisions**

| | 4Q2022 | 1Q2023 | 2Q2023 |
|---|---|---|---|
| to Buy | 187 | 174 | 168 |
| to Sell | 162 | 153 | 170 |
| Hld's(000) | 41351 | 41405 | 42011 |

**% TOT. RETURN 9/23**

| | THIS STOCK | VL ARITH.* INDEX |
|---|---|---|
| 1 yr. | -2.5 | 16.6 |
| 3 yr. | 27.9 | 43.6 |
| 5 yr. | 7.9 | 37.1 |

| 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | © VALUE LINE PUB. LLC | 26-28 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 19.51 | 20.47 | 21.92 | 20.97 | 20.55 | 21.55 | 24.81 | 25.51 | 25.23 | 25.04 | 26.76 | 27.19 | 26.70 | 26.77 | 28.86 | 32.51 | **32.85** | **34.00** | Revenues per sh | **36.50** |
| 4.11 | 4.27 | 5.07 | 5.35 | 5.84 | 5.93 | 6.29 | 6.58 | 6.70 | 6.86 | 7.50 | 7.85 | 8.07 | 8.19 | 8.41 | 8.55 | **8.80** | **9.30** | "Cash Flow" per sh | **10.60** |
| 1.86 | 2.18 | 2.64 | 2.95 | 3.36 | 3.37 | 3.64 | 3.85 | 3.87 | 3.94 | 4.21 | 4.49 | 4.61 | 4.69 | 4.85 | 5.11 | **5.15** | **5.40** | Earnings per sh A | **6.10** |
| 1.20 | 1.20 | 1.20 | 1.20 | 1.20 | 1.37 | 1.57 | 1.76 | 1.92 | 2.08 | 2.24 | 2.40 | 2.56 | 2.72 | 2.88 | 3.04 | **3.20** | **3.40** | Div'd Decl'd per sh B ■ † | **4.15** |
| 6.39 | 5.19 | 5.26 | 6.85 | 6.76 | 4.78 | 4.68 | 5.45 | 5.84 | 5.89 | 5.66 | 5.51 | 5.53 | 6.16 | 5.94 | 8.56 | **14.00** | **16.00** | Cap'l Spending per sh | **11.00** |
| 26.79 | 27.76 | 29.17 | 31.01 | 33.19 | 35.07 | 36.84 | 38.85 | 40.88 | 42.74 | 44.65 | 47.01 | 48.88 | 50.73 | 52.82 | 55.52 | **56.85** | **59.25** | Book Value per sh C | **66.00** |
| 45.06 | 46.92 | 47.90 | 49.41 | 49.95 | 50.16 | 50.23 | 50.27 | 50.34 | 50.40 | 50.42 | 50.42 | 50.42 | 50.46 | 50.52 | 50.56 | **51.00** | **51.50** | Common Shs Outst'g D | **53.00** |
| 18.2 | 13.9 | 10.2 | 11.8 | 11.5 | 12.4 | 13.4 | 14.7 | 16.2 | 19.1 | 20.6 | 20.5 | 22.3 | 19.9 | 20.8 | 21.0 | *Bold figures are* | *Value Line* | Avg Ann'l P/E Ratio | **19.0** |
| .97 | .84 | .68 | .75 | .72 | .79 | .75 | .77 | .82 | 1.00 | 1.04 | 1.11 | 1.19 | 1.02 | 1.12 | 1.21 | *estimates* | | Relative P/E Ratio | **1.05** |
| 3.5% | 4.0% | 4.5% | 3.4% | 3.1% | 3.3% | 3.2% | 3.1% | 3.1% | 2.8% | 2.6% | 2.6% | 2.5% | 2.9% | 2.9% | 2.8% | | | Avg Ann'l Div'd Yield | **3.6%** |

**CAPITAL STRUCTURE as of 6/30/23**
**Total Debt** $2605.6 mill. **Due in 5 Yrs** $335.0 mill.
**LT Debt** $2482.4 mill. **LT Interest** $110.0 mill.
(Total Interest Coverage: 4.0x)

**Pension Assets-12/22** $839.7 mill.
**Oblig** $953.8 mill.

**Pfd Stock** None

**Common Stock** 50,614,789 shs.
**as of 7/28/23**

**MARKET CAP: $4.9 billion (Mid Cap)**

| 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | | 26-28 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1246.2 | 1282.5 | 1270.3 | 1262.0 | 1349.5 | 1370.8 | 1346.4 | 1350.7 | 1458.1 | 1644.0 | **1675** | **1750** | Revenues ($mill) | **1935** |
| 182.4 | 193.5 | 194.7 | 198.3 | 212.4 | 226.8 | 232.9 | 237.4 | 245.6 | 259.0 | **265** | **280** | Net Profit ($mill) | **335** |
| 28.3% | 8.0% | 19.0% | 15.5% | 18.6% | 7.1% | 9.5% | 10.8% | 13.1% | 12.7% | **13.0%** | **13.0%** | Income Tax Rate | **13.0%** |
| 12.3% | 13.6% | 16.3% | 16.3% | 13.9% | 15.2% | 16.2% | 17.3% | 17.7% | 19.8% | **15.0%** | **15.0%** | AFUDC % to Net Profit | **16.0%** |
| 46.6% | 45.3% | 45.6% | 44.8% | 43.7% | 43.6% | 41.3% | 43.9% | 42.8% | 43.9% | **46.5%** | **47.0%** | Long-Term Debt Ratio | **50.0%** |
| 53.4% | 54.7% | 54.4% | 55.2% | 56.3% | 56.4% | 58.7% | 56.1% | 57.2% | 56.1% | **53.5%** | **53.0%** | Common Equity Ratio | **50.0%** |
| 3465.9 | 3567.6 | 3783.3 | 3898.5 | 3997.5 | 4205.1 | 4201.3 | 4560.4 | 4669.1 | 5001.4 | **5425** | **5790** | Total Capital ($mill) | **7000** |
| 3665.0 | 3833.5 | 3992.4 | 4172.0 | 4283.9 | 4395.7 | 4531.5 | 4709.5 | 4901.8 | 5173.0 | **5650** | **6000** | Net Plant ($mill) | **7000** |
| 6.4% | 6.6% | 6.2% | 6.1% | 6.3% | 6.4% | 6.5% | 6.1% | 6.2% | 6.1% | **6.0%** | **6.0%** | Return on Total Cap'l | **5.5%** |
| 9.9% | 9.9% | 9.5% | 9.2% | 9.4% | 9.6% | 9.4% | 9.3% | 9.2% | 9.2% | **9.0%** | **9.0%** | Return on Shr. Equity | **9.5%** |
| 9.9% | 9.9% | 9.5% | 9.2% | 9.4% | 9.6% | 9.4% | 9.3% | 9.2% | 9.2% | **9.0%** | **9.0%** | Return on Com Equity E | **9.5%** |
| 5.6% | 5.4% | 4.8% | 4.3% | 4.4% | 4.4% | 4.2% | 3.9% | 3.7% | 3.7% | **3.5%** | **3.5%** | Retained to Com Eq | **3.5%** |
| 43% | 46% | 50% | 53% | 53% | 54% | 56% | 58% | 60% | 60% | **62%** | **63%** | All Div'ds to Net Prof | **68%** |

**ELECTRIC OPERATING STATISTICS**

| | 2020 | 2021 | 2022 |
|---|---|---|---|
| % Change Retail Sales (KWH) | +2.0 | +3.9 | +7.3 |
| Avg. Indust. Use (MWH) | NA | NA | NA |
| Avg. Indust. Revs. per KWH (¢) | NA | NA | NA |
| Capacity at Peak (Mw) | NA | NA | NA |
| Peak Load, Summer (Mw) | 3392 | 3751 | 3568 |
| Annual Load Factor (%) | NA | NA | NA |
| % Change Customers (yr-end) | +2.7 | +2.8 | +2.4 |
| Fixed Charge Cov. (%) | 313 | 334 | 419 |

**ANNUAL RATES**

| of change (per sh) | Past 10 Yrs. | Past 5 Yrs. | Est'd '20-'22 to '26-'28 |
|---|---|---|---|
| Revenues | 3.5% | 2.5% | *3.5%* |
| "Cash Flow" | 4.0% | 3.5% | *4.0%* |
| Earnings | 4.0% | 4.0% | *4.0%* |
| Dividends | 8.5% | 6.5% | *6.5%* |
| Book Value | 5.0% | 4.5% | *3.5%* |

| Cal-endar | QUARTERLY REVENUES($ mill.) Mar.31 | Jun.30 | Sep.30 | Dec.31 | Full Year |
|---|---|---|---|---|---|
| 2020 | 291.0 | 318.8 | 425.3 | 315.6 | 1350.7 |
| 2021 | 316.1 | 360.1 | 446.9 | 335.0 | 1458.1 |
| 2022 | 344.3 | 358.7 | 518.0 | 422.9 | 1644.0 |
| 2023 | 429.7 | 413.8 | **410** | **421.5** | **1675** |
| 2024 | **445** | **430** | **425** | **450** | **1750** |

| Cal-endar | EARNINGS PER SHARE A Mar.31 | Jun.30 | Sep.30 | Dec.31 | Full Year |
|---|---|---|---|---|---|
| 2020 | .74 | 1.19 | 2.02 | .74 | 4.69 |
| 2021 | .89 | 1.38 | 1.93 | .65 | 4.85 |
| 2022 | .91 | 1.27 | 2.10 | .83 | 5.11 |
| 2023 | 1.11 | 1.35 | **1.95** | **.74** | **5.15** |
| 2024 | **1.20** | **1.40** | **2.05** | **.75** | **5.40** |

| Cal-endar | QUARTERLY DIVIDENDS PAID B ■ † Mar.31 | Jun.30 | Sep.30 | Dec.31 | Full Year |
|---|---|---|---|---|---|
| 2019 | .63 | .63 | .63 | .67 | 2.56 |
| 2020 | .67 | .67 | .67 | .71 | 2.72 |
| 2021 | .71 | .71 | .71 | .75 | 2.88 |
| 2022 | .75 | .75 | .75 | .79 | 3.04 |
| 2023 | .79 | .79 | .79 | .83 | |

**BUSINESS:** IDACORP, Inc. is a holding company for Idaho Power Company, a regulated electric utility that serves 618,000 customers throughout a 24,000-square-mile area in southern Idaho and eastern Oregon (population: 1.4 million). Most of the company's revenues are derived from the Idaho portion of its service area. Revenue breakdown: residential, 38%; commercial, 27%; industrial, 22%; irrigation, 12%; other, 1%. Generating sources: hydro, 29%; coal, 20%; gas, 13%; purchased, 39%. Fuel costs: 40% of revenues. '22 reported depreciation rate: 3.0%. Has 2,077 employees. Chairman: Richard J. Dahl. President & CEO: Lisa Grow. Incorporated: Idaho. Address: 1221 W. Idaho St., Boise, Idaho 83702. Telephone: 208-388-2200. Internet: www.idacorpinc.com.

**IDACORP's string of annual earnings gains could be in jeopardy.** Customer growth fueled impressive showings in the first half of this year, and favorable adjustments tied to grid modernization and expansion pitched in, as well. Leadership has repeated its earnings outlook of $4.95 to $5.15 per share, and stated that Idaho Power will use approximately $15 million of additional tax credits available under its Idaho earnings support regulatory mechanism in 2023. As far as our estimate, we are holding tight at $5.15 a share, which would represent earnings growth of about three-quarters of a percentage point. Of course, this would extend the annual growth streak to 16 years, but we do have some concerns. Most notably, a rising debt burden that has been facilitating both clean-energy maneuvers and huge infrastructure buildouts. The added interest expense could chip away at the small margin of growth we foresee right now.

**Our $5.40-a-share earnings estimate for 2024 factors in some higher rates.** The company's last filing of a general rate case was just over 12 years ago (in 2011). All the while, the population in its service area has jumped considerably, and customer growth has been the byproduct of this wave. Idaho, in particular, is past due for an increase in electric delivery rates. Management is poised to follow suit in the state of Oregon, though little information on the timing front has been provided as this report heads to press. The $5.40 figure represents 5% year-over-year growth, roughly in line with in-house expectations.

**IDACORP's top-quality stock is not all that appealing at this juncture.** Despite a 10% drop in price over the last 90 days, IDA's stock is an untimely choice (4: Below Average). Also, capital appreciation potential three to five years hence is below the *Value Line* median. The lower price has pumped up the yield a bit, and a 5% increase to $0.83 a quarter starting with the November payout was a welcome sign, but there are better options available within our utilities coverage. Make no mistake, the company's impressive finances and track record warrant the stock a premium valuation versus its peers. We simply think our subscribers should await a more favorable entry point.

*Erik M. Manning* *October 20, 2023*

(A) Diluted EPS. Earnings may not sum due to rounding. Next earnings report due early November. (B) Dividends historically paid in late February, May, August, and November. ■ Dividend reinvestment plan available. † Shareholder investment plan available. (C) Incl. intangibles. In '22: $1421.9 mill., $28.12/sh. (D) In millions. (E) Rate base: Net original cost. Rate allowed on common equity in '12: 10% (imputed); Regulatory Climate: Above Average.

| | |
|---|---|
| Company's Financial Strength | A+ |
| Stock's Price Stability | 100 |
| Price Growth Persistence | 70 |
| Earnings Predictability | 100 |

# NEXTERA ENERGY NYSE-NEE

| RECENT PRICE | 73.30 | P/E RATIO | 23.1 (Trailing: 23.8 / Median: 23.0) | RELATIVE P/E RATIO | 1.33 | DIV'D YLD | 2.7% | VALUE LINE |
|---|---|---|---|---|---|---|---|---|

**TIMELINESS** 3 Raised 5/5/23
**SAFETY** 1 Raised 2/16/18
**TECHNICAL** 3 Raised 7/14/23
**BETA** .95 (1.00 = Market)

**18-Month Target Price Range**

| Low-High | Midpoint (% to Mid) |
|---|---|
| $62-$132 | $97 (30%) |

**2026-28 PROJECTIONS**

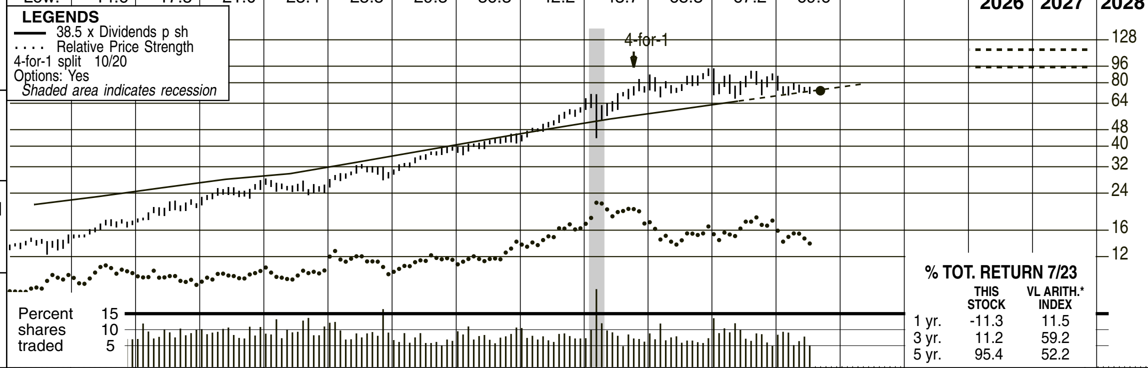
| | Price | Gain | Ann'l Total Return |
|---|---|---|---|
| High | 115 | (+55%) | *14%* |
| Low | 95 | (+30%) | *10%* |

**Institutional Decisions**

| | 3Q2022 | 4Q2022 | 1Q2023 |
|---|---|---|---|
| to Buy | 1081 | 1244 | 1124 |
| to Sell | 945 | 926 | 1029 |
| Hld's(000) | 1525741 | 1566738 | 1589194 |

| | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| High: | 18.1 | 22.4 | 27.7 | 28.2 | 33.0 | 39.8 | 46.1 | 61.3 | 83.3 | 93.7 | 93.6 | 86.5 | |
| Low: | 14.6 | 17.5 | 21.0 | 23.4 | 25.5 | 29.3 | 36.3 | 42.2 | 43.7 | 68.3 | 67.2 | 69.6 | |

**Target Price Range** 2026 | 2027 | 2028




**% TOT. RETURN 7/23**

| | THIS STOCK | VL ARITH.* INDEX |
|---|---|---|
| 1 yr. | -11.3 | 11.5 |
| 3 yr. | 11.2 | 59.2 |
| 5 yr. | 95.4 | 52.2 |

| 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | © VALUE LINE PUB. LLC | 26-28 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 9.37 | 10.03 | 9.45 | 9.10 | 9.22 | 8.41 | 8.70 | 9.61 | 9.48 | 8.63 | 9.13 | 8.75 | 9.82 | 9.18 | 8.70 | 10.55 | ***13.85*** | ***14.55*** | **Revenues per sh** | ***18.00*** |
| 1.71 | 2.01 | 2.19 | 2.41 | 2.32 | 2.17 | 2.63 | 3.03 | 3.23 | 3.24 | 3.03 | 3.84 | 4.22 | 4.52 | 4.70 | 5.30 | ***5.60*** | ***5.95*** | **"Cash Flow" per sh** | ***7.25*** |
| .82 | 1.02 | .99 | 1.19 | 1.21 | 1.14 | 1.21 | 1.40 | 1.52 | 1.45 | 1.63 | 1.67 | 1.94 | 2.31 | 2.55 | 2.90 | ***3.15*** | ***3.40*** | **Earnings per sh A** | ***4.40*** |
| .41 | .45 | .47 | .50 | .55 | .60 | .66 | .73 | .77 | .87 | .98 | 1.11 | 1.25 | 1.40 | 1.54 | 1.70 | ***1.87*** | ***2.06*** | **Div'd Decl'd per sh B ■ †** | ***2.74*** |
| 3.08 | 3.20 | 3.63 | 3.47 | 3.98 | 5.58 | 3.84 | 3.96 | 4.54 | 5.15 | 5.70 | 6.80 | 6.29 | 7.45 | 8.19 | 9.70 | ***9.50*** | ***9.50*** | **Cap'l Spending per sh** | ***9.75*** |
| 6.59 | 7.14 | 7.84 | 8.59 | 8.98 | 9.47 | 10.37 | 11.24 | 12.24 | 13.00 | 14.97 | 17.86 | 18.92 | 18.63 | 18.95 | 19.74 | ***22.20*** | ***23.50*** | **Book Value per sh C** | ***30.00*** |
| 1629.4 | 1635.7 | 1654.5 | 1683.4 | 1664.0 | 1696.0 | 1740.0 | 1772.0 | 1844.0 | 1872.0 | 1884.0 | 1912.0 | 1956.0 | 1960.0 | 1963.0 | 1987.0 | ***2025.0*** | ***2025.0*** | **Common Shs Outst'g D** | ***2050.0*** |
| 18.9 | 14.5 | 13.4 | 10.8 | 11.5 | 14.4 | 16.6 | 17.3 | 16.9 | 20.7 | 21.6 | 24.8 | 26.8 | 28.9 | 31.3 | 27.8 | ***Bold figures are*** | | **Avg Ann'l P/E Ratio** | ***24.0*** |
| 1.00 | .87 | .89 | .69 | .72 | .92 | .93 | .91 | .85 | 1.09 | 1.09 | 1.34 | 1.43 | 1.48 | 1.69 | 1.62 | ***Value Line*** | | **Relative P/E Ratio** | ***1.35*** |
| 2.7% | 3.0% | 3.5% | 3.9% | 4.0% | 3.6% | 3.3% | 3.0% | 3.0% | 2.9% | 2.8% | 2.7% | 2.4% | 2.1% | 1.9% | 2.1% | ***estimates*** | | **Avg Ann'l Div'd Yield** | ***2.6%*** |

**CAPITAL STRUCTURE as of 6/30/23**
**Total Debt** $72173 mill. **Due in 5 Yrs** $29730 mill.
**LT Debt** $60982 mill. **LT Interest** $1568 mill.

(Total Interest coverage: 4.4x)

**Pension Assets-12/22** $4543 mill. **Oblig** $2711 mill.

**Pfd Stock** None

**Common Stock** 2,023,713,997 shs.

**MARKET CAP: $148 billion (Large Cap)**

| 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | | 26-28 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 15136 | 17021 | 17486 | 16155 | 17195 | 16727 | 19204 | 17997 | 17069 | 20956 | ***28000*** | ***29500*** | **Revenues ($mill)** | ***37000*** |
| 2062.0 | 2465.0 | 2752.0 | 2693.0 | 3074.0 | 3200.0 | 3769.0 | 4552.0 | 5021.0 | 5742.0 | ***6380*** | ***6895*** | **Net Profit ($mill)** | ***9035*** |
| 26.9% | 32.3% | 30.8% | 29.3% | 24.4% | 28.6% | 11.7% | 13.0% | 15.0% | 18.2% | ***18.0%*** | ***18.0%*** | **Income Tax Rate** | ***18.0%*** |
| 7.0% | 6.7% | 6.9% | 8.2% | 6.7% | 6.6% | 4.1% | 4.6% | 6.3% | 4.3% | ***4.0%*** | ***4.0%*** | **AFUDC % to Net Profit** | ***4.0%*** |
| 57.1% | 55.0% | 54.2% | 53.3% | 52.7% | 44.0% | 50.4% | 53.5% | 57.8% | 58.5% | ***57.0%*** | ***59.0%*** | **Long-Term Debt Ratio** | ***60.0%*** |
| 42.9% | 45.0% | 45.8% | 46.7% | 47.3% | 56.0% | 49.6% | 46.5% | 42.2% | 41.5% | ***43.0%*** | ***41.0%*** | **Common Equity Ratio** | ***40.0%*** |
| 42009 | 44283 | 49255 | 52159 | 59671 | 60926 | 74548 | 78457 | 88162 | 94485 | ***104975*** | ***116675*** | **Total Capital ($mill)** | ***153100*** |
| 52720 | 55705 | 61386 | 66912 | 72416 | 70334 | 82010 | 91803 | 99348 | 111059 | ***125300*** | ***139350*** | **Net Plant ($mill)** | ***180100*** |
| 6.2% | 7.0% | 6.8% | 6.3% | 6.3% | 6.3% | 6.0% | 6.8% | 6.6% | 6.9% | ***7.0%*** | ***6.5%*** | **Return on Total Cap'l** | ***6.5%*** |
| 11.4% | 12.4% | 12.2% | 11.1% | 10.9% | 9.4% | 10.2% | 12.5% | 13.5% | 14.6% | ***14.0%*** | ***14.5%*** | **Return on Shr. Equity** | ***14.5%*** |
| 11.4% | 12.4% | 12.2% | 11.1% | 10.9% | 9.4% | 10.2% | 12.5% | 13.5% | 14.6% | ***14.0%*** | ***14.5%*** | **Return on Com Equity E** | ***14.5%*** |
| 5.2% | 6.0% | 6.1% | 4.4% | 4.4% | 3.2% | 3.7% | 5.0% | 5.4% | 6.1% | ***6.0%*** | ***5.5%*** | **Retained to Com Eq** | ***5.5%*** |
| 54% | 51% | 50% | 60% | 60% | 66% | 64% | 60% | 60% | 58% | ***59%*** | ***61%*** | **All Div'ds to Net Prof** | ***62%*** |

**ELECTRIC OPERATING STATISTICS**

| | 2020 | 2021 | 2022 |
|---|---|---|---|
| % Change Retail Sales (KWH) | NA | NA | +3.0 |
| Avg. Indust. Use (MWH) | NA | NA | NA |
| Avg. Indust. Revs. per KWH (¢) | NA | NA | NA |
| Capacity at Peak (Mw) | NA | NA | NA |
| Peak Load, Summer (Mw) | NA | NA | NA |
| Annual Load Factor (%) | NA | NA | NA |
| % Change Customers (yr-end) | +1.5 | +1.5 | +1.5 |
| Fixed Charge Cov. (%) | 301 | 284 | 370 |

| **ANNUAL RATES** of change (per sh) | Past 10 Yrs. | Past 5 Yrs. | Est'd '20-'22 to '26-'28 |
|---|---|---|---|
| Revenues | 0.5% | 1.0% | *10.0%* |
| "Cash Flow" | 7.5% | 9.0% | *7.5%* |
| Earnings | 8.0% | 11.0% | *9.5%* |
| Dividends | 11.0% | 12.0% | *10.0%* |
| Book Value | 8.0% | 7.5% | *8.0%* |

| Cal-endar | QUARTERLY REVENUES ($ mill.) Mar.31 | Jun.30 | Sep.30 | Dec.31 | Full Year |
|---|---|---|---|---|---|
| **2020** | 4613 | 4204 | 4785 | 4395 | 17997 |
| **2021** | 3726 | 3927 | 4370 | 5046 | 17069 |
| **2022** | 2890 | 5183 | 6719 | 6164 | 20956 |
| **2023** | 6716 | 7349 | ***7510*** | ***6425*** | ***28000*** |
| **2024** | ***7075*** | ***7750*** | ***7900*** | ***6775*** | ***29500*** |

| Cal-endar | EARNINGS PER SHARE A Mar.31 | Jun.30 | Sep.30 | Dec.31 | Full Year |
|---|---|---|---|---|---|
| **2020** | .59 | .65 | .67 | .40 | 2.31 |
| **2021** | .67 | .71 | .75 | .41 | 2.55 |
| **2022** | .74 | .81 | .85 | .51 | 2.90 |
| **2023** | .84 | .88 | ***.88*** | ***.55*** | ***3.15*** |
| **2024** | ***.86*** | ***.95*** | ***.98*** | ***.61*** | ***3.40*** |

| Cal-endar | QUARTERLY DIVIDENDS PAID B ■ † Mar.31 | Jun.30 | Sep.30 | Dec.31 | Full Year |
|---|---|---|---|---|---|
| **2019** | .3125 | .3125 | .3125 | .3125 | 1.25 |
| **2020** | .35 | .35 | .35 | .35 | 1.40 |
| **2021** | .385 | .385 | .385 | .385 | 1.54 |
| **2022** | .425 | .425 | .425 | .425 | 1.70 |
| **2023** | .4675 | .4675 | | | |

**BUSINESS:** NextEra Energy, Inc. is a holding company for Florida Power & Light Co. (FPL), which provides electricity to roughly 5.8 million customers in eastern, southern, & northwestern Florida. NextEra Energy Resources is a nonregulated power generator with nuclear, gas, & renewables. Has 55% stake in NextEra Energy Partners. Acquired Gulf Power 1/19; Florida City Gas 7/18. Revenue.: residential, about 55%; commercial/industrial/other, 45%. Generating sources: gas, 71%; nuclear, 21%; solar/other, 7%; purchased, 1%. Fuel costs: 30.5% of revenues. '22 depreciation rate: 3.4%. Employs 15,300. Chairman, President and CEO: John W. Ketchum. Inc.: Florida. Address: 700 Universe Blvd., Juno Beach, FL 33408. Tel.: 561-694-4000. Internet: www.nexteraenergy.com.

**NextEra Energy looks on pace for a solid bottom-line gain in 2023.** The company reported June-period adjusted earnings of $0.88 per share, exceeding both our call and the Wall Street consensus by $0.06 and $0.07, respectively. Healthy profit growth of nearly 9% was driven by a 12.1% year-over-year increase in regulatory capital employed by the company's utility, Florida Power & Light (FP&L). That unit's authorized return on equity, achieved through electric rate pricing mechanisms as defined by the state regulatory process, is a healthy 10.8%. The company continues to drive efficiencies across its business segments, while keeping costs in check. We remain comfortable with our full-year 2023 earnings-per-share estimate being just above management's targeted range of $2.98-$3.13.

**The company is the fastest growing electric utility in the U.S., with profits rising about twice the historic norm of its peer group.** Superior fundamentals at FP&L and NextEra's renewable-energy expertise are the main drivers. Florida's population gains, at triple the national average, low unemployment, and high labor participation rate leads to plenty of transmission & distribution work. This, along with reliability and hardiness projects in the hurricane-susceptible state, keep load growth and regulatory capital (i.e., the rate base) rising. FP&L also has the green light from regulators to expand solar capacity within the rate base from 5% of power generation to 35% over the next several years. Meanwhile, the holding company's nonregulated subsidiary, NextEra Energy Resources, is a major nationwide player in the burgeoning renewable-energy arena.

**This issue offers worthwhile total return prospects on a risk-adjusted basis.** Upside potential to the midpoint of our 18-month Target Price Range is also compelling at 30% from the recent quotation. Interest-rate sensitive stocks have been out of favor for the past several months, and NextEra, as the largest electric utility in terms of market capitalization, has not been an exception. Meanwhile, headline risk from the company's minor campaign-finance controversy seems to be dissipating.

*Anthony J. Glennon* *August 11, 2023*

(A) Diluted EPS. Excl. nonrecurring gains/(losses): '11, (6¢); '13, (20¢); '16, 12¢; '17, $1.22¢; '18, $1.80; '20, (83¢); '21, (74¢); '22, (80¢); 1Q-2Q '23, 71¢; disc. ops.: '13, 11¢. EPS may not some to full yr. due to rounding. Next egs. report due late Oct. (B) Div'ds paid in mid-Mar., mid-June, mid-Sept., & mid-Dec. ■ Div'd reinvestment plan avail. † Shareholder investment plan avail. (C) Incl. deferred charges. In '22: $6.38/sh. (D) In mill., adj. for stock split. (E) Rate all'd on com. eq. in '22 (FPL): 9.8%-11.8%; Regulatory Climate: Average.

| | |
|---|---|
| **Company's Financial Strength** | A+ |
| **Stock's Price Stability** | 85 |
| **Price Growth Persistence** | 100 |
| **Earnings Predictability** | 95 |

# NORTHWESTERN NDQ-NWE

| RECENT PRICE | 49.39 | P/E RATIO | 14.3 (Trailing: 16.2; Median: 17.0) | RELATIVE P/E RATIO | 0.89 | DIV'D YLD | 5.2% | VALUE LINE |
|---|---|---|---|---|---|---|---|---|

**TIMELINESS** 4 Raised 10/13/23

**SAFETY** 2 Raised 7/27/18

**TECHNICAL** 5 Lowered 10/20/23

**BETA** .95 (1.00 = Market)

**18-Month Target Price Range**

| Low-High | Midpoint (% to Mid) |
|---|---|
| $48-$74 | $61 (25%) |

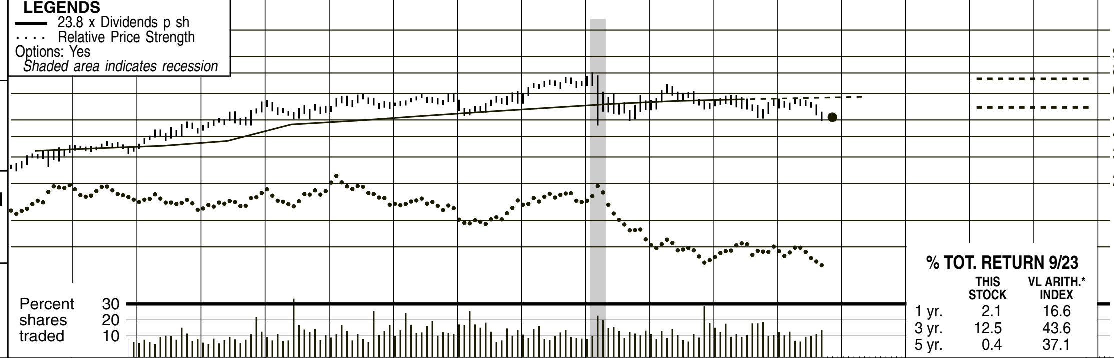
**2026-28 PROJECTIONS**

| | Price | Gain | Ann'l Total Return |
|---|---|---|---|
| High | 75 | (+50%) | 15% |
| Low | 55 | (+10%) | 8% |

**Institutional Decisions**

| | 4Q2022 | 1Q2023 | 2Q2023 |
|---|---|---|---|
| to Buy | 169 | 135 | 157 |
| to Sell | 115 | 123 | 113 |
| Hld's(000) | 57154 | 58097 | 58238 |

| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| High: | 38.0 | 47.2 | 58.7 | 59.7 | 63.8 | 64.5 | 65.7 | 76.7 | 80.5 | 70.8 | 63.1 | 61.2 |
| Low: | 33.0 | 35.1 | 42.6 | 48.4 | 52.2 | 55.7 | 50.0 | 57.3 | 45.1 | 53.2 | 48.7 | 46.0 |




**% TOT. RETURN 9/23**

| | THIS STOCK | VL ARITH.* INDEX |
|---|---|---|
| 1 yr. | 2.1 | 16.6 |
| 3 yr. | 12.5 | 43.6 |
| 5 yr. | 0.4 | 37.1 |

| 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | © VALUE LINE PUB. LLC | 26-28 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 30.79 | 35.09 | 31.72 | 30.66 | 30.80 | 28.76 | 29.80 | 25.68 | 25.21 | 26.01 | 26.45 | 23.81 | 24.93 | 23.70 | 25.38 | 24.74 | ***24.20*** | ***25.80*** | Revenues per sh | ***28.25*** |
| 3.70 | 4.40 | 4.62 | 4.76 | 5.42 | 5.18 | 5.45 | 5.39 | 5.92 | 6.74 | 6.76 | 6.96 | 7.07 | 6.86 | 6.92 | 6.46 | ***6.80*** | ***7.20*** | "Cash Flow" per sh | ***8.35*** |
| 1.44 | 1.77 | 2.02 | 2.14 | 2.53 | 2.26 | 2.46 | 2.99 | 2.90 | 3.39 | 3.34 | 3.40 | 3.53 | 3.21 | 3.50 | 3.29 | ***3.45*** | ***3.60*** | Earnings per sh A | ***4.15*** |
| 1.28 | 1.32 | 1.34 | 1.36 | 1.44 | 1.48 | 1.52 | 1.60 | 1.92 | 2.00 | 2.10 | 2.20 | 2.30 | 2.40 | 2.48 | 2.52 | ***2.56*** | ***2.60*** | Div'd Decl'd per sh B ■ † | ***2.76*** |
| 3.00 | 3.47 | 5.26 | 6.30 | 5.20 | 5.89 | 5.95 | 5.76 | 5.89 | 5.96 | 5.60 | 5.64 | 6.26 | 8.02 | 8.03 | 8.62 | ***8.50*** | ***7.75*** | Cap'l Spending per sh | ***7.00*** |
| 21.12 | 21.25 | 21.86 | 22.64 | 23.68 | 25.09 | 26.60 | 31.50 | 33.22 | 34.68 | 36.44 | 38.60 | 40.42 | 41.10 | 43.28 | 44.61 | ***47.50*** | ***48.50*** | Book Value per sh C | ***52.30*** |
| 38.97 | 35.93 | 36.00 | 36.23 | 36.28 | 37.22 | 38.75 | 46.91 | 48.17 | 48.33 | 49.37 | 50.32 | 50.45 | 50.59 | 54.06 | 59.74 | ***62.00*** | ***62.00*** | Common Shs Outst'g D | ***62.00*** |
| 21.7 | 13.9 | 11.5 | 12.9 | 12.6 | 15.7 | 16.9 | 16.2 | 18.4 | 17.2 | 17.8 | 16.8 | 19.9 | 18.6 | 17.4 | 17.3 | *Bold figures are* | | Avg Ann'l P/E Ratio | ***15.5*** |
| 1.15 | .84 | .77 | .82 | .79 | 1.00 | .95 | .85 | .93 | .90 | .90 | .91 | 1.06 | .96 | .94 | .99 | *Value Line* | | Relative P/E Ratio | ***.85*** |
| 4.1% | 5.4% | 5.7% | 4.9% | 4.5% | 4.2% | 3.7% | 3.3% | 3.6% | 3.4% | 3.5% | 3.9% | 3.3% | 4.0% | 4.1% | 4.4% | *estimates* | | Avg Ann'l Div'd Yield | ***4.3%*** |

**CAPITAL STRUCTURE as of 6/30/23**
**Total Debt** $2668.5 mill. **Due in 5 Yrs** $1111.4 mill.
**LT Debt** $2565.4 mill. **LT Interest** $102.0 mill.
Incl. $7.2 mill. finance leases.
(Total Interest Coverage: 2.5x)

**Pension Assets-12/22** $441.5 mill. **Oblig** $521.8 mill.

**Pfd Stock** None

**Common Stock** 60,041,809 shs. **as of 7/21/23**

**MARKET CAP: $3.0 billion (Mid Cap)**

| 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | | 26-28 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1154.5 | 1204.9 | 1214.3 | 1257.2 | 1305.7 | 1198.1 | 1257.9 | 1198.7 | 1372.3 | 1477.8 | ***1500*** | ***1600*** | Revenues ($mill) | ***1750*** |
| 94.0 | 120.7 | 138.4 | 164.2 | 162.7 | 171.1 | 179.3 | 162.6 | 181.6 | 185.5 | ***210*** | ***225*** | Net Profit ($mill) | ***255*** |
| 13.2% | - - | 13.7% | - - | 7.6% | - - | 1.6% | - - | .9% | - - | ***3.0%*** | ***6.0%*** | Income Tax Rate | ***12.0%*** |
| 8.7% | 8.9% | 9.8% | 4.3% | 5.2% | 3.4% | 4.6% | 6.0% | 14.9% | 18.5% | ***14.0%*** | ***13.0%*** | AFUDC % to Net Profit | ***12.0%*** |
| 53.5% | 53.4% | 53.1% | 52.0% | 50.2% | 52.2% | 52.5% | 52.8% | 52.2% | 48.2% | ***47.5%*** | ***46.5%*** | Long-Term Debt Ratio | ***48.0%*** |
| 46.5% | 46.6% | 46.9% | 48.0% | 49.8% | 47.8% | 47.5% | 47.2% | 47.8% | 51.8% | ***52.5%*** | ***53.5%*** | Common Equity Ratio | ***52.0%*** |
| 2215.7 | 3168.0 | 3408.6 | 3493.9 | 3614.5 | 4064.6 | 4289.8 | 4409.1 | 4893.1 | 5148.3 | ***5625*** | ***5625*** | Total Capital ($mill) | ***6200*** |
| 2690.1 | 3758.0 | 4059.5 | 4214.9 | 4358.3 | 4521.3 | 4700.9 | 4952.9 | 5247.2 | 5657.5 | ***6000*** | ***6250*** | Net Plant ($mill) | ***6725*** |
| 5.5% | 4.8% | 5.2% | 5.9% | 5.6% | 5.2% | 5.2% | 4.6% | 4.6% | 4.5% | ***4.5%*** | ***5.0%*** | Return on Total Cap'l | ***5.0%*** |
| 9.1% | 8.2% | 8.6% | 9.8% | 9.0% | 8.8% | 8.8% | 7.8% | 7.8% | 7.0% | ***7.0%*** | ***7.5%*** | Return on Shr. Equity | ***8.0%*** |
| 9.1% | 8.2% | 8.6% | 9.8% | 9.0% | 8.8% | 8.8% | 7.8% | 7.8% | 7.0% | ***7.0%*** | ***7.5%*** | Return on Com Equity E | ***8.0%*** |
| 3.5% | 3.8% | 3.0% | 4.1% | 3.4% | 3.2% | 3.1% | 2.0% | 2.3% | 1.7% | ***2.0%*** | ***2.0%*** | Retained to Com Eq | ***2.5%*** |
| 61% | 54% | 65% | 58% | 62% | 64% | 64% | 74% | 71% | 76% | ***74%*** | ***72%*** | All Div'ds to Net Prof | ***67%*** |

**ELECTRIC OPERATING STATISTICS**

| | 2020 | 2021 | 2022 |
|---|---|---|---|
| % Change Retail Sales (KWH) | -4.4 | +.7 | +3.7 |
| Avg. Indust. Use (MWH) | 33526 | 31792 | 34079 |
| Avg. Indust. Revs. per KWH (¢) | NA | NA | NA |
| Capacity at Peak (Mw) | NA | NA | NA |
| Peak Load, Winter (Mw) | NA | NA | 2073 |
| Annual Load Factor (%) | NA | NA | NA |
| % Change Customers (yr-end) | +1.2 | +1.6 | +1.5 |
| Fixed Charge Cov. (%) | 247 | 245 | 219 |

| ANNUAL RATES of change (per sh) | Past 10 Yrs. | Past 5 Yrs. | Est'd '20-'22 to '26-'28 |
|---|---|---|---|
| Revenues | -2.0% | -1.0% | *2.5%* |
| "Cash Flow" | 3.0% | 1.0% | *3.5%* |
| Earnings | 3.5% | 1.0% | *3.5%* |
| Dividends | 5.5% | 4.0% | *2.0%* |
| Book Value | 6.0% | 4.5% | *3.5%* |

| Cal-endar | QUARTERLY REVENUES ($ mill.) Mar.31 | Jun.30 | Sep.30 | Dec.31 | Full Year |
|---|---|---|---|---|---|
| 2020 | 335.3 | 269.4 | 280.6 | 313.4 | 1198.7 |
| 2021 | 400.8 | 298.2 | 326.0 | 347.3 | 1372.3 |
| 2022 | 394.5 | 323.0 | 335.1 | 425.2 | 1477.8 |
| 2023 | 454.5 | ***290.5*** | ***325*** | ***430*** | ***1500*** |
| 2024 | ***455*** | ***340*** | ***365*** | ***440*** | ***1600*** |

| Cal-endar | EARNINGS PER SHARE A Mar.31 | Jun.30 | Sep.30 | Dec.31 | Full Year |
|---|---|---|---|---|---|
| 2020 | 1.00 | .43 | .58 | 1.21 | 3.21 |
| 2021 | 1.24 | .59 | .70 | .97 | 3.50 |
| 2022 | 1.08 | .58 | .47 | 1.16 | 3.29 |
| 2023 | 1.10 | .32 | ***.88*** | ***1.15*** | ***3.45*** |
| 2024 | ***1.10*** | ***.50*** | ***.85*** | ***1.15*** | ***3.60*** |

| Cal-endar | QUARTERLY DIVIDENDS PAID B ■ † Mar.31 | Jun.30 | Sep.30 | Dec.31 | Full Year |
|---|---|---|---|---|---|
| 2019 | .575 | .575 | .575 | .575 | 2.30 |
| 2020 | .60 | .60 | .60 | .60 | 2.40 |
| 2021 | .62 | .62 | .62 | .62 | 2.48 |
| 2022 | .63 | .63 | .63 | .63 | 2.52 |
| 2023 | .64 | .64 | .64 | | |

**BUSINESS:** NorthWestern Corporation (doing business as NorthWestern Energy) supplies electricity & gas in the Upper Midwest and Northwest, serving 463,000 electric customers in Montana and South Dakota and 301,000 gas customers in Montana, South Dakota, and Nebraska. Electric revenue breakdown: residential, 45%; commercial, 46%; industrial, 5%; other, 4%. Generating sources: coal, 28%; hydro, 26%; wind, 6%; natural gas, 6%; purchased power, 34%. Fuel costs: 33% of revenues. 2022 reported depreciation rate: 2.8%. Has approximately 1,500 employees. Board Chair: Dana J. Dykhouse. President and CEO: Brian B. Bird. Incorporated: DE. Address: 3010 West 69th Street, Sioux Falls, SD 57108. Telephone: 605-978-2900. Internet: www.northwesternenergy.com.

**Regulators are dragging their feet on approving NorthWestern's settlement agreement for new electric and natural gas rates.** To recap: in early April, the utility worked out an acceptable consensus with the Montana Consumer Counsel, the Montana Large Customer Group, and Walmart, Inc. The settlement has been submitted to the Montana Public Service Commission (MPSC) for the regulatory body's consideration. The MPSC has already granted interim rate hikes, starting from last October, to allow the company to begin the recoupment of some elevated spending. The agreed to base rates would increase annual electric and natural gas revenues by $67.4 million and $14.1 million, respectively. Those levels are predicated on the same authorized returns on equity, namely 9.65% for electric and 9.55% for gas, that were last agreed upon in 2015 and 2017. If the MPSC signs off on the agreement, the utility will have gotten about two-thirds of what it originally filed for in its general rate case. Importantly, NorthWestern would also receive pricing mechanisms geared towards reducing regulatory lag.

**Rate-base expansion should drive growth.** (The rate base is the dollar value of assets for which a utility is allowed to earn a regulated return on.) In June, NorthWestern completed an $83 million, 58-megawatt gas-fired power plant in South Dakota, with the potential for added capacity later. A $275 million, 175-mw gas generation facility in Montana was due to be operational later this year, but was delayed due to environmental permitting troubles. Now cleared, it is expected to come on line in 2024. The company may also add 220 mw of coal-fired generation, assuming it can get regulatory body approval, by doubling its stake in an existing plant at very favorable terms.

**NorthWestern stock, however, is an untimely selection for year-ahead relative price performance.** Rapidly rising yields on Treasury securities has pressured this equity and the stock's of most of the company's peers. We've scaled back our 3- to 5-year Target Price Range for the shares of many utilities, including NWE, on the prospect that the rise in interest rates is more than just a cyclical increase.

*Anthony J. Glennon* *October 20, 2023*

(A) Diluted egs. Excl. nonrec. gains/(losses): '12, 40¢; '15, 27¢; '18, 52¢; '19, 45¢; '20, (15¢); '21, 10¢; '22, (4¢); 1Q-2Q '23, (5¢). Qtly EPS may not sum to full yr. due to rounding. Next egs. report due early Nov. (B) Div'ds paid late Mar., June, Sept. & Dec. ■ Div'd reinvest. plan avail. † Shrhldr. invest. plan avail. (C) Incl. def'd charges. In '22: $17.98/sh. (D) In mill. (E) Rate base: Net orig. cost. Rate allowed on com. eq. in MT in '19 (elec.): 9.65%; in '17 (gas): 9.55%; in SD in '15: none specified; in NE in '07: 10.4%. Reg. Climate: Below Avg.

| | |
|---|---|
| Company's Financial Strength | B++ |
| Stock's Price Stability | 90 |
| Price Growth Persistence | 30 |
| Earnings Predictability | 95 |

# OGE ENERGY CORP. NYSE-OGE

| RECENT PRICE | 34.16 | P/E RATIO | 15.8 (Trailing: 15.6; Median: 18.0) | RELATIVE P/E RATIO | .95 | DIV'D YLD | 4.9% | VALUE LINE |
|---|---|---|---|---|---|---|---|---|

**TIMELINESS** 3 Raised 8/18/23
**SAFETY** 2 Lowered 12/18/15
**TECHNICAL** 3 Raised 7/28/23
**BETA** 1.05 (1.00 = Market)

| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| High: | 30.1 | 40.0 | 39.3 | 36.5 | 34.2 | 37.4 | 41.8 | 45.8 | 46.4 | 38.6 | 42.9 | 40.4 |
| Low: | 25.1 | 27.7 | 32.8 | 24.2 | 23.4 | 32.6 | 29.6 | 38.0 | 23.0 | 29.2 | 33.3 | 33.4 |

**18-Month Target Price Range**

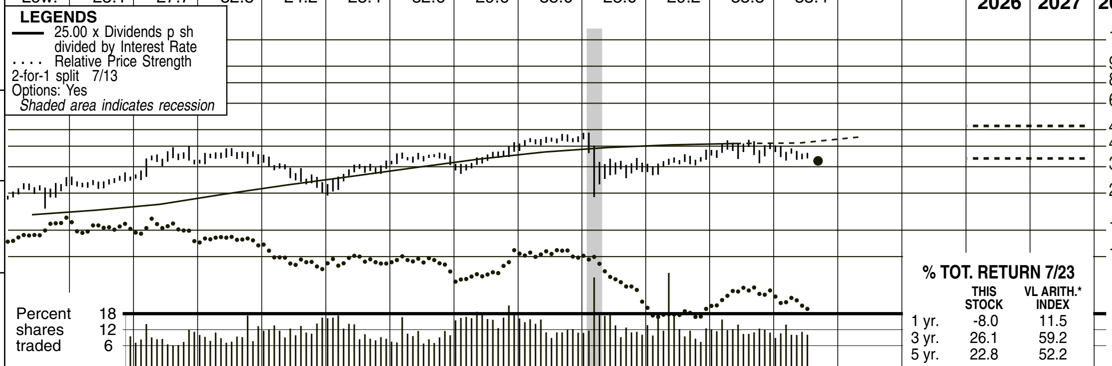
| Low-High | Midpoint (% to Mid) |
|---|---|
| $30-$50 | $40 (15%) |

**2026-28 PROJECTIONS**

| | Price | Gain | Ann'l Total Return |
|---|---|---|---|
| High | 50 | (+45%) | 14% |
| Low | 35 | (Nil) | 6% |

**Institutional Decisions**

| | 4Q2022 | 1Q2023 | 2Q2023 |
|---|---|---|---|
| to Buy | 262 | 183 | 174 |
| to Sell | 155 | 211 | 216 |
| Hld's(000) | 139192 | 139715 | 134247 |




**% TOT. RETURN 7/23**

| | THIS STOCK | VL ARITH.* INDEX |
|---|---|---|
| 1 yr. | -8.0 | 11.5 |
| 3 yr. | 26.1 | 59.2 |
| 5 yr. | 22.8 | 52.2 |

| 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | © VALUE LINE PUB. LLC | 26-28 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 20.68 | 21.77 | 14.79 | 19.04 | 19.96 | 18.58 | 14.45 | 12.30 | 11.00 | 11.31 | 11.32 | 11.37 | 11.15 | 10.61 | 18.26 | 16.86 | ***17.00*** | ***17.50*** | Revenues per sh | ***19.00*** |
| 2.39 | 2.40 | 2.69 | 3.01 | 3.31 | 3.69 | 3.46 | 3.40 | 3.23 | 3.31 | 3.34 | 3.74 | 4.02 | 4.03 | 4.44 | 4.56 | ***4.60*** | ***4.65*** | "Cash Flow" per sh | ***6.25*** |
| 1.32 | 1.25 | 1.33 | 1.50 | 1.73 | 1.79 | 1.94 | 1.98 | 1.69 | 1.69 | 1.92 | 2.12 | 2.24 | 2.08 | 2.36 | 2.25 | ***2.00*** | ***2.15*** | Earnings per sh A | ***3.15*** |
| .68 | .70 | .71 | .73 | .76 | .80 | .85 | .95 | 1.05 | 1.16 | 1.27 | 1.40 | 1.51 | 1.58 | 1.63 | 1.64 | ***1.66*** | ***1.78*** | Div'd Decl'd per sh B ■ | ***1.85*** |
| 3.04 | 4.01 | 4.37 | 4.36 | 6.48 | 5.85 | 4.99 | 2.86 | 2.74 | 3.31 | 4.13 | 2.87 | 3.18 | 3.25 | 3.89 | 5.25 | ***4.75*** | ***4.75*** | Cap'l Spending per sh | ***4.75*** |
| 9.16 | 10.14 | 10.52 | 11.73 | 13.06 | 14.00 | 15.30 | 16.27 | 16.66 | 17.24 | 19.28 | 20.06 | 20.69 | 18.15 | 20.27 | 21.95 | ***22.25*** | ***23.10*** | Book Value per sh C | ***26.00*** |
| 183.60 | 187.00 | 194.00 | 195.20 | 196.20 | 197.60 | 198.50 | 199.40 | 199.70 | 199.70 | 199.70 | 199.70 | 200.10 | 200.10 | 200.10 | 200.20 | ***200.20*** | ***200.20*** | Common Shs Outst'g D | ***200.20*** |
| 13.8 | 12.4 | 10.8 | 13.3 | 14.4 | 15.2 | 17.7 | 18.3 | 17.7 | 17.7 | 18.3 | 16.5 | 19.0 | 16.2 | 14.3 | 17.2 | *Bold figures are* | | Avg Ann'l P/E Ratio | ***14.0*** |
| .73 | .75 | .72 | .85 | .90 | .97 | .99 | .96 | .89 | .93 | .92 | .89 | 1.01 | .83 | .77 | 1.00 | *Value Line* | | Relative P/E Ratio | ***.80*** |
| 3.8% | 4.5% | 5.0% | 3.7% | 3.1% | 2.9% | 2.5% | 2.6% | 3.5% | 3.9% | 3.6% | 4.0% | 3.5% | 4.7% | 4.8% | 4.5% | *estimates* | | Avg Ann'l Div'd Yield | ***4.4%*** |

**CAPITAL STRUCTURE as of 6/30/23**
**Total Debt** $4757.1 mill. **Due in 5 Yrs** $1731.5 mill.
**LT Debt** $4339.0 mill. **LT Interest** $158.7 mill.
(LT interest earned: 4.3x)

**Leases, Uncapitalized** Annual rentals $5.7 mill.

**Pension Assets-12/22** $486.0 mill. **Oblig** $502.9 mill.

**Pfd Stock** None

**Common Stock** 200,287,364 shs.

**MARKET CAP: $6.8 billion (Mid Cap)**

| 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | | 26-28 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2867.7 | 2453.1 | 2196.9 | 2259.2 | 2261.1 | 2270.3 | 2231.6 | 2122.3 | 3653.7 | 3375.7 | ***3400*** | ***3500*** | Revenues ($mill) | ***3800*** |
| 387.6 | 395.8 | 337.6 | 338.2 | 384.3 | 425.5 | 449.6 | 415.9 | 472.5 | 452.5 | ***410*** | ***430*** | Net Profit ($mill) | ***630*** |
| 24.9% | 30.4% | 29.2% | 30.5% | 32.5% | 14.5% | 7.4% | 13.2% | 11.5% | 12.0% | ***12.0%*** | ***12.0%*** | Income Tax Rate | ***12.0%*** |
| 2.6% | 1.7% | 3.7% | 6.4% | 15.0% | 8.3% | 1.6% | 1.6% | 2.2% | 2.0% | ***2.0%*** | ***2.0%*** | AFUDC % to Net Profit | ***2.0%*** |
| 43.1% | 45.9% | 44.3% | 41.1% | 41.7% | 42.0% | 43.6% | 49.0% | 52.6% | 49.8% | ***52.0%*** | ***52.0%*** | Long-Term Debt Ratio | ***50.0%*** |
| 56.9% | 54.1% | 55.7% | 58.9% | 58.3% | 58.0% | 56.4% | 51.0% | 47.4% | 52.4% | ***48.0%*** | ***48.0%*** | Common Equity Ratio | ***50.0%*** |
| 5337.2 | 5999.7 | 5971.6 | 5849.6 | 6600.7 | 6902.0 | 7334.7 | 7126.2 | 8552.7 | 8962.0 | ***9400*** | ***9750*** | Total Capital ($mill) | ***10400*** |
| 6672.8 | 6979.9 | 7322.4 | 7696.2 | 8339.9 | 8643.8 | 9044.6 | 9374.6 | 9832.9 | 10546.8 | ***10830*** | ***11000*** | Net Plant ($mill) | ***12075*** |
| 8.6% | 7.8% | 6.9% | 7.0% | 7.0% | 7.3% | 7.1% | 6.9% | 6.4% | 5.9% | ***6.5%*** | ***6.5%*** | Return on Total Cap'l | ***7.5%*** |
| 12.8% | 12.2% | 10.2% | 9.8% | 10.0% | 10.6% | 10.9% | 11.5% | 11.6% | 11.0% | ***12.0%*** | ***12.0%*** | Return on Shr. Equity | ***13.0%*** |
| 12.8% | 12.2% | 10.2% | 9.8% | 10.0% | 10.6% | 10.9% | 11.5% | 11.6% | 11.0% | ***12.0%*** | ***12.0%*** | Return on Com Equity E | ***13.0%*** |
| 7.3% | 6.5% | 4.0% | 3.3% | 3.5% | 3.8% | 3.6% | 2.8% | 3.6% | 3.0% | ***4.5%*** | ***4.5%*** | Retained to Com Eq | ***5.5%*** |
| 43% | 47% | 61% | 67% | 64% | 64% | 67% | 76% | 69% | 73% | ***81%*** | ***81%*** | All Div'ds to Net Prof | ***57%*** |

**ELECTRIC OPERATING STATISTICS**

| | 2020 | 2021 | 2022 |
|---|---|---|---|
| % Change Retail Sales (KWH) | -4.9 | +2.6 | +8.3 |
| Avg. Indust. Use (MWH) | NA | NA | NA |
| Avg. Indust. Revs. per KWH (¢) | 4.40 | 7.68 | NA |
| Capacity at Peak (Mw) | NA | NA | NA |
| Peak Load, Summer (Mw) | 6437 | NA | NA |
| Annual Load Factor (%) | NA | NA | NA |
| % Change Customers (yr-end) | +1.1 | +1.4 | NA |
| Fixed Charge Cov. (%) | 326 | 336 | 335 |

| ANNUAL RATES of change (per sh) | Past 10 Yrs. | Past 5 Yrs. | Est'd '20-'22 to '26-'28 |
|---|---|---|---|
| Revenues | -3.0% | 5.0% | *5.5%* |
| "Cash Flow" | 2.5% | 5.0% | *7.0%* |
| Earnings | 3.0% | 4.5% | *6.5%* |
| Dividends | 7.5% | 6.5% | *3.0%* |
| Book Value | 4.0% | 1.5% | *5.5%* |

| Cal-endar | QUARTERLY REVENUES ($ mill.) Mar.31 | Jun.30 | Sep.30 | Dec.31 | Full Year |
|---|---|---|---|---|---|
| 2020 | 431.3 | 503.5 | 702.1 | 485.4 | 2122.3 |
| 2021 | 1630 | 577.4 | 864.4 | 581.3 | 3653.7 |
| 2022 | 589.3 | 803.7 | 1270 | 711.9 | 3375.7 |
| 2023 | 557.2 | 605 | ***1350*** | ***887.8*** | ***3400*** |
| 2024 | ***650*** | ***750*** | ***1300*** | ***800*** | ***3500*** |

| Cal-endar | EARNINGS PER SHARE A Mar.31 | Jun.30 | Sep.30 | Dec.31 | Full Year |
|---|---|---|---|---|---|
| 2020 | .23 | .51 | 1.04 | .30 | 2.08 |
| 2021 | .26 | .56 | 1.26 | .28 | 2.36 |
| 2022 | .33 | .36 | 1.31 | .25 | 2.25 |
| 2023 | .19 | .44 | ***1.15*** | ***.22*** | ***2.00*** |
| 2024 | ***.35*** | ***.30*** | ***1.25*** | ***.25*** | ***2.15*** |

| Cal-endar | QUARTERLY DIVIDENDS PAID B ■ Mar.31 | Jun.30 | Sep.30 | Dec.31 | Full Year |
|---|---|---|---|---|---|
| 2019 | .365 | .365 | .365 | .388 | 1.48 |
| 2020 | .3875 | .3875 | .3875 | .4025 | 1.57 |
| 2021 | .4025 | .4025 | .4025 | .41 | 1.62 |
| 2022 | .41 | .41 | .41 | .4141 | 1.64 |
| 2023 | .4141 | .4141 | .4141 | | |

**BUSINESS:** OGE Energy Corp. is a holding company for Oklahoma Gas and Electric Company (OG&E), which supplies electricity to 879,000 customers in Oklahoma (84% of electric revenues) and western Arkansas (8%); wholesale is (8%). Owns 3% of Energy Transfer's limited partnership units. Electric revenue breakdown: residential, 44%; commercial, 25%; industrial, 11%; oilfield, 10%; other, 10%. Generating sources: gas, 25%; coal, 21%; wind, 6%; purchased, 48%. Fuel costs: 58% of revenues. '22 reported depreciation rate (utility): 2.6%. Has 2,200 employees. Chairman, President and Chief Executive Officer: Sean Trauschke. Incorporated: Oklahoma. Address: 321 North Harvey, P.O. Box 321, Oklahoma City, OK 73101-0321. Tel.: 405-553-3000. Internet: www.oge.com.

**OGE Energy's utility subsidiary remains active from a regulatory standpoint.** In June, Oklahoma Gas and Electric (OG&E) filed for approval to replace two aging power generation units at the Horseshoe Lake power plant. The units have been in service for over 60 years, and are the oldest in the utility's generation fleet. OG&E also plans to file a rate review in Oklahoma by the end of 2023. Rate relief should continue to be a main driver to performance over the next few years.

**OGE's exit from the natural gas midstream arena seems to be improving earnings prospects.** Second-quarter profits of $0.44 per share came in right at our and Wall Street's estimate. The bottom line rose 20% compared to the same period in 2022, largely due to weakness in the natural gas midstream segment, which was exited last year. Meanwhile, commercial growth increased 16.5% and the utility is on track to deliver 2023 retail load growth between 4% to 5%. We look for full-year 2023 profits of $2.00 per share, which is at the midpoint of OGE Energy's targeted range of $1.93-$2.07, and in line with its long-term earnings per share growth forecast of 5%-7% annually, based on original 2021 guidance on a consolidated basis.

**Earnings growth ought to continue over the next few years.** We think OGE's prospects as a pure-play electric utility will improve, and rate relief should also help boost the bottom line over that interim. Too, the Inflation Reduction Act will likely benefit the challenging macroeconomic environment, and provide assistance in the transition to offering affordable, clean energy. As a result, we think profits will recover to $2.15 per share in 2024, and $3.15 by 2026-2028.

**This issue was recently upgraded one notch in our Timeliness Ranking System to 3 (Average).** Income-oriented accounts may be attracted to this stock. Indeed, these shares boast a quarterly dividend yield of 4.9%. This sits comfortably above the utility average, which is one of the highest dividend-paying industries in the market. On the other hand, total return potential remains unappealing for the 18-month and 3- to 5-year periods.

*Zachary J. Hodgkinson September 8, 2023*

**(A)** Diluted EPS. Excl. nonrecurring gains (losses): '15, (33¢); '17, $1.18; '19, (8¢); '20, ($2.95); '21, $1.32; '22, $1.06; gain on discont. ops.: '19 & '21 EPS don't sum due to rounding. Next earnings report due early Nov. **(B)** Div'ds historically paid in late Jan., Apr., July, & Oct. ■ Div'd reinvestment plan avail. **(C)** Incl. deferred charges. In '22: $6.15/sh. **(D)** In mill., adj. for split. **(E)** Rate base: Net original cost. Rate allowed on com. eq. in OK in '19: 9.5%; in AR in '18: 9.5%; earned on avg. com. eq., '21: 12.7%. Regulatory Climate: Average.

| | |
|---|---|
| Company's Financial Strength | A |
| Stock's Price Stability | 85 |
| Price Growth Persistence | 25 |
| Earnings Predictability | 95 |

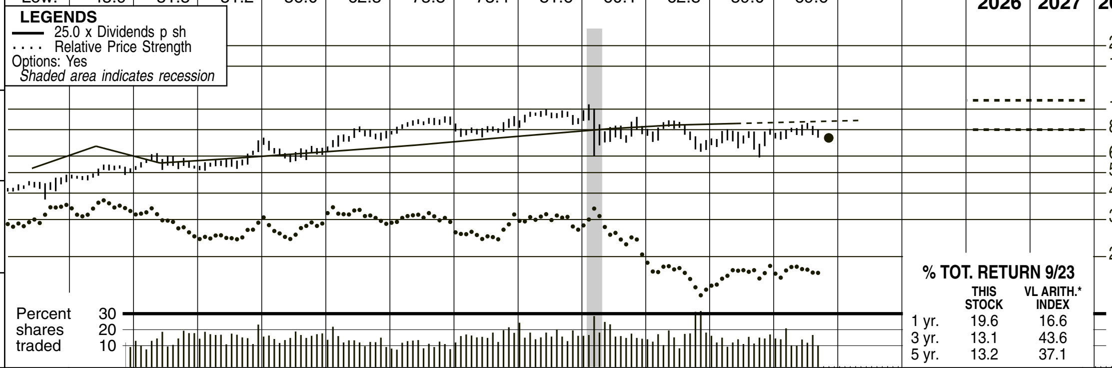
# PINNACLE WEST NYSE-PNW

| RECENT PRICE | P/E RATIO | | RELATIVE P/E RATIO | DIV'D YLD | |
|---|---|---|---|---|---|
| 73.04 | 17.1 | (Trailing: 20.4 Median: 17.0) | 1.07 | 4.8% | VALUE LINE |

**TIMELINESS** 5 Lowered 10/13/23
**SAFETY** 2 Lowered 10/22/21
**TECHNICAL** 3 Lowered 10/20/23
**BETA** .95 (1.00 = Market)

| | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| High: | 54.7 | 61.9 | 71.1 | 73.3 | 82.8 | 92.5 | 92.6 | 99.8 | 105.5 | 88.5 | 80.6 | 86.0 |
| Low: | 45.9 | 51.5 | 51.2 | 56.0 | 62.5 | 75.8 | 73.4 | 81.6 | 60.1 | 62.8 | 59.0 | 69.6 |

**Target Price Range**
2026 | 2027 | 2028




**18-Month Target Price Range**

| Low-High | Midpoint (% to Mid) |
|---|---|
| $68-$107 | $88 (20%) |

**2026-28 PROJECTIONS**

| | Price | Gain | Ann'l Total Return |
|---|---|---|---|
| High | 110 | (+50%) | 14% |
| Low | 80 | (+10%) | 7% |

**Institutional Decisions**

| | 4Q2022 | 1Q2023 | 2Q2023 |
|---|---|---|---|
| to Buy | 299 | 243 | 201 |
| to Sell | 175 | 222 | 237 |
| Hld's(000) | 97877 | 98017 | 97185 |

**% TOT. RETURN 9/23**

| | THIS STOCK | VL ARITH.* INDEX |
|---|---|---|
| 1 yr. | 19.6 | 16.6 |
| 3 yr. | 13.1 | 43.6 |
| 5 yr. | 13.2 | 37.1 |

| 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | © VALUE LINE PUB. LLC | 26-28 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 35.07 | 33.37 | 32.50 | 30.01 | 29.67 | 30.09 | 31.35 | 31.58 | 31.50 | 31.42 | 31.90 | 32.93 | 30.87 | 31.81 | 33.66 | 38.21 | **40.75** | **40.05** | Revenues per sh | **41.65** |
| 9.29 | 8.13 | 8.08 | 6.85 | 7.52 | 7.92 | 8.15 | 8.09 | 9.09 | 9.39 | 9.79 | 11.41 | 11.13 | 10.86 | 12.23 | 13.44 | **13.30** | **13.30** | "Cash Flow" per sh | **15.00** |
| 2.96 | 2.12 | 2.26 | 3.08 | 2.99 | 3.50 | 3.66 | 3.58 | 3.92 | 3.95 | 4.43 | 4.54 | 4.77 | 4.87 | 5.47 | 4.26 | **4.20** | **4.50** | Earnings per sh A | **5.70** |
| 2.10 | 2.10 | 2.10 | 2.10 | 2.10 | 2.67 | 2.23 | 2.33 | 2.44 | 2.56 | 2.70 | 2.87 | 3.04 | 3.23 | 3.36 | 3.42 | **3.48** | **3.54** | Div'd Decl'd per sh B ■ | **3.75** |
| 9.37 | 9.46 | 7.64 | 7.03 | 8.26 | 8.24 | 9.36 | 8.38 | 9.84 | 11.64 | 12.80 | 10.73 | 10.76 | 11.93 | 13.04 | 15.09 | **14.50** | **15.00** | Cap'l Spending per sh | **15.00** |
| 35.15 | 34.16 | 32.69 | 33.86 | 34.98 | 36.20 | 38.07 | 39.50 | 41.30 | 43.15 | 44.80 | 46.59 | 48.30 | 49.96 | 52.26 | 53.45 | **54.10** | **56.75** | Book Value per sh C | **62.00** |
| 100.49 | 100.89 | 101.43 | 108.77 | 109.25 | 109.74 | 110.18 | 110.57 | 110.98 | 111.34 | 111.75 | 112.10 | 112.44 | 112.76 | 113.01 | 113.17 | **113.50** | **118.00** | Common Shs Outst'g D | **120.00** |
| 14.9 | 16.1 | 13.7 | 12.6 | 14.6 | 14.3 | 15.3 | 15.9 | 16.0 | 18.7 | 19.3 | 17.8 | 19.4 | 16.7 | 14.1 | 17.1 | *Bold figures are* | | Avg Ann'l P/E Ratio | **16.5** |
| .79 | .97 | .91 | .80 | .92 | .91 | .86 | .84 | .81 | .98 | .97 | .96 | 1.03 | .86 | .76 | .99 | *Value Line* | | Relative P/E Ratio | **.90** |
| 4.8% | 6.2% | 6.8% | 5.4% | 4.8% | 5.3% | 4.0% | 4.1% | 3.9% | 3.5% | 3.2% | 3.5% | 3.3% | 4.0% | 4.3% | 4.7% | *estimates* | | Avg Ann'l Div'd Yield | **4.0%** |

**CAPITAL STRUCTURE as of 6/30/23**
**Total Debt** $8788.6 mill. **Due in 5 Yrs** $2100.7 mill.
**LT Debt** $8164.3 mill. **LT Interest** $395.0 mill.
(Total Interest Coverage: 2.8x)

**Leases, Uncapitalized** Annual rentals $18.1 mill.

**Pension Assets-12/22** $2829.5 mill.
**Oblig** $2809.5 mill.
**Pfd Stock** None

**Common Stock** 113,312,203 shs.
**as of 7/28/23**
**MARKET CAP: $8.3 billion (Mid Cap)**

| 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | | 26-28 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 3454.6 | 3491.6 | 3495.4 | 3498.7 | 3565.3 | 3691.2 | 3471.2 | 3587.0 | 3803.8 | 4324.4 | **4625** | **4725** | Revenues ($mill) | **5000** |
| 406.1 | 397.6 | 437.3 | 442.0 | 497.8 | 511.0 | 538.3 | 550.6 | 618.7 | 483.6 | **475** | **525** | Net Profit ($mill) | **685** |
| 34.4% | 34.2% | 34.3% | 33.9% | 32.5% | 20.2% | - - | 12.1% | 14.8% | 13.0% | **11.0%** | **12.0%** | Income Tax Rate | **14.0%** |
| 10.0% | 11.6% | 11.8% | 14.1% | 13.9% | 15.2% | 9.3% | 9.5% | 10.1% | 15.2% | **14.0%** | **13.0%** | AFUDC % to Net Profit | **12.0%** |
| 40.0% | 41.0% | 43.0% | 45.6% | 48.9% | 47.0% | 47.1% | 52.8% | 53.9% | 56.1% | **56.0%** | **52.5%** | Long-Term Debt Ratio | **56.0%** |
| 60.0% | 59.0% | 57.0% | 54.4% | 51.1% | 53.0% | 52.9% | 47.2% | 46.1% | 43.9% | **44.0%** | **47.5%** | Common Equity Ratio | **44.0%** |
| 6990.9 | 7398.7 | 8046.3 | 8825.4 | 9796.4 | 9861.1 | 10263 | 11948 | 12820 | 13790 | **13950** | **14100** | Total Capital ($mill) | **16900** |
| 10889 | 11194 | 11809 | 12714 | 13445 | 14030 | 14523 | 15159 | 15987 | 16854 | **17475** | **18200** | Net Plant ($mill) | **20200** |
| 7.1% | 6.4% | 6.4% | 6.0% | 6.1% | 6.2% | 6.3% | 5.5% | 5.8% | 4.5% | **4.5%** | **5.0%** | Return on Total Cap'l | **5.0%** |
| 9.7% | 9.1% | 9.5% | 9.2% | 9.9% | 9.8% | 9.9% | 9.8% | 10.5% | 8.0% | **7.5%** | **8.0%** | Return on Shr. Equity | **9.5%** |
| 9.7% | 9.1% | 9.5% | 9.2% | 9.9% | 9.8% | 9.9% | 9.8% | 10.5% | 8.0% | **7.5%** | **8.0%** | Return on Com Equity E | **9.5%** |
| 4.1% | 3.5% | 3.9% | 3.5% | 4.2% | 3.9% | 3.8% | 3.5% | 4.2% | 1.7% | **1.5%** | **1.5%** | Retained to Com Eq | **3.0%** |
| 58% | 62% | 59% | 62% | 58% | 60% | 61% | 64% | 60% | 78% | **83%** | **78%** | All Div'ds to Net Prof | **66%** |

**ELECTRIC OPERATING STATISTICS**

| | 2020 | 2021 | 2022 |
|---|---|---|---|
| % Change Retail Sales (KWH) | +5.0 | -.1 | +4.4 |
| Avg. Indust. Use (MWH) | 766 | 808 | 849 |
| Avg. Indust. Revs. per KWH (¢) | 7.62 | 8.11 | 9.20 |
| Capacity at Peak (Mw) | 9094 | 8726 | 8612 |
| Peak Load, Summer (Mw) | 7660 | 7580 | 7587 |
| Annual Load Factor (%) | 45.5 | 45.9 | 48.1 |
| % Change Customers (yr-end) | +2.3 | +2.2 | +2.1 |
| Fixed Charge Cov. (%) | 318 | 317 | 226 |

| ANNUAL RATES of change (per sh) | Past 10 Yrs. | Past 5 Yrs. | Est'd '20-'22 to '26-'28 |
|---|---|---|---|
| Revenues | 1.5% | 2.0% | *3.0%* |
| "Cash Flow" | 5.0% | 5.5% | *3.5%* |
| Earnings | 4.5% | 3.5% | *2.5%* |
| Dividends | 4.0% | 5.5% | *2.0%* |
| Book Value | 4.0% | 4.0% | *3.0%* |

| Cal-endar | QUARTERLY REVENUES ($ mill.) Mar.31 | Jun.30 | Sep.30 | Dec.31 | Full Year |
|---|---|---|---|---|---|
| 2020 | 661.9 | 929.6 | 1254.5 | 741.0 | 3587.0 |
| 2021 | 696.5 | 1000.2 | 1308.2 | 798.9 | 3803.8 |
| 2022 | 783.5 | 1061.7 | 1469.9 | 1009.3 | 4324.4 |
| 2023 | 945.0 | ***1121.7*** | ***1510*** | ***1048.3*** | ***4625*** |
| 2024 | ***965*** | ***1135*** | ***1540*** | ***1085*** | ***4725*** |

| Cal-endar | EARNINGS PER SHARE A Mar.31 | Jun.30 | Sep.30 | Dec.31 | Full Year |
|---|---|---|---|---|---|
| 2020 | .27 | 1.71 | 3.07 | d.17 | 4.87 |
| 2021 | .32 | 1.91 | 3.00 | .24 | 5.47 |
| 2022 | .15 | 1.45 | 2.88 | d.21 | 4.26 |
| 2023 | d.03 | ***.94*** | ***3.30*** | ***d.01*** | ***4.20*** |
| 2024 | ***.05*** | ***1.35*** | ***3.11*** | ***d.01*** | ***4.50*** |

| Cal-endar | QUARTERLY DIVIDENDS PAID B ■ Mar.31 | Jun.30 | Sep.30 | Dec.31 | Full Year |
|---|---|---|---|---|---|
| 2019 | .737 | .738 | .738 | .782 | 3.00 |
| 2020 | .783 | .783 | .783 | .83 | 3.18 |
| 2021 | .83 | .83 | .83 | .85 | 3.34 |
| 2022 | .85 | .85 | .85 | .85 | 3.40 |
| 2023 | .865 | .865 | .865 | | |

**BUSINESS:** Pinnacle West Capital Corporation is a holding company for Arizona Public Service Company (APS), which supplies electricity to 1.3 million customers in most of Arizona, except about half of the Phoenix metro area, the Tucson metro area, and Mohave County in northwestern Arizona. Discontinued SunCor real estate subsidiary in '10. Electric revenue breakdown: residential, 47%; commercial/industrial, 41%; other, 12%. Generating sources: gas, 25%; nuclear, 24%; coal, 20%; renewables, 12%; purchased, 19%. Fuel costs: 38% of revenues. '22 reported deprec. rate: 3.03%. Has 5,861 employees. Chairman, President & CEO: Jeffrey B. Guldner. Inc.: AZ. Address: 400 North Fifth St., P.O. Box 53999, Phoenix, AZ 85072-3999. Tel.: 602-250-1000. Internet: www.pinnaclewest.com.

**Pinnacle West should see a resumption of annual earnings growth in 2024.** After a weak start to this year due to higher operating and maintenance expense and mild weather, a heat wave took hold in July and the company benefited from a court ruling that allowed for the inclusion within its rate base of money spent to clean up emissions at a coal plant. The judiciary appeal win resulted in a surcharge on customers bills beginning July 1st. Higher electric demand from the heat wave, plus the surcharge, prompted management to raise this year's earnings projection from $3.95-$4.15 per share to $4.10-$4.30. Relative to last year, this year's bottom line is suffering from higher retirement contributions, prompted by last year's decline in equity and bond markets, and higher interest expense. Full-year profits should be up next year given the likelihood of higher electric rates.

**A pending general rate case could help restore some of the earnings power lost last year.** Rate relief is due at the start of 2024, but how much? From early 2022, the company has been operating under revised regulatory parameters that cut its allowed return on equity (ROE) from 10% to a nationwide low of 8.7%. The change effectively reduced the utility's annual earning power by about $1.00 per share. Pinnacle is requesting its ROE be restored near the former level. The company is also seeking an expansion in the use of automatic pricing mechanisms to cut regulatory lag in the recoupment of investments it's planning to make in support of Arizona's clean-energy objectives. A decision from a revamped state regulatory commission, which has a few new members and a different chairperson because of term limits, is due by year's end. A March appeals court decision has restored some of the company's former ROE, now at 8.9%, as the bench ruled that the regulatory commission overstepped its bounds by penalizing the utility for "poor customer service."

**These shares, however, are untimely.** PNW is down 11% over the past three months, in concert with its industry peers and other interest rate sensitive stocks. The dividend yield, 45 basis points above the industry median, may be a draw.

*Anthony J. Glennon* *October 20, 2023*

**(A)** Diluted EPS. Excl. nonrec. gain/(loss): '09, ($1.45); '17, 8¢; gains/(losses) from discont. ops.: '06, 10¢; '08, 28¢; '09, (13¢); '10, 18¢; '11, 10¢; '12, (5¢). '20 and '22 qtly. EPS don't sum due to rounding. Next egs. report due early Nov. **(B)** Div'ds historically paid in early Mar., June, Sept., & Dec. There were 5 declarations in '12. ■ Div'd reinvestment plan avail. **(C)** Incl. deferred charges/other intangibles. In '22: $17.54/sh. **(D)** In mill. **(E)** Rate base: Fair value. Rate allowed on common equity in '23: 8.9%. Regulatory Climate: Below Average.

| | |
|---|---|
| **Company's Financial Strength** | A |
| **Stock's Price Stability** | 85 |
| **Price Growth Persistence** | 45 |
| **Earnings Predictability** | 90 |

# PORTLAND GENERAL NYSE-POR

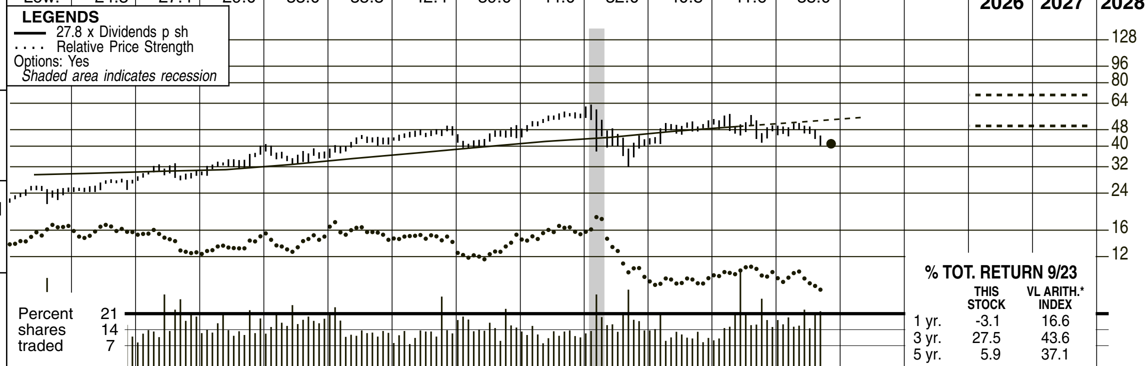
| RECENT PRICE | 41.13 | P/E RATIO | 15.2 (Trailing: 15.9 / Median: 18.0) | RELATIVE P/E RATIO | 0.95 | DIV'D YLD | 4.8% | VALUE LINE |
|---|---|---|---|---|---|---|---|---|

**TIMELINESS** 5 Lowered 8/11/23
**SAFETY** 2 Raised 10/22/21
**TECHNICAL** 4 Lowered 9/15/23
**BETA** .90 (1.00 = Market)

| | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| High: | 28.1 | 33.3 | 40.3 | 41.0 | 45.2 | 50.1 | 50.4 | 58.4 | 63.1 | 53.1 | 57.0 | 51.6 |
| Low: | 24.3 | 27.4 | 29.0 | 33.0 | 35.3 | 42.4 | 39.0 | 44.0 | 32.0 | 40.8 | 41.6 | 38.0 |

**Target Price Range**

| 2026 | 2027 | 2028 |
|---|---|---|




**18-Month Target Price Range**

| Low-High | Midpoint (% to Mid) |
|---|---|
| $37-$63 | $50 (20%) |

**2026-28 PROJECTIONS**

| | Price | Gain | Ann'l Total Return |
|---|---|---|---|
| High | 70 | (+70%) | 18% |
| Low | 50 | (+20%) | 10% |

**Institutional Decisions**

| | 4Q2022 | 1Q2023 | 2Q2023 |
|---|---|---|---|
| to Buy | 207 | 184 | 189 |
| to Sell | 157 | 173 | 170 |
| Hld's(000) | 98285 | 101190 | 103597 |

Percent shares traded 21 / 14 / 7

**% TOT. RETURN 9/23**

| | THIS STOCK | VL ARITH.* INDEX |
|---|---|---|
| 1 yr. | -3.1 | 16.6 |
| 3 yr. | 27.5 | 43.6 |
| 5 yr. | 5.9 | 37.1 |

| 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | © VALUE LINE PUB. LLC | 26-28 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 27.87 | 27.89 | 23.99 | 23.67 | 24.06 | 23.89 | 23.18 | 24.29 | 21.38 | 21.62 | 22.54 | 22.30 | 23.75 | 23.96 | 26.80 | 29.65 | ***28.15*** | ***29.40*** | **Revenues per sh** | ***32.35*** |
| 5.21 | 4.71 | 4.07 | 4.82 | 4.96 | 5.15 | 4.93 | 6.08 | 5.37 | 5.78 | 6.16 | 6.65 | 6.97 | 7.83 | 7.25 | 7.41 | ***7.00*** | ***7.75*** | **"Cash Flow" per sh** | ***9.30*** |
| 2.33 | 1.39 | 1.31 | 1.66 | 1.95 | 1.87 | 1.77 | 2.18 | 2.04 | 2.16 | 2.29 | 2.37 | 2.39 | 2.75 | 2.72 | 2.74 | ***2.70*** | ***3.00*** | **Earnings per sh A** | ***3.65*** |
| .93 | .97 | 1.01 | 1.04 | 1.06 | 1.08 | 1.10 | 1.12 | 1.18 | 1.26 | 1.34 | 1.43 | 1.52 | 1.59 | 1.70 | 1.79 | ***1.88*** | ***1.98*** | **Div'd Decl'd per sh B ■ †** | ***2.36*** |
| 7.28 | 6.12 | 9.25 | 5.97 | 3.98 | 4.01 | 8.40 | 12.87 | 6.73 | 6.57 | 5.77 | 6.67 | 6.78 | 8.76 | 7.11 | 8.58 | ***12.00*** | ***10.75*** | **Cap'l Spending per sh** | ***11.00*** |
| 21.05 | 21.64 | 20.50 | 21.14 | 22.07 | 22.87 | 23.30 | 24.43 | 25.43 | 26.35 | 27.11 | 28.07 | 28.99 | 29.18 | 30.28 | 31.13 | ***33.95*** | ***35.00*** | **Book Value per sh C** | ***38.70*** |
| 62.53 | 62.58 | 75.21 | 75.32 | 75.36 | 75.56 | 78.09 | 78.23 | 88.79 | 88.95 | 89.11 | 89.27 | 89.39 | 89.54 | 89.41 | 89.28 | ***101.50*** | ***102.00*** | **Common Shs Outst'g D** | ***102.00*** |
| 11.9 | 16.3 | 14.4 | 12.0 | 12.4 | 14.0 | 16.9 | 15.3 | 17.7 | 19.1 | 20.0 | 18.4 | 22.3 | 16.6 | 17.7 | 18.2 | ***Bold figures are*** | | **Avg Ann'l P/E Ratio** | ***16.5*** |
| .63 | .98 | .96 | .76 | .78 | .89 | .95 | .81 | .89 | 1.00 | 1.01 | .99 | 1.19 | .85 | .96 | 1.06 | ***Value Line*** | | **Relative P/E Ratio** | ***.90*** |
| 3.3% | 4.3% | 5.4% | 5.2% | 4.4% | 4.1% | 3.7% | 3.3% | 3.3% | 3.1% | 2.9% | 3.3% | 2.8% | 3.5% | 3.5% | 3.6% | ***estimates*** | | **Avg Ann'l Div'd Yield** | ***3.9%*** |

**CAPITAL STRUCTURE as of 6/30/23**
**Total Debt** $3938 mill. **Due in 5 Yrs** $520 mill.
**LT Debt** $3778 mill. **LT Interest** $155 mill.
Incl. $292 mill. finance leases.
(Total Interest Coverage: 2.7x)
**Leases, Uncapitalized** Annual rentals $4 mill.
**Pension Assets-12/22** $547 mill. **Oblig** $695 mill.
**Pfd Stock** None

**Common Stock** 101,094,514 shs. **as of 7/20/23**

**MARKET CAP: $4.2 billion (Mid Cap)**

| 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | | 26-28 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1810.0 | 1900.0 | 1898.0 | 1923.0 | 2009.0 | 1991.0 | 2123.0 | 2145.0 | 2396.0 | 2647.0 | ***2855*** | ***3000*** | **Revenues ($mill)** | ***3300*** |
| 137.0 | 175.0 | 172.0 | 193.0 | 204.0 | 212.0 | 214.0 | 247.0 | 244.0 | 245.0 | ***255*** | ***305*** | **Net Profit ($mill)** | ***375*** |
| 23.2% | 26.0% | 20.7% | 20.6% | 25.3% | 7.4% | 11.2% | 12.4% | 8.6% | 15.2% | ***17.5%*** | ***17.5%*** | **Income Tax Rate** | ***17.5%*** |
| 14.6% | 33.7% | 19.8% | 16.6% | 8.8% | 8.0% | 7.0% | 9.7% | 10.2% | 8.6% | ***10.0%*** | ***9.0%*** | **AFUDC % to Net Profit** | ***8.5%*** |
| 51.3% | 52.7% | 47.8% | 48.4% | 50.1% | 46.5% | 51.3% | 53.6% | 56.8% | 57.0% | ***54.5%*** | ***53.5%*** | **Long-Term Debt Ratio** | ***54.5%*** |
| 48.7% | 47.3% | 52.2% | 51.6% | 49.9% | 53.5% | 48.7% | 46.4% | 43.2% | 43.0% | ***45.5%*** | ***46.5%*** | **Common Equity Ratio** | ***45.5%*** |
| 3735.0 | 4037.0 | 4329.0 | 4544.0 | 4842.0 | 4684.0 | 5323.0 | 5628.0 | 6265.0 | 6459.0 | ***7550*** | ***7700*** | **Total Capital ($mill)** | ***8650*** |
| 4880.0 | 5679.0 | 6012.0 | 6434.0 | 6741.0 | 6887.0 | 7161.0 | 7539.0 | 8005.0 | 8465.0 | ***9250*** | ***9850*** | **Net Plant ($mill)** | ***10900*** |
| 5.1% | 5.8% | 5.4% | 5.6% | 5.5% | 5.8% | 5.1% | 5.6% | 4.9% | 4.9% | ***4.5%*** | ***5.0%*** | **Return on Total Cap'l** | ***5.5%*** |
| 7.5% | 9.2% | 7.6% | 8.2% | 8.4% | 8.5% | 8.3% | 9.5% | 9.0% | 8.8% | ***7.5%*** | ***8.5%*** | **Return on Shr. Equity** | ***9.5%*** |
| 7.5% | 9.2% | 7.6% | 8.2% | 8.4% | 8.5% | 8.3% | 9.5% | 9.0% | 8.8% | ***7.5%*** | ***8.5%*** | **Return on Com Equity E** | ***9.5%*** |
| 2.9% | 4.6% | 3.3% | 3.5% | 3.6% | 3.5% | 3.1% | 4.1% | 3.5% | 3.1% | ***2.5%*** | ***3.0%*** | **Retained to Com Eq** | ***3.5%*** |
| 61% | 50% | 56% | 57% | 58% | 59% | 63% | 57% | 61% | 64% | ***70%*** | ***66%*** | **All Div'ds to Net Prof** | ***64%*** |

**ELECTRIC OPERATING STATISTICS**

| | 2020 | 2021 | 2022 |
|---|---|---|---|
| % Change Retail Sales (KWH) | +.4 | +5.1 | +3.4 |
| Avg. Indust. Use (MWH) | 18472 | 20002 | 22097 |
| Avg. Indust. Revs. per KWH (¢) | 4.99 | 5.22 | 5.23 |
| Capacity at Peak (Mw) | NA | NA | NA |
| Peak Load, Summer (Mw) | 3771 | 4447 | 4255 |
| Annual Load Factor (%) | NA | NA | NA |
| % Change Customers (yr-end) | +1.5 | +.6 | +1.1 |
| Fixed Charge Cov. (%) | 275 | 261 | 254 |

**ANNUAL RATES**

| of change (per sh) | Past 10 Yrs. | Past 5 Yrs. | Est'd '20-'22 to '26-'28 |
|---|---|---|---|
| Revenues | 1.0% | 4.0% | *3.0%* |
| "Cash Flow" | 4.0% | 5.5% | *3.5%* |
| Earnings | 4.0% | 5.0% | *5.0%* |
| Dividends | 5.0% | 6.0% | *5.5%* |
| Book Value | 3.0% | 3.0% | *4.0%* |

| Cal-endar | QUARTERLY REVENUES ($ mill.) Mar.31 | Jun.30 | Sep.30 | Dec.31 | Full Year |
|---|---|---|---|---|---|
| **2020** | 573 | 469 | 547 | 556 | 2145 |
| **2021** | 609 | 537 | 642 | 608 | 2396 |
| **2022** | 626 | 591 | 743 | 687 | 2647 |
| **2023** | 687 | 648 | ***790*** | ***730*** | ***2855*** |
| **2024** | ***740*** | ***660*** | ***825*** | ***775*** | ***3000*** |

| Cal-endar | EARNINGS PER SHARE A Mar.31 | Jun.30 | Sep.30 | Dec.31 | Full Year |
|---|---|---|---|---|---|
| **2020** | .91 | .43 | .84 | .57 | 2.75 |
| **2021** | 1.07 | .36 | .56 | .73 | 2.72 |
| **2022** | .67 | .72 | .65 | .70 | 2.74 |
| **2023** | .80 | .44 | ***.76*** | ***.70*** | ***2.70*** |
| **2024** | ***.80*** | ***.65*** | ***.80*** | ***.75*** | ***3.00*** |

| Cal-endar | QUARTERLY DIVIDENDS PAID B ■ † Mar.31 | Jun.30 | Sep.30 | Dec.31 | Full Year |
|---|---|---|---|---|---|
| **2019** | .3625 | .3625 | .385 | .385 | 1.50 |
| **2020** | .385 | .385 | .385 | .4075 | 1.56 |
| **2021** | .4075 | .4075 | .43 | .43 | 1.68 |
| **2022** | .43 | .43 | .4525 | .4525 | 1.77 |
| **2023** | .4525 | .4525 | .475 | | |

**BUSINESS:** Portland General Electric Company (PGE) provides electricity to 926,000 customers in 51 cities in a 4,000-square-mile area of Oregon, including Portland and Salem (population: 1.9 million). The company is in the process of decommissioning the Trojan nuclear plant, which it closed in 1993. Electric revenue breakdown: residential, 52%; commercial, 33%; industrial, 14%; other, 1%. Generating sources: gas, 32%; wind, 15%; coal, 4%; hydro, 7%; purchased, 41%. Fuel costs: 37% of revenues. '22 reported depreciation rate: 3.4%. Has 2,873 full-time employees. Chairman: Jack E. Davis. President and CEO: Maria M. Pope. Incorporated: Oregon. Address: 121 S.W. Salmon Street, Portland, OR 97204. Tel.: 503-464-8000. Internet: www.portlandgeneral.com.

**Portland General Electric's annual share earnings should be up nicely in 2024 following this year's flat to down result.** For full-year 2023, leadership is still targeting profits of $2.60 to $2.75 per share. Weather extremes helped lift 2022's electric usage up 3.4% in the utility's service area, making for a difficult comparison this year, and purchased power costs were unusually high in the second quarter. Moreover, major investments in generating capacity and battery storage are driving up financing costs. Capital expenditures will likely rise from $766 million in 2022 to $1.23 billion this year and $1.1 billion in 2024. Rate relief should lift earnings next year. The utility filed for a 14% price increase with its Oregon regulators, in part to recoup higher purchased power costs. The request also addresses reliability and resiliency work, capital investments, and rising operating and financing costs. Our estimates assume a reasonably good outcome with higer electric rates in place on January 1st. Leadership called the progress made in negotiations "constructive and collaborative," thus far.

**Oregon's aggressive "green" energy initiatives should drive bottom-line growth.** PGE will add at least 375 to 500 megawatts of nonemitting annual power generation in the intermediate term, plus significant battery storage capacity. The company is partnering with NextEra Energy (NEE) to construct a 311-mw wind energy facility. PGE will own two-thirds of the venture and is to receive NEE's share of the power generation via a long-term purchase agreement. Project completion is targeted for December. Regulatory backing for the pursuit of more of these types of renewable generation projects should expand the rate base (the dollar value of assets a utility is allowed to earn an economic return on) for many years to come. This, plus load growth from a vibrant tech-based local economy, should enable PGE to achieve its long-term 5%-7% earnings and dividend growth targets.

**These shares, however, are untimely.** Similar to other interest-rate sensitive issues, POR's stock price has been under pressure of late. Annual total return prospects are higher than the industry median.

*Anthony J. Glennon* *October 20, 2023*

(A) Diluted earnings. Excl. nonrecurring gains/(losses): '13, (42¢); '17, (19¢); '20, ($1.03); '22, (14¢). Next earnings report due October 27th.
(B) Dividends paid mid-Jan., Apr., July, and Oct. ■ Dividend reinvestment plan available. † Shareholder investment plan available.
(C) Incl. deferred charges. In '21: $473 mill., $5.30/sh. (D) In mill.
(E) Rate base: Net original cost. Rate allowed on common equity in '22: 9.5%. Regulatory Climate: Average.

| | |
|---|---|
| **Company's Financial Strength** | B++ |
| **Stock's Price Stability** | 95 |
| **Price Growth Persistence** | 60 |
| **Earnings Predictability** | 95 |

# SOUTHERN COMPANY NYSE-SO

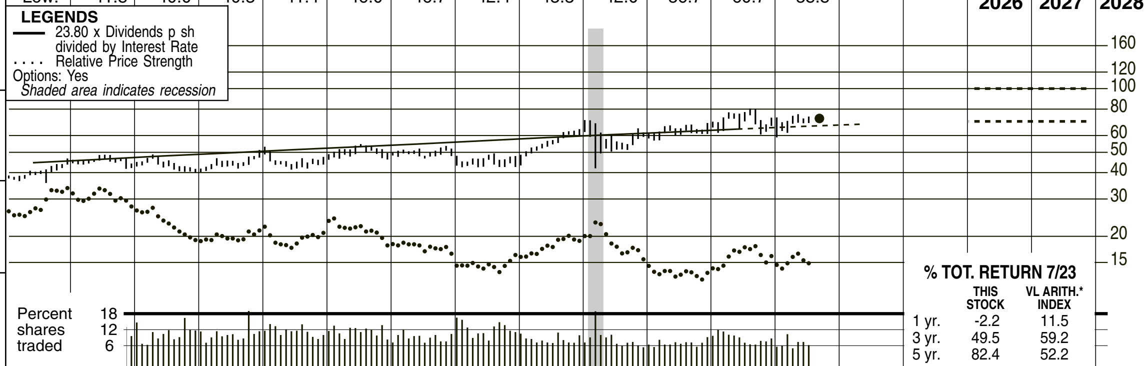
| RECENT PRICE | 72.34 | P/E RATIO | 17.8 (Trailing: 21.1, Median: 17.0) | RELATIVE P/E RATIO | 1.02 | DIV'D YLD | 3.9% | VALUE LINE |
|---|---|---|---|---|---|---|---|---|

**TIMELINESS** 4 Lowered 8/4/23
**SAFETY** 2 Lowered 2/21/14
**TECHNICAL** 2 Lowered 7/7/23
**BETA** .90 (1.00 = Market)

| | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| High: | 48.6 | 48.7 | 51.3 | 53.2 | 54.6 | 53.5 | 49.4 | 64.3 | 71.1 | 68.9 | 80.6 | 75.8 |
| Low: | 41.8 | 40.0 | 40.3 | 41.4 | 46.0 | 46.7 | 42.4 | 43.3 | 42.0 | 56.7 | 60.7 | 58.8 |

**Target Price Range** 2026 | 2027 | 2028

**LEGENDS**
—— 23.80 x Dividends p sh divided by Interest Rate
.... Relative Price Strength
Options: Yes
*Shaded area indicates recession*



**18-Month Target Price Range**
**Low-High** $61-$100 **Midpoint (% to Mid)** $81 (10%)

**2026-28 PROJECTIONS**

| | Price | Gain | Ann'l Total Return |
|---|---|---|---|
| High | 100 | (+40%) | *12%* |
| Low | 70 | (-5%) | *3%* |

**Institutional Decisions**

| | 3Q2022 | 4Q2022 | 1Q2023 |
|---|---|---|---|
| to Buy | 781 | 911 | 843 |
| to Sell | 634 | 594 | 622 |
| Hld's(000) | 675410 | 693302 | 697201 |

Percent shares traded 18 12 6

**% TOT. RETURN 7/23**

| | THIS STOCK | VL ARITH.* INDEX |
|---|---|---|
| 1 yr. | -2.2 | 11.5 |
| 3 yr. | 49.5 | 59.2 |
| 5 yr. | 82.4 | 52.2 |

| 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | © VALUE LINE PUB. LLC | 26-28 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 20.12 | 22.04 | 19.21 | 20.70 | 20.41 | 19.06 | 19.26 | 20.34 | 19.18 | 20.09 | 22.86 | 22.73 | 20.34 | 19.29 | 21.80 | 26.89 | ***24.85*** | ***25.25*** | **Revenues per sh** | ***28.90*** |
| 4.22 | 4.43 | 4.43 | 4.51 | 4.91 | 5.18 | 5.27 | 5.28 | 5.47 | 5.69 | 6.64 | 6.41 | 6.33 | 6.98 | 7.20 | 7.34 | ***7.65*** | ***8.00*** | **"Cash Flow" per sh** | ***9.25*** |
| 2.28 | 2.25 | 2.32 | 2.36 | 2.55 | 2.67 | 2.70 | 2.77 | 2.84 | 2.83 | 3.21 | 3.00 | 3.17 | 3.25 | 3.42 | 3.61 | ***3.65*** | ***4.00*** | **Earnings per sh A** | ***5.15*** |
| 1.60 | 1.66 | 1.73 | 1.80 | 1.87 | 1.94 | 2.01 | 2.08 | 2.15 | 2.22 | 2.30 | 2.38 | 2.46 | 2.54 | 2.62 | 2.70 | ***2.78*** | ***2.86*** | **Div'd Decl'd per sh B ■** | ***3.10*** |
| 4.65 | 5.10 | 5.70 | 4.85 | 5.23 | 5.54 | 6.16 | 6.58 | 6.22 | 7.38 | 7.37 | 7.74 | 7.17 | 7.04 | 6.83 | 7.58 | ***7.85*** | ***7.85*** | **Cap'l Spending per sh** | ***7.50*** |
| 16.23 | 17.08 | 18.15 | 19.21 | 20.32 | 21.09 | 21.43 | 21.98 | 22.59 | 25.00 | 23.98 | 23.92 | 26.11 | 26.48 | 26.30 | 27.93 | ***28.00*** | ***29.90*** | **Book Value per sh C** | ***32.25*** |
| 763.10 | 777.19 | 819.65 | 843.34 | 865.13 | 867.77 | 887.09 | 907.78 | 911.72 | 990.39 | 1007.6 | 1033.8 | 1053.3 | 1056.5 | 1060.0 | 1089.0 | ***1070.0*** | ***1070.0*** | **Common Shs Outst'g D** | ***1070.0*** |
| 16.0 | 16.1 | 13.5 | 14.9 | 15.8 | 17.0 | 16.2 | 16.0 | 15.8 | 17.8 | 15.5 | 15.1 | 17.6 | 17.9 | 18.4 | 19.6 | ***Bold figures are*** | | **Avg Ann'l P/E Ratio** | ***16.5*** |
| .85 | .97 | .90 | .95 | .99 | 1.08 | .91 | .84 | .80 | .93 | .78 | .82 | .94 | .92 | 1.00 | 1.14 | ***Value Line*** | | **Relative P/E Ratio** | ***.90*** |
| 4.4% | 4.6% | 5.5% | 5.1% | 4.6% | 4.3% | 4.6% | 4.7% | 4.8% | 4.4% | 4.6% | 5.3% | 4.4% | 4.4% | 4.2% | 4.1% | ***estimates*** | | **Avg Ann'l Div'd Yield** | ***3.6%*** |

| 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | | 26-28 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 17087 | 18467 | 17489 | 19896 | 23031 | 23495 | 21419 | 20375 | 23113 | 29279 | ***26600*** | ***27500*** | **Revenues ($mill)** | ***30900*** |
| 2439.0 | 2567.0 | 2647.0 | 2757.0 | 3269.0 | 3096.0 | 3354.0 | 3481.0 | 3670.0 | 3931.3 | ***3960*** | ***4280*** | **Net Profit ($mill)** | ***5510*** |
| 34.8% | 33.8% | 33.4% | 28.5% | 25.2% | 21.3% | 15.9% | 14.3% | 16.3% | 18.8% | ***15.0%*** | ***15.0%*** | **Income Tax Rate** | ***15.0%*** |
| 11.6% | 13.9% | 13.2% | 11.9% | 7.6% | 6.8% | 6.0% | 6.6% | 7.7% | 8.0% | ***8.0%*** | ***8.0%*** | **AFUDC % to Net Profit** | ***6.0%*** |
| 51.5% | 49.5% | 52.8% | 61.5% | 64.5% | 62.0% | 60.1% | 61.5% | 64.0% | 63.0% | ***64.0%*** | ***64.0%*** | **Long-Term Debt Ratio** | ***63.0%*** |
| 45.8% | 47.3% | 44.0% | 35.7% | 35.0% | 37.6% | 39.5% | 38.1% | 35.6% | 36.5% | ***36.0%*** | ***36.0%*** | **Common Equity Ratio** | ***37.0%*** |
| 41483 | 42142 | 46788 | 69359 | 68953 | 65750 | 69594 | 73336 | 78285 | 80558 | ***83500*** | ***85000*** | **Total Capital ($mill)** | ***93500*** |
| 51208 | 54868 | 61114 | 78446 | 79872 | 80797 | 83080 | 87634 | 91108 | 94570 | ***99350*** | ***100000*** | **Net Plant ($mill)** | ***110000*** |
| 6.8% | 7.1% | 6.6% | 4.9% | 5.9% | 5.9% | 6.0% | 5.9% | 5.8% | 5.5% | ***5.5%*** | ***5.5%*** | **Return on Total Cap'l** | ***6.5%*** |
| 12.1% | 12.1% | 12.0% | 10.3% | 13.3% | 12.4% | 12.1% | 12.3% | 13.0% | 12.5% | ***13.0%*** | ***13.0%*** | **Return on Shr. Equity** | ***14.5%*** |
| 12.5% | 12.5% | 12.6% | 11.0% | 13.4% | 12.5% | 12.1% | 12.4% | 13.1% | 13.0% | ***13.0%*** | ***13.0%*** | **Return on Com Equity E** | ***14.5%*** |
| 3.2% | 3.2% | 3.1% | 2.5% | 3.9% | 2.6% | 2.8% | 2.8% | 3.1% | 3.0% | ***3.5%*** | ***3.5%*** | **Retained to Com Eq** | ***5.0%*** |
| 75% | 75% | 76% | 78% | 72% | 79% | 77% | 78% | 76% | 78% | ***77%*** | ***77%*** | **All Div'ds to Net Prof** | ***67%*** |

**CAPITAL STRUCTURE as of 3/31/23**
**Total Debt** $55066 mill. **Due in 5 Yrs** $15427 mill.
**LT Debt** $50427 mill. **LT Interest** $1754 mill.
Incl. $215 mill. finance leases.
(LT interest earned: 3.3x)
**Leases, Uncapitalized** Annual rentals $307 mill.
**Pension Assets-12/22** $17225 mill. **Oblig** $16382 mill.
**Pfd Stock** $242 mill. **Pfd Div'd** $15 mill.
Incl. 10 mill. shs. 5.83% cum. pfd. ($25 stated value); 475,115 shs. 4.2%-5.44% cum. pfd. ($100 par).
**Common Stock** 1,090,402,540 shs.
**MARKET CAP: $78.9 billion (Large Cap)**

**ELECTRIC OPERATING STATISTICS**

| | 2020 | 2021 | 2022 |
|---|---|---|---|
| % Change Retail Sales (KWH) | -8.5 | -5.3 | +2.0 |
| Avg. Indust. Use (MWH) | 2947 | NA | NA |
| Avg. Indust. Revs. per KWH (¢) | 6.03 | NA | NA |
| Capacity at Yearend (Mw) | 41940 | NA | NA |
| Peak Load, Summer (Mw) | 34209 | NA | NA |
| Annual Load Factor (%) | 60.3 | NA | NA |
| % Change Customers (yr-end) | -8.9 | +1.3 | +1.5 |
| Fixed Charge Cov. (%) | 281 | 270 | 275 |

**ANNUAL RATES**

| of change (per sh) | Past 10 Yrs. | Past 5 Yrs. | Est'd '20-'22 to '26-'28 |
|---|---|---|---|
| Revenues | - - | .5% | *6.0%* |
| "Cash Flow" | 4.0% | 4.5% | *5.0%* |
| Earnings | 3.0% | 3.0% | *6.5%* |
| Dividends | 3.5% | 3.5% | *3.5%* |
| Book Value | 3.0% | 2.5% | *3.5%* |

| Cal-endar | QUARTERLY REVENUES (mill.) Mar.31 | Jun.30 | Sep.30 | Dec.31 | Full Year |
|---|---|---|---|---|---|
| 2020 | 5018 | 4620 | 5620 | 5117 | 20375 |
| 2021 | 5910 | 5198 | 6238 | 5767 | 23113 |
| 2022 | 6648 | 7206 | 8378 | 7047 | 29279 |
| 2023 | 6480 | ***6800*** | ***7120*** | ***6200*** | ***26600*** |
| 2024 | ***6800*** | ***7000*** | ***7200*** | ***6500*** | ***27500*** |

| Cal-endar | EARNINGS PER SHARE A Mar.31 | Jun.30 | Sep.30 | Dec.31 | Full Year |
|---|---|---|---|---|---|
| 2020 | .81 | .75 | 1.18 | .51 | 3.25 |
| 2021 | 1.09 | .67 | 1.22 | .44 | 3.42 |
| 2022 | .97 | 1.07 | 1.31 | .26 | 3.61 |
| 2023 | .79 | ***.95*** | ***1.36*** | ***.55*** | ***3.65*** |
| 2024 | ***1.20*** | ***1.00*** | ***1.30*** | ***.50*** | ***4.00*** |

| Cal-endar | QUARTERLY DIVIDENDS PAID B ■ Mar.31 | Jun.30 | Sep.30 | Dec.31 | Full Year |
|---|---|---|---|---|---|
| 2019 | .60 | .62 | .62 | .62 | 2.46 |
| 2020 | .62 | .64 | .64 | .64 | 2.54 |
| 2021 | .64 | .66 | .66 | .66 | 2.62 |
| 2022 | .66 | .68 | .68 | .68 | 2.70 |
| 2023 | .68 | .70 | | | |

**BUSINESS:** The Southern Company, through its subsidiaries, supplies electricity to 4.4 mill. customers in GA, AL, and MS. Also has a competitive generation business. Acq'd AGL Resources (renamed Southern Company Gas, 4.4 mill. customers in GA, NJ, IL, VA, & TN) 7/16. Sold Gulf Power 1/19. Electric revenue breakdown: residential, 37%; commercial, 30%; industrial, 19%; other, 14%. Generating sources: gas, 44%; coal, 20%; nuclear, 16%; other, 11%; purchased, 9%. Fuel costs: 29% of revenues. '22 reported deprec. rates (utility): 2.7%-3.6%. Has 27,300 employees. President and CEO: Chris Womack. Inc.: Delaware. Address: 30 Ivan Allen Jr. Blvd., N.W., Atlanta, Georgia 30308. Tel.: 404-506-0747. Internet: www.southerncompany.com.

**Southern Company's Georgia Power subsidiary has experienced another delay in unit 3 of the Vogtle nuclear station.** In June, the company delayed the commercial operation of its nuclear construction project due to a degraded hydrogen seal found during testing. Unit 3 is approaching an August deadline to reach commercial operation, as the project continues to face significant delays and cost overruns. Meanwhile, unit 4 of the Vogtle station is making strong progress towards completing the project. Indeed, the Nuclear Regulatory Commission recently approved plans to begin radioactive fuel loading. Management expects to load the fuel by the end of September, and unit 4 is scheduled to be in-service by the end of 2023 or in the first quarter of 2024. Additional delays and cost increases may occur, though. Construction timing will greatly influence growth and project delays could cause full-year estimates to be lowered. When construction is completed, we think the project will improve the company's dividend and earnings growth prospects, and benefit the transition towards cleaner energy.

**Our bottom-line estimates for 2023 and 2024 are $3.65 and $4.00 a share, respectively.** Second-quarter results were released shortly after our report went to press. Southern Company's earnings should continue to benefit from rate relief, higher retail pricing, and increased usage of electricity. Too, we think profit growth will show more acceleration once the nuclear units are completed. Management is targeting a long-term annual earnings-per-share growth target of 5%-7%.

**This issue is ranked 4 (Below Average) for Timeliness.** Also, at the current quotation, capital appreciation potential over the coming 18 months and out to 2026-2028 does not stand out compared to the *Value Line* median. However, Southern shares may appeal to conservative, income-oriented accounts. Indeed, the stock's dividend yield of 3.9%, which sits above the industry average, remains its most notable feature. The company also holds a strong financial strength rating (A), as well as an Above-Average (2) Safety rank and high marks for Earnings Predictability and Price Stability.

*Zachary J. Hodgkinson* *August 11, 2023*

**(A)** Diluted EPS. Excl. nonrec. gain (losses): '09, (25¢); '13, (83¢); '14, (59¢); '15, (25¢); '16, (28¢); '17, ($2.37); '18, (78¢); '19, $1.30; '20, (17¢); '21, (54¢). Next earnings report due in late Oct. **(B)** Div'ds paid in early Mar., June, Sept., and Dec. ■ Div'd reinvestment plan avail. **(C)** Incl. def'd charges. In '22: $19.85/sh. **(D)** In mill. **(E)** Rate base: AL, MS, fair value; FL, GA, orig. cost. Allowed return on common eq. (blended): 12.5%; earned on avg. com. eq., '21: 12.8%. Regulatory Climate: GA, AL Above Average; MS, FL Average.

| | |
|---|---|
| **Company's Financial Strength** | A |
| **Stock's Price Stability** | 95 |
| **Price Growth Persistence** | 45 |
| **Earnings Predictability** | 95 |

# XCEL ENERGY NDQ-XEL

| RECENT PRICE | P/E RATIO | RELATIVE P/E RATIO | DIV'D YLD |
|---|---|---|---|
| 57.65 | 17.0 (Trailing: 18.3 / Median: 20.0) | 1.06 | 3.8% |

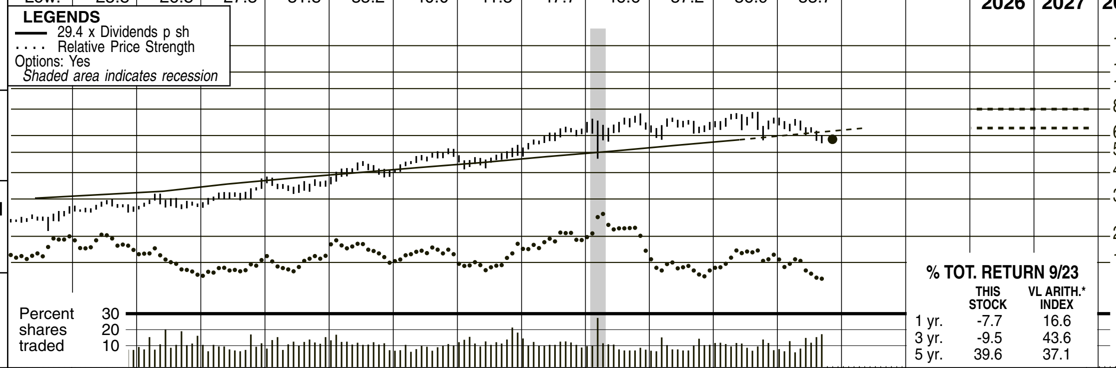
**VALUE LINE**

**TIMELINESS** 4 Lowered 8/11/23
**SAFETY** 1 Raised 5/1/15
**TECHNICAL** 4 Lowered 10/6/23
**BETA** .85 (1.00 = Market)

| | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| High: | 29.9 | 31.8 | 37.6 | 38.3 | 45.4 | 52.2 | 54.1 | 66.1 | 76.4 | 72.9 | 77.7 | 73.0 |
| Low: | 25.8 | 26.8 | 27.3 | 31.8 | 35.2 | 40.0 | 41.5 | 47.7 | 46.6 | 57.2 | 56.9 | 53.7 |

**Target Price Range**

| 2026 | 2027 | 2028 |
|---|---|---|




**18-Month Target Price Range**

| Low-High | Midpoint (% to Mid) |
|---|---|
| $49-$93 | $71 (25%) |

**2026-28 PROJECTIONS**

| | Price | Gain | Ann'l Total Return |
|---|---|---|---|
| High | 80 | (+40%) | 12% |
| Low | 65 | (+15%) | 7% |

**Institutional Decisions**

| | 4Q2022 | 1Q2023 | 2Q2023 |
|---|---|---|---|
| to Buy | 485 | 448 | 426 |
| to Sell | 362 | 377 | 422 |
| Hld's(000) | 427005 | 433290 | 432509 |

**% TOT. RETURN 9/23**

| | THIS STOCK | VL ARITH.* INDEX |
|---|---|---|
| 1 yr. | -7.7 | 16.6 |
| 3 yr. | -9.5 | 43.6 |
| 5 yr. | 39.6 | 37.1 |

| 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | © VALUE LINE PUB. LLC | 26-28 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 23.40 | 24.69 | 21.08 | 21.38 | 21.90 | 20.76 | 21.92 | 23.11 | 21.72 | 21.90 | 22.46 | 22.44 | 21.98 | 21.45 | 24.69 | 27.86 | *27.35* | *28.75* | Revenues per sh | *30.35* |
| 3.45 | 3.50 | 3.48 | 3.51 | 3.79 | 4.00 | 4.10 | 4.28 | 4.56 | 5.04 | 5.47 | 5.92 | 6.25 | 6.61 | 7.08 | 7.81 | *8.25* | *8.65* | "Cash Flow" per sh | *10.10* |
| 1.35 | 1.46 | 1.49 | 1.56 | 1.72 | 1.85 | 1.91 | 2.03 | 2.10 | 2.21 | 2.30 | 2.47 | 2.64 | 2.79 | 2.96 | 3.17 | *3.35* | *3.55* | Earnings per sh A | *4.25* |
| .91 | .94 | .97 | 1.00 | 1.03 | 1.07 | 1.11 | 1.20 | 1.28 | 1.36 | 1.44 | 1.52 | 1.62 | 1.72 | 1.83 | 1.95 | *2.08* | *2.22* | Div'd Decl'd per sh B ■ † | *2.66* |
| 4.89 | 4.66 | 3.91 | 4.60 | 4.53 | 5.27 | 6.82 | 6.33 | 7.26 | 6.42 | 6.54 | 7.70 | 8.05 | 9.99 | 7.80 | 8.44 | *9.00* | *9.25* | Cap'l Spending per sh | *9.50* |
| 14.70 | 15.35 | 15.92 | 16.76 | 17.44 | 18.19 | 19.21 | 20.20 | 20.89 | 21.73 | 22.56 | 23.78 | 25.24 | 27.12 | 28.70 | 30.34 | *31.50* | *33.15* | Book Value per sh C | *38.25* |
| 428.78 | 453.79 | 457.51 | 482.33 | 486.49 | 487.96 | 497.97 | 505.73 | 507.54 | 507.22 | 507.76 | 514.04 | 524.54 | 537.44 | 544.03 | 549.58 | *551.60* | *553.00* | Common Shs Outst'g D | *560.00* |
| 16.7 | 13.7 | 12.7 | 14.1 | 14.2 | 14.8 | 15.0 | 15.4 | 16.5 | 18.5 | 20.2 | 18.9 | 22.3 | 23.9 | 22.5 | 22.2 | *Bold figures are* | | Avg Ann'l P/E Ratio | *17.5* |
| .89 | .82 | .85 | .90 | .89 | .94 | .84 | .81 | .83 | .97 | 1.02 | 1.02 | 1.19 | 1.23 | 1.22 | 1.29 | *Value Line* | | Relative P/E Ratio | *.95* |
| 4.0% | 4.7% | 5.1% | 4.5% | 4.2% | 3.9% | 3.9% | 3.8% | 3.7% | 3.3% | 3.1% | 3.3% | 2.7% | 2.6% | 2.8% | 2.8% | *estimates* | | Avg Ann'l Div'd Yield | *3.6%* |
| | | | | | | 10915 | 11686 | 11024 | 11107 | 11404 | 11537 | 11529 | 11526 | 13431 | 15310 | *15100* | *15900* | Revenues ($mill) | *17000* |
| | | | | | | 948.2 | 1021.3 | 1063.6 | 1123.4 | 1171.0 | 1261.0 | 1372.0 | 1473.0 | 1597.0 | 1736.0 | *1725* | *1960* | Net Profit ($mill) | *2385* |
| | | | | | | 33.8% | 33.9% | 35.8% | 34.1% | 30.7% | 12.6% | 8.5% | - - | - - | - - | *NMF* | *NMF* | Income Tax Rate | *NMF* |
| | | | | | | 13.4% | 12.5% | 7.7% | 7.8% | 9.4% | 12.4% | 8.3% | 10.7% | 6.2% | 5.9% | *6.0%* | *6.0%* | AFUDC % to Net Profit | *6.0%* |
| | | | | | | 53.3% | 53.0% | 54.1% | 56.3% | 55.9% | 56.4% | 56.8% | 57.4% | 58.2% | 57.8% | *58.0%* | *58.0%* | Long-Term Debt Ratio | *58.0%* |
| | | | | | | 46.7% | 47.0% | 45.9% | 43.7% | 44.1% | 43.6% | 43.2% | 42.6% | 41.8% | 42.2% | *42.0%* | *42.0%* | Common Equity Ratio | *42.0%* |
| | | | | | | 20477 | 21714 | 23092 | 25216 | 25975 | 28025 | 30646 | 34220 | 37391 | 39488 | *41750* | *44075* | Total Capital ($mill) | *50900* |
| | | | | | | 26122 | 28757 | 31206 | 32842 | 34329 | 36944 | 39483 | 42950 | 45457 | 48253 | *50525* | *52850* | Net Plant ($mill) | *59700* |
| | | | | | | 6.0% | 6.0% | 5.8% | 5.7% | 5.8% | 5.7% | 5.6% | 5.4% | 5.3% | 5.5% | *5.5%* | *5.5%* | Return on Total Cap'l | *6.0%* |
| | | | | | | 9.9% | 10.0% | 10.0% | 10.2% | 10.2% | 10.3% | 10.4% | 10.1% | 10.2% | 10.4% | *10.5%* | *10.5%* | Return on Shr. Equity | *11.0%* |
| | | | | | | 9.9% | 10.0% | 10.0% | 10.2% | 10.2% | 10.3% | 10.4% | 10.1% | 10.2% | 10.4% | *10.5%* | *10.5%* | Return on Com Equity E | *11.0%* |
| | | | | | | 4.5% | 4.5% | 4.3% | 4.0% | 3.9% | 4.3% | 4.4% | 4.2% | 4.2% | 4.3% | *4.0%* | *4.0%* | Retained to Com Eq | *4.0%* |
| | | | | | | 54% | 55% | 57% | 61% | 62% | 58% | 58% | 58% | 59% | 58% | *62%* | *62%* | All Div'ds to Net Prof | *62%* |

**CAPITAL STRUCTURE as of 6/30/23**
**Total Debt** $25610 mill. **Due in 5 Yrs** $3808 mill.
**LT Debt** $24015 mill. **LT Interest** $869 mill.
Incl. $228 mill. finance leases.
(Total Interest Coverage: 2.8x)

**Leases, Uncapitalized** Annual rentals $264 mill.
**Pension Assets-12/22** $2685 mill. **Oblig** $2871 mill.
**Pfd Stock** None

**Common Stock** 551,532,742 shs.
**as of 7/25/23**
**MARKET CAP: $31.8 billion (Large Cap)**

**ELECTRIC OPERATING STATISTICS**

| | 2020 | 2021 | 2022 |
|---|---|---|---|
| % Change Retail Sales (KWH) | -2.3 | +1.4 | +1.2 |
| Resid'l Revs. per KWH (¢) | 12.12 | 12.94 | 13.41 |
| C & I Revs. per KWH (¢) | 7.86 | 8.73 | 9.02 |
| Capacity at Peak (Mw) | NA | NA | NA |
| Peak Load, Summer (Mw) | 19665 | 19849 | 20346 |
| Annual Load Factor (%) | NA | NA | NA |
| % Change Customers (yr-end) | NA | NA | NA |
| Fixed Charge Cov. (%) | 252 | 262 | 255 |

| ANNUAL RATES of change (per sh) | Past 10 Yrs. | Past 5 Yrs. | Est'd '20-'22 to '26-'28 |
|---|---|---|---|
| Revenues | 1.5% | 2.5% | *3.5%* |
| "Cash Flow" | 6.5% | 7.5% | *6.0%* |
| Earnings | 5.5% | 6.0% | *6.0%* |
| Dividends | 6.0% | 6.0% | *6.5%* |
| Book Value | 5.0% | 5.5% | *5.0%* |

| Cal-endar | QUARTERLY REVENUES ($ mill.) Mar.31 | Jun.30 | Sep.30 | Dec.31 | Full Year |
|---|---|---|---|---|---|
| 2020 | 2811 | 2586 | 3182 | 2947 | 11526 |
| 2021 | 3541 | 3068 | 3467 | 3355 | 13431 |
| 2022 | 3751 | 3424 | 4082 | 4053 | 15310 |
| 2023 | 4080 | 3022 | *4010* | *3988* | *15100* |
| 2024 | *4125* | *3500* | *4150* | *4125* | *15900* |

| Cal-endar | EARNINGS PER SHARE A Mar.31 | Jun.30 | Sep.30 | Dec.31 | Full Year |
|---|---|---|---|---|---|
| 2020 | .56 | .54 | 1.14 | .54 | 2.79 |
| 2021 | .67 | .58 | 1.13 | .58 | 2.96 |
| 2022 | .70 | .60 | 1.18 | .69 | 3.17 |
| 2023 | .76 | .52 | *1.30* | *.77* | *3.35* |
| 2024 | *.80* | *.60* | *1.35* | *.80* | *3.55* |

| Cal-endar | QUARTERLY DIVIDENDS PAID B ■ † Mar.31 | Jun.30 | Sep.30 | Dec.31 | Full Year |
|---|---|---|---|---|---|
| 2019 | .38 | .405 | .405 | .405 | 1.60 |
| 2020 | .405 | .43 | .43 | .43 | 1.70 |
| 2021 | .43 | .4575 | .4575 | .4575 | 1.80 |
| 2022 | .4575 | .4875 | .4875 | .4875 | 1.92 |
| 2023 | .4875 | .52 | .52 | .52 | |

**BUSINESS:** Xcel Energy Inc. is the parent of Northern States Power Company (NSP), which supplies electricity to MN, WI, ND, SD & MI & gas to MN, WI, ND & MI; Public Service Company of Colorado (PSCo), which supplies electricity & gas to CO; & Southwestern Public Service Company (SPS), which supplies electricity to TX and NM. Customers: 3.8 mill. electric, 2.1 mill. gas. Electric revenues: resid'l, 29%; comm'l & ind'l, 48%; other, 23%. Purchases 33% of power, owns 67%. Total electric mix: wind, 33%; gas, 24%; coal, 23%, nuclear, 13%, solar/other, 7%. Fuel costs: 45% of revenues. '22 deprec. rate: 3.7%. Employs 11,982. President, CEO and Chrmn.: Robert Frenzel. Inc.: MN. Addr.: 414 Nicollet Mall, Minneapolis, MN 55401. Tel.: 612-330-5500. Int.: www.xcelenergy.com.

**Xcel Energy should achieve this year's profit objectives.** During the first half of 2023, the company's share earnings were $0.02 below the prior year's $1.30. Mild second-quarter weather in the northern region was a factor, as was higher operating and maintenance (O&M) expense and interest charges. There was also less incremental regulatory recovery to offset rising costs than previously expected, given a dissapointing conclusion to the company's general rate case (GRC) in Minnesota (see below). Xcel has put a belt-tightening plan in place to reduce O&M costs by 3%, which should enable it to reach its 2023 profit target of $3.30-$3.40 a share.

**The company is appealing the low return on equity (ROE) handed down by Minnesota regulators.** As part of Xcel's GRC, commissioners heard testimony from the Minnesota Department of Commerce, which found that Xcel had been "flourishing" at its prior 9.06% ROE, but an increase to 9.25% was merited. Commissioners voted to set the rate at 9.25%, despite the conclusion of a state administrative law judge (ALJ) that a 9.87% ROE would be "reasonable" for Xcel, given the sharp rise in the cost of capital lately. Xcel has requested reconsideration. The case would go to an appeals court if regulators dismiss the appeal.

**Xcel has submitted a $15-billion resource plan consistent with the "green" energy transition of Colorado.** If approved, the investments the company will be making in renewables for that state will go a long ways towards supporting the company's long-term 5%-7% earnings growth goals. Clean energy plans in other state territories are also supportive.

**The company provided an update on the Colorado wildfire lawsuits it's been hit with.** (We covered this issue at great length in our July 21st review.) Notably, the investigation report, which concluded that sparks from an Xcel power line was the most likely source of ignition 80-110 feet away, also mentioned an underground coal fire could not be ruled out.

**Xcel stock is untimely.** Though tort law in Colorado is less onerous to defendents than California law, the aforementioned legal woes, plus headline risk, will likely drag on as an overhang to XEL shares.

*Anthony J. Glennon* *October 20, 2023*

(A) Diluted EPS. Excl. nonrecurring gain (losses): '10, 5¢; '15, (16¢); '17, (5¢); gains (loss) on discontinued ops.: '09, (1¢); '10, 1¢. '20 EPS don't sum due to rounding.
Next earnings report due October 27th.
(B) Div'ds typically paid mid-Jan., Apr., July, and Oct. ■ Div'd reinvestment plan available. † Shareholder investment plan available.
(C) Incl. intangibles. In '22: $2871 mill., $5.22/sh. (D) In mill. (E) Rate base: Varies. Rate allowed on common equity (blended): 9.6%. Regulatory Climate: Average.

| | |
|---|---|
| Company's Financial Strength | A+ |
| Stock's Price Stability | 95 |
| Price Growth Persistence | 95 |
| Earnings Predictability | 100 |