



Edison Electric
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2021 Industry Financial Highlights

February 9, 2022

This document is comprised of Q4 2021 Financial Updates for Stock Performance, Dividends, and Credit Ratings from EEI's Finance Department.

These quarterly updates and other EEI Finance Department materials can be found at: www.eei.org/QFU.

About EEI

EEI is the association that represents all U.S. investor-owned electric companies. Our members provide electricity for 220 million Americans, and operate in all 50 states and the District of Columbia. As a whole, the electric power industry supports more than 7 million jobs in communities across the United States. In addition to our U.S. members, EEI has more than 60 international electric companies, with operations in more than 90 countries, as International Members, and hundreds of industry suppliers and related organizations as Associate Members. Organized in 1933, EEI provides public policy leadership, strategic business intelligence, and essential conferences and forums.

About EEI's Quarterly Financial Updates

EEI's quarterly financial updates present industry trend analyses and financial data covering 44 U.S. investor-owned electric utility companies. These 44 companies include 39 electric utility holding companies whose stocks are traded on major U.S. stock exchanges and five electric utilities who are subsidiaries of non-utility or foreign companies. Financial updates are published for the following topics:

- Stock Performance
- Dividends
- Credit Ratings
- Rate Review

EEI Finance Department material can be found online at www.eei.org/QFU.

For EEI Member Companies

The EEI Finance and Accounting Division maintains current year and historical data sets that cover a wide range of industry financial and operating metrics. We look forward to serving as a resource for member companies who wish to produce customized industry financial data and trend analyses for use in:

- Investor relations studies and presentations
- Internal company presentations
- Performance benchmarking
- Peer group analyses
- Annual and quarterly reports to shareholders

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We Welcome Your Feedback

EEI is interested in ensuring that our publications and industry data sets best address the needs of member companies and the regulatory and financial communities. We welcome your comments, suggestions and inquiries.

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Future EEI Finance Meetings

EEI Financial Conference
November 13-15, 2022
Diplomat Resort & Spa
Hollywood, Florida

For more information about future EEI Finance Meetings, please contact Aaron Cope, Jr. at (202) 508-5128 or acope@eei.org.

The 44 U.S. Investor-Owned Electric Utilities

The companies listed below all serve a regulated distribution territory. Other utilities, such as transmission provider ITC Holdings, are not shown below because they do not serve a regulated distribution territory. However, their financial information is included in relevant EE data sets, such as transmission-related construction spending.

ALLETE, Inc. (ALE)
Alliant Energy Corporation (LNT)
Ameren Corporation (AEE)
American Electric Power Company, Inc. (AEP)
AVANGRID, Inc. (AGR)
Avista Corporation (AVA)
Berkshire Hathaway Energy
Black Hills Corporation (BKH)
CenterPoint Energy, Inc. (CNP)
Cleco Corporation
CMS Energy Corporation (CMS)
Consolidated Edison, Inc. (ED)
Dominion Resources, Inc. (D)
DPL, Inc.
DTE Energy Company (DTE)
Duke Energy Corporation (DUK)
Edison International (EIX)
Entergy Corporation (ETR)
Eversource Energy (ES)
Exelon Corporation (EXC)
FirstEnergy Corp. (FE)
Hawaiian Electric Industries, Inc. (HE)
IDACORP, Inc. (IDA)
IPALCO Enterprises, Inc.

MDU Resources Group, Inc. (MDU)
MGE Energy, Inc. (MGEE)
NextEra Energy, Inc. (NEE)
NiSource Inc. (NI)
NorthWestern Corporation (NWE)
OGE Energy Corp. (OGE)
Otter Tail Corporation (OTTR)
PG&E Corporation (PCG)
Pinnacle West Capital Corporation (PNW)
PNM Resources, Inc. (PNM)
Portland General Electric Company (POR)
PPL Corporation (PPL)
Public Service Enterprise Group Inc. (PEG)
Puget Energy, Inc.
Sempra Energy (SRE)
Souther Company (SO)
Unitil Corporation (UTL)
WEC Energy Group, Inc. (WEC)
Xcel Energy, Inc. (XEL)

Note: Companies shown in italics are not listed on U.S. stock exchanges for one of the following reasons — they are subsidiaries of an independent power producer; they are subsidiaries of foreign-owned companies; or they were acquired by other investment firms.

Companies Listed by Category

(Based on Business Segmentation Data as of 12/31/2020)

Please refer to the Quarterly Financial Updates webpage for previous years' lists.

Given the diversity of utility holding company corporate strategies, no single company categorization approach will be useful for all EEI members and utility industry analysts. Nevertheless, we believe the following classification provides an informative framework for tracking industry financial trends.

Regulated 80% or more of total assets are regulated
Mostly Regulated Less than 80% of total assets are regulated

Categorization is based on year-end business segmentation data presented in SEC 10-K filings, supplemented by discussions with and information provided by parent company IR departments.

The EEI Finance and Accounting Division continues to evaluate our approach to company categorization and business segmentation. In addition, we can produce customized categorization and peer group analyses in response to member company requests. We welcome comments, suggestions and feedback from EEI member companies and the financial community.

Regulated (35 of 44)

Alliant Energy Corporation
Ameren Corporation
American Electric Power Company, Inc.
Avista Corporation
Black Hills Corporation
CenterPoint Energy, Inc.
Cleco Corporation
CMS Energy Corporation
Consolidated Edison, Inc.
Dominion Energy, Inc.
DPL Inc.
Duke Energy Corporation
Edison International
Entergy Corporation
Eversource Energy
FirstEnergy Corp.

IDACORP, Inc.
IPALCO Enterprises, Inc.
MGE Energy, Inc.
NiSource Inc.
NorthWestern Corporation
OGE Energy Corp.
Otter Tail Corporation
PG&E Corporation
Pinnacle West Capital Corporation
PNM Resources, Inc.
Portland General Electric Company
PPL Corporation
Puget Energy, Inc.
Semptra Energy
Southern Company
Unitil Corporation
WEC Energy Group, Inc.
Xcel Energy Inc.

Mostly Regulated (9 of 44)

ALLETE, Inc.
AVANGRID, Inc.
Berkshire Hathaway Energy
DTE Energy Company
Exelon Corporation
Hawaiian Electric Industries, Inc.
MDU Resources Group, Inc.
NextEra Energy, Inc.
Public Service Enterprise Group
Incorporated

Note: Companies shown in italics are not listed on U.S. stock exchanges for one of the following reasons — they are subsidiaries of an independent power producer; they are subsidiaries of foreign-owned companies; or they were acquired by other investment firms.

IV. 10-Year Treasury Yield Monthly

Average Monthly Yield, 1/1/1980 through 12/31/2021

Source: U.S. Federal Reserve

V. 10-Year Treasury Yield Weekly

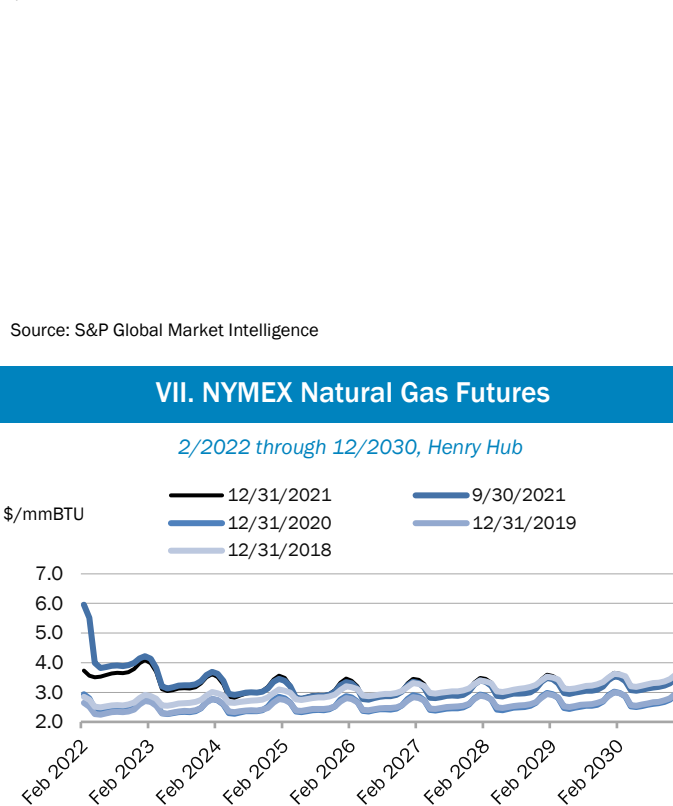
Weekly Yield, 1/1/2008 through 12/31/2021



Source: U.S. Federal Reserve

VI. Natural Gas Spot Prices

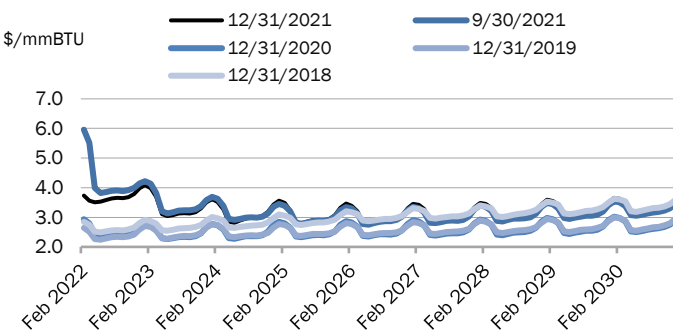
\$/mmBTU 1/1/2012 through 12/31/2021, Henry Hub



Source: S&P Global Market Intelligence

VII. NYMEX Natural Gas Futures

2/2022 through 12/2030, Henry Hub



Source: S&P Global Market Intelligence

VIII. Returns by Quarter

U.S. Investor-Owned Electric Utilities

Index	2019 Q1	2019 Q2	2019 Q3	2019 Q4	2020 Q1	2020 Q2	2020 Q3	2020 Q4	2021 Q1	2021 Q2	2021 Q3	2021 Q4
EEl Index	11.1	4.1	8.2	0.4	-13.6	1.8	5.6	6.5	3.0	-0.7	1.4	12.9
Dow Jones Industrials	11.8	3.2	1.8	6.7	-22.7	18.5	8.2	10.7	8.3	5.1	-1.5	7.9
S&P 500	13.7	4.3	1.7	9.1	-19.6	20.5	8.9	12.2	6.2	8.6	0.6	11.0
Nasdaq Comp.^	16.5	3.6	-0.1	12.2	-14.2	30.6	11.0	15.4	2.8	9.5	-0.4	8.3

Category*	2019 Q1	2019 Q2	2019 Q3	2019 Q4	2020 Q1	2020 Q2	2020 Q3	2020 Q4	2021 Q1	2021 Q2	2021 Q3	2021 Q4
All Companies	10.6	4.9	6.5	-0.4	-15.8	-1.0	1.3	8.8	6.0	0.3	-0.7	11.5
Regulated	10.6	5.9	6.5	-0.1	-15.0	-1.3	-0.1	8.6	4.8	0.3	-0.7	11.9
Mostly Regulated	10.5	1.3	6.6	-1.2	-18.3	0.2	6.2	9.3	10.6	0.3	-0.8	10.1

^Price gain/(loss) only. Other indices show total return. / * Returns shown here are unweighted averages of constituent company returns. The EEl Index return shown above is cap-weighted. Source: EEl Finance Department, S&P Global Market Intelligence

IX. Sector Comparison, Trailing 3 mo. Total Return

For the three-month period ending 12/31/2021

Sector	Total Return
Consumer Goods	15.9%
Basic Materials	15.7%
Technology	14.0%
Utilities	13.1%
EEl Index	12.9%
Healthcare	9.0%
Oil & Gas	7.5%
Industrials	6.8%
Financials	6.5%
Consumer Services	3.5%
Telecommunications	-5.3%

Note: Sector Comparison page based on the Dow Jones U.S. Indexes, which are market-capitalization-weighted indices. Source: EEl Finance Dept., Dow Jones & Company, Google Finance, Y Charts

X. Sector Comparison, Trailing 12 mo. Total Return

For the twelve-month period ending 12/31/2021

Sector	Total Return
Oil & Gas	54.4%
Technology	37.2%
Financials	32.3%
Basic Materials	27.8%
Healthcare	23.6%
Consumer Goods	21.8%
Industrials	18.4%
Utilities	17.4%
EEl Index	17.1%
Consumer Services	12.0%
Telecommunications	-8.7%

Note: Sector Comparison page based on the Dow Jones U.S. Indexes, which are market-capitalization-weighted indices. Source: EEl Finance Dept., Dow Jones & Company, Google Finance, Y Charts

XI. Market Capitalization at December 31, 2021 (in \$ Millions)

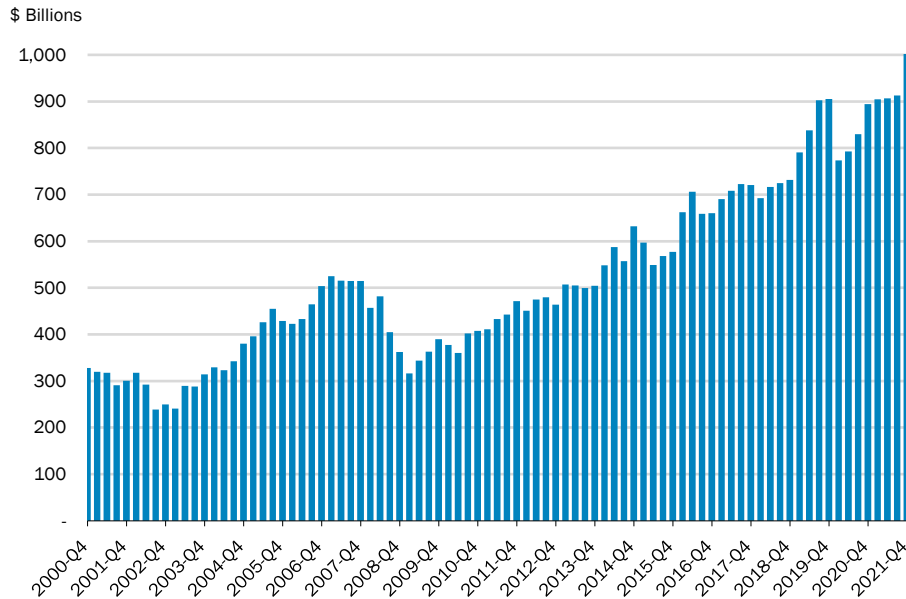
U.S. Investor-Owned Electric Utilities

Company	Stock Symbol	\$ Market Cap	% Total	Company	Stock Symbol	\$ Market Cap	% Total
NextEra Energy, Inc.	NEE	183,238	17.82%	CMS Energy Corporation	CMS	18,806	1.83%
Duke Energy Corporation	DUK	80,668	7.84%	CenterPoint Energy, Inc.	CNP	16,875	1.64%
Southern Company	SO	72,763	7.07%	Eergy, Inc.	EVRG	15,760	1.53%
Dominion Energy, Inc.	D	63,531	6.18%	Alliant Energy Corporation	LNT	15,386	1.50%
Exelon Corporation	EXC	56,547	5.50%	NiSource Inc.	NI	10,856	1.06%
American Electric Power Co., Inc.	AEP	44,595	4.34%	Pinnacle West Capital Corp.	PNW	7,971	0.78%
Sempra Energy	SRE	42,216	4.10%	OGE Energy Corp.	OGE	7,684	0.75%
Xcel Energy Inc.	XEL	36,490	3.55%	MDU Resources Group, Inc.	MDU	6,256	0.61%
Public Service Enter. Group Inc.	PEG	33,632	3.27%	IDACORP, Inc.	IDA	5,735	0.56%
Eversource Energy	ES	31,299	3.04%	Portland General Electric Co.	POR	4,731	0.46%
WEC Energy Group, Inc.	WEC	30,616	2.98%	Hawaiian Electric Industries, Inc.	HE	4,536	0.44%
Consolidated Edison, Inc.	ED	30,152	2.93%	Black Hills Corporation	BKH	4,470	0.43%
Edison International	EIX	25,935	2.52%	PNM Resources, Inc.	PNM	3,926	0.38%
PG&E Corporation	PCG	24,098	2.34%	ALLETE, Inc.	ALE	3,477	0.34%
PPL Corporation	PPL	23,078	2.24%	Avista Corporation	AVA	2,977	0.29%
DTE Energy Company	DTE	23,071	2.24%	MGE Energy, Inc.	MGEE	2,974	0.29%
Ameren Corporation	AEE	22,902	2.23%	NorthWestern Corporation	NWE	2,966	0.29%
Entergy Corporation	ETR	22,638	2.20%	Otter Tail Corporation	OTTR	2,964	0.29%
FirstEnergy Corp.	FE	22,625	2.20%	Unitil Corporation	UTL	715	0.07%
AVANGRID, Inc.	AGR	19,320	1.88%	Total Industry		1,028,480	100.00%

Source: EEI Finance Dept., S&P Global Market Intelligence

XII. EEI Index Market Capitalization (at Period End)

U.S. Investor-Owned Electric Utilities



Note: Change in EEI Index market capitalization reflects the impact of buyout and spin-off activity in addition to stock market performance.

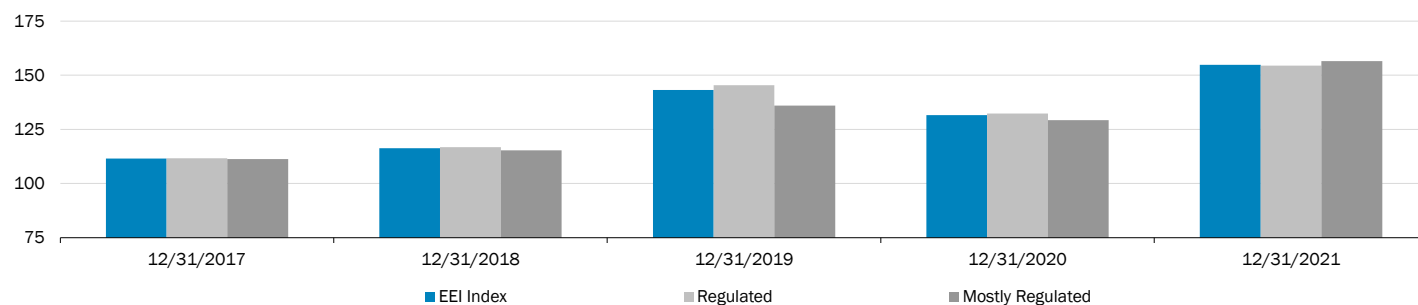
Source: EEI Finance Dept., S&P Global Market Intelligence

EEI Index Market Cap (in \$ Billions)

2006-Q1	423	2014-Q1	548
2006-Q2	433	2014-Q2	588
2006-Q3	464	2014-Q3	557
2006-Q4	504	2014-Q4	632
2007-Q1	525	2015-Q1	597
2007-Q2	516	2015-Q2	549
2007-Q3	515	2015-Q3	568
2007-Q4	514	2015-Q4	577
2008-Q1	457	2016-Q1	663
2008-Q2	482	2016-Q2	706
2008-Q3	404	2016-Q3	659
2008-Q4	362	2016-Q4	660
2009-Q1	316	2017-Q1	690
2009-Q2	344	2017-Q2	708
2009-Q3	363	2017-Q3	722
2009-Q4	390	2017-Q4	720
2010-Q1	377	2018-Q1	692
2010-Q2	360	2018-Q2	716
2010-Q3	402	2018-Q3	725
2010-Q4	407	2018-Q4	731
2011-Q1	411	2019-Q1	790
2011-Q2	433	2019-Q2	838
2011-Q3	442	2019-Q3	902
2011-Q4	472	2019-Q4	905
2012-Q1	451	2020-Q1	773
2012-Q2	475	2020-Q2	792
2012-Q3	480	2020-Q3	830
2012-Q4	464	2020-Q4	894
2013-Q1	507	2021-Q1	905
2013-Q2	505	2021-Q2	907
2013-Q3	500	2021-Q3	913
2013-Q4	504	2021-Q4	1,028

XIII. Comparative Category Total Annual Returns

U.S. Investor-Owned Electric Utilities, Value of \$100 invested at close on 12/31/2016



	2016	2017	2018	2019	2020	2021
EEI Index Annual Return (%)		11.56	4.28	23.06	-8.07	17.62
EEI Index Cumulative Return (\$)	100.00	111.56	116.34	143.16	131.60	154.78
Regulated EEI Index Annual Return		11.66	4.55	24.56	-9.01	16.72
Regulated EEI Index Cumulative Return	100.00	111.66	116.74	145.41	132.30	154.43
Mostly Regulated EEI Index Annual Return		11.32	3.62	17.87	-4.95	21.09
Mostly Regulated EEI Index Cumulative Return	100.00	111.32	115.35	135.97	129.24	156.50

Calendar year returns shown, except where noted.
Diversified category eliminated in 2017 due to lack of constituent companies.
Returns are unweighted averages of constituent company returns.

industry's 2021 second half relative strength was not enough to change the annual trend. The EEI Index returned a strong 17.1% for 2021 as a whole, yet the major averages were stronger. The S&P 500 Index returned 28.7% while the Dow and Nasdaq each gained over 21% causing utilities to lag the broad averages for a third straight year.

Economy Watch

Economic data released in Q4 showed a slowing recovery. Late October produced a first estimate of Q3 2021 real GDP growth of 2.0%. This was revised upward to 2.3% in late December, yet was well below the 6.0%+ readings in Q1 and Q2 and the 4.5% growth in Q4 2020.

While the corporate earnings outlook remained strong, estimates for Q4 S&P 500 earnings gains edged down from 21% to about 19% during the quarter, according to data compiled by Zacks Investment Research. That's a small difference in a big gain, to be sure, but it illustrates fading ebullience after the widespread sharp upward revisions in earnings outlooks throughout 2021's first three quarters.

By late December, Zacks said analysts pegged 2022 revenue and profit growth at 7.4% and 8.5%, respectively, and at 5.3% and 9.8% for 2023. Such a strong absolute outlook certainly elevated stocks across the board in Q4.

Inflation Fireworks

The biggest economic headlines by far during the quarter remained centered on inflation. Monthly inflation measured

XIV. EEI Index Top Ten Performers

For the twelve-month period ending 12/31/2021

Company	% Return	Category
Otter Tail Corporation	72.5	R
FirstEnergy Corp.	41.7	R
Exelon Corporation	41.2	MR
CenterPoint Energy, Inc.	32.4	R
Portland General Electric Company	28.1	R
Eergy, Inc.	28.0	R
OGE Energy Corp.	26.3	R
NiSource Inc.	24.6	R
NextEra Energy, Inc.	23.4	MR
Consolidated Edison, Inc.	23.0	R

Note: Return figures include capital gains and dividends.
R = Regulated, MR = Mostly Regulated
Source: EEI Finance Department

by the consumer price index (CPI) rose above 4% in April, held over 5% through Q3, then breached 6% in October and November and reached 7.1% in December; Q4 produced the highest inflation numbers since the early 1980s. Economists have generally framed the surge as a consequence of post-pandemic economic strength along with related supply chain disruptions, not a new secular trend. This remained the Federal Reserve's position in Q4 as it held short-term interest rates at zero and continued monthly purchases of Treasury and agency mortgage-backed securi-

ties, albeit at a slowing pace. As shown in Chart VI, natural gas spot prices surged earlier this year, reaching their highest levels since 2014, but fell back sharply in Q4 and longer-dated months remain unchanged at much lower levels.

Electric Output Up 2.8% for 2021

U.S. electric output rose 1.5% nationwide in Q4 with the fast-growing West Central region up more than 3%. Heating degree days in October and December were well below last year's level and historical averages, which may have suppressed electric demand for heating. For the year, electricity demand rose a strong 2.8%, powered in part by the economic rebound. Demand jumped 5.1% in Q2, mirroring buoyant economic data, and rose 1.7% year-to-year in Q3. Analysts cited a hot June across much of the nation combined with an economic recovery-induced boost in commercial and industrial load as likely drivers of the Q2 increase. Weather had a smaller impact on Q3 data.

Diverse Themes Color Q4 Thinking

Wall Street analysts and investors tracked a number of industry themes in Q4, which saw discussion in research reports and published takeaways from EEI's annual financial conference in early November.

Utilities' perspectives on inflation was a key point of interest. Research commentary suggested analysts and companies don't see meaningful pressure on near-term operating costs, which are mostly labor related and controlled through long-term contracts or stable workforce pay schedules. Renewables projects are not experiencing delays or cost pressures as sub-contractor pricing is negotiated well in advance and the general sense is big renewables developers can limit cost increases by pressuring suppliers. But longer-term impacts are impossible to predict and if inflation becomes a secular trend the outlook is far less clear.

Research noted that EEI conference discussions and upbeat Q3 earnings calls affirmed the industry's growth outlook. With broad public, state, regulatory and federal support, along with rising corporate demand for clean power, opportunities for renewable capex seemed to grow in Q4. Some utilities raised growth guidance for clean energy capex and analysts ratcheted up related earnings outlooks.

While not a new theme, utility bill headroom for funding aggressive capex arose as a focal point of analyst discussions; this was perhaps spurred in part by headline inflation data. Customer rates in aggregate nationwide have been almost flat for a decade, benefitting from low fuel commodity costs, falling interest rates, lower corporate taxes and utilities' efforts to hold operations and maintenance (O&M) costs down. While analysts view state regulation as generally constructive, a few Q4 research reports noted that funding

capex plans may require rate increases that risk pushback from state commissions. The landscape here is very hard to predict if inflation becomes a durable source of consumer discontent, and it's a topic the industry watches carefully.

Infrastructure Bill Implementation

Last year, EEI was instrumental in advocating for many key provisions within the Infrastructure Investment and Jobs Act, particularly with respect to electric transportation, grid modernization, cybersecurity, energy resilience, broadband, and research, development, and deployment of new clean energy technologies. In early January, the White House outlined its strategy for helping to accelerate the deployment of clean energy using new authorities and the substantial funding that was included in this legislation.

EEI is focused now on coordinating and leading industry efforts related to funding programs and implementation of this law, working to ensure that member companies and their state and local governments are ready and able to access and to use new federal infrastructure funds and programs. Through careful planning and partnerships, we can ensure that everyone benefits from the clean energy transition.

Relative Performance Drought

Utility stocks have experienced the worst three-year stretch of relative return since the late 1990s tech bubble. The group nearly always lags a sharply rising bull market, so this is perhaps to be expected. Yet investors may reasonably wonder if utilities are getting the respect they deserve. Analysts note the industry offers good prospects for mid-single-digit steady earnings growth along with a 3% dividend yield. The S&P 500's 40%+ profit gain in 2021 overshadowed that, but looking forward utilities may offer a comparable outlook with more than double the S&P 500's 1.4% dividend yield and with perhaps less business risk.

Analyst reports in Q4 tried to gauge utilities' sensitivity to rising rates, noting utilities typically suffer when long rates rise but are less sensitive to short-term yields. Of course, it's difficult to be certain about any rate sensitivity analysis. As Table IV shows, interest rates have tracked a steady secular down trend for 40 years, rising rate environments have been few and short-lived, and Federal Reserve policy has dominated bond markets since the Financial Crisis of 2008 and 2009. That history may not offer much to go on looking forward. And rising rates will likely impact high-growth, high-PE companies more sharply than utilities, as January 2022's market volatility seemed to portend. It may take a bear market for utilities' to really shine on a relative basis, if not in absolute terms. And investors haven't seen a real bear for a long, long time. ■

Q4 2021 Dividends

HIGHLIGHTS

- A total of 32 companies increased or reinstated their dividend in 2021 compared to 34 in 2020 and 37 in 2019. No companies lowered their dividend.
- The percentage of companies that raised or reinstated their dividend during full-year 2021 was 82%, slightly below the 85% to 93% range of the prior six years.
- The average dividend increase in 2021 was 4.8%, with a range of 1.3% to 10.0% and a median increase of 5.4%.
- The industry's dividend payout ratio was 64.6% for the twelve months ended September 30, 2021, exceeding all other U.S. business sectors.
- The industry's average dividend yield was 3.3% on December 31, trailing only the Energy sector's 4.2%.

COMMENTARY

The investor-owned electric utility industry continued its long-term trend of widespread dividend increases in 2021. A total of 32 companies increased or reinstated their dividend compared to 34 in 2020, 37 in 2019, 39 in 2018 and 36 to 40 companies annually from 2012 through 2017.

The percentage of companies that raised or reinstated their dividend in 2021 was 82%, just below the 85% to 93% range seen from 2015 through 2020. By contrast, only 27 of the 65 utilities tracked by EEI increased their dividend in 2003, just prior to the passage of legislation that reduced dividend tax rates. The percentages noted above are based on data beginning in 1988. Mergers and acquisitions reduced the number of publicly traded utilities included in the EEI Index from 65 in 2003 to 39 at year-end 2021.

As shown in the Dividend Patterns table, 38 of the 39 publicly traded utilities in the EEI Index were paying a com-

I. Sector Comparison, Dividend Payout Ratio

Last Twelve Months

Sector	Payout Ratio (%)
EEI Index Companies*	64.6%
Utilities	63.9%
Energy	60.8%
Consumer Staples	54.5%
Industrial	38.1%
Materials	29.2%
Health Care	26.4%
Financial	22.9%
Technology	22.7%
Consumer Discretionary	20.5%

*For this table, EEI (1) sums dividends and (2) sums earnings of all index companies and then (3) divides to determine the comparable dividend payout ratio (DPR). The EEI Index represents the 12-month period ending 9/30/2021.

EEI Index Companies payout ratio based on LTM common dividends paid and income before nonrecurring and extraordinary items.

S&P sector payout ratios based on 2021E dividends and earnings per share (estimates as of 12/31/2021).

For more information on constituents of each S&P sector see www.sectorspdr.com.

II. Sector Comparison, Dividend Yield

at 12/31/2021

Sector	Yield (%)
Energy	4.2%
EEI Index Companies*	3.3%
Utilities	2.9%
Consumer Staples	2.5%
Financial	1.7%
Materials	1.7%
Health Care	1.4%
Industrial	1.4%
Technology	0.8%
Consumer Discretionary	0.6%

*EEI Index Companies' yield based on last announced, annualized dividend rates (as of 12/31/2021); S&P sector yields based on 2021E cash dividends (estimates as of 12/31/2021).

For more information on constituents of each S&P sector see www.sectorspdr.com. Source: AltaVista Research, S&P Global Market Intelligence, EEI Finance Department.

III. Dividend Patterns 2001–2021

U.S. Investor-Owned Electric Utilities

	Raised	No Change	Lowered	Omitted	Reinstated	Not Paying	Total	Dividend Payout Ratio*							
2001	21	40	3	2	0	3	69	64.1%							
2002	26	27	6	3	0	3	65	67.5%							
2003	26	24	7	2	1	5	65	63.7%							
2004	35	22	1	0	0	7	65	67.9%							
2005	34	22	1	1	2	5	65	66.5%							
2006	41	17	0	0	0	6	64	63.5%							
2007	40	15	0	0	3	3	61	62.1%							
2008	36	20	1	0	1	1	59	66.8%							
2009	31	23	3	0	0	1	58	69.6%							
2010	34	22	0	0	0	1	57	62.0%							
2011	31	22	0	1	1	0	55	62.8%							
2012	36	14	0	0	1	0	51	64.2%							
2013	36	12	1	0	0	0	49	61.5%							
2014	38	9	1	0	0	0	48	60.4%							
2015	39	7	0	0	0	0	46	67.0%							
2016	40	4	0	0	0	0	44	62.9%							
2017	38	4	0	1	0	0	43	64.0%							
2018	39	1	1	0	0	1	42	63.9%							
2019	37	2	0	0	0	1	40	62.6%							
2020	34	2	2	0	0	1	39	65.3%							
2021 Q1	17	21	0	0	0	1	39	65.3%							
2021 Q2	2	36	0	0	0	1	39	63.2%							
2021 Q3	4	34	0	0	0	1	39	61.1%							
2021 Q4	9	29	0	0	0	1	39	61.6%							
2021	32	6	0	0	0	1	39	61.6%							
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Avg. Increase	7.4%	9.4%	7.2%	8.2%	6.8%	7.2%	5.3%	5.7%	5.8%	5.6%	5.6%	5.7%	5.1%	5.1%	4.8%
Avg. Decrease	NA	45.7%	46.4%	NA	100%	NA	41.0%	34.5%	NA	NA	NA	79.8%	NA	40.6%	NA

Note: Only one action per company per year is counted. If a company raised its dividend twice, this counts as one in the Raised column. / * 2021 figures reflect dividend changes (raised, lowered, etc.) through 12/31/2021 and earnings and dividends through 9/30/2021 (payout ratio). / Source: AltaVista Research, S&P Global Market Intelligence, EEI Finance Department.

IV. Category Comparison, Dividend Payout Ratio

Last Twelve Months

Category	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021*
EEI Index	64.2	61.5	60.4	67.0	62.9	64.0	63.9	62.6	65.3	61.6
Regulated	62.1	60.5	59.4	68.7	61.1	68.7	60.1	62.1	65.3	59.5
Mostly Reg.	69.7	64.7	63.8	62.6	68.0	53.3	72.8	64.1	65.2	69.0
Diversified	53.4	44.7	56.4	64.9	64.6	--	--	--	--	--

Regulated: 80% or more of total assets are regulated

Mostly Regulated: Less than 80% of total assets are regulated

Diversified: Prior to 2017, less than 50% of total assets are regulated

*2021 figures reflect earnings and dividends through 9/30/2021.

Source: EEI Finance Department, S&P Global Market Intelligence and company reports.

mon stock dividend as of December 31, 2021. Each company is limited to one action per year in the table. For example, if a company raised its dividend twice during a year, that counts as one in the Raised column. Companies generally use the same quarter each year for dividend changes, with Q1 the most common for electric utilities.

2021 Increases Average 4.8%

The average dividend increase in 2021 was 4.8%, with a range of 1.3% to 10.0% and a median increase of 5.4%. NextEra Energy (+10.0% in Q1), DTE Energy (+7.3% in

V. Category Comparison, Dividend Yield

at 12/31/2021

Category	Dividend Yield (%)
EEI Index	3.3
Regulated	3.3
Mostly Regulated	3.0

Regulated: 80% or more of total assets are regulated

Mostly Regulated: Less than 80% of total assets are regulated

Source: EEI Finance Department, S&P Global Market Intelligence and company reports.

Q4), WEC Energy (+7.1% in Q1) and Evergy (+7.0% in Q4) posted the largest percentage increases.

NextEra Energy, headquartered in Juno Beach, Florida, increased its quarterly dividend from \$0.35 to \$0.385 per share during the first quarter. The increase is consistent with its plan, announced in 2020, to target roughly 10% per year annual growth in dividends per share through at least 2022, off a 2020 base. NextEra recorded the industry's highest percentage increases in 2020 (+12.0%) and 2019 (+12.6%), the second-highest percentage increase in 2018 (+13.0%), and the largest percentage increases in both 2017 (+12.9%)

VI. Dividend Summary

U.S. Investor-Owned Electric Utilities (at 12/31/2021)

Company Name	Ticker	Category	Annual Dividend Rate	Payout Ratio	Dividend Yield	Last Action	To	From	Announced
ALLETE, Inc.	ALE	MR	\$2.52	100.8%	3.8%	Raised	\$2.52	\$2.47	2021 Q1
Alliant Energy Corporation	LNT	R	\$1.61	62.0%	2.6%	Raised	\$1.61	\$1.52	2021 Q1
Ameren Corporation	AEE	R	\$2.20	55.8%	2.5%	Raised	\$2.20	\$2.06	2021 Q1
American Electric Power Co., Inc.	AEP	R	\$3.12	62.4%	3.5%	Raised	\$3.12	\$2.96	2021 Q4
AVANGRID, Inc.	AGR	MR	\$1.76	82.7%	3.5%	Raised	\$1.76	\$1.73	2018 Q3
Avista Corporation	AVA	R	\$1.69	74.9%	4.0%	Raised	\$1.69	\$1.62	2021 Q1
Black Hills Corporation	BKH	R	\$2.38	55.3%	3.4%	Raised	\$2.38	\$2.26	2021 Q4
CenterPoint Energy, Inc.	CNP	R	\$0.68	37.8%	2.4%	Raised	\$0.68	\$0.64	2021 Q3
CMS Energy Corporation	CMS	R	\$1.74	59.8%	2.7%	Raised	\$1.74	\$1.63	2021 Q1
Consolidated Edison, Inc.	ED	R	\$3.10	63.9%	3.6%	Raised	\$3.10	\$3.06	2021 Q1
Dominion Resources, Inc.	D	R	\$2.52	66.4%	3.2%	Lowered	\$2.52	\$3.76	2020 Q4
DTE Energy Company	DTE	MR	\$3.54	58.5%	3.0%	Raised	\$3.54	\$3.30	2021 Q4
Duke Energy Corporation	DUK	R	\$3.94	74.8%	3.8%	Raised	\$3.94	\$3.86	2021 Q3
Edison International	EIX	R	\$2.80	43.7%	4.1%	Raised	\$2.80	\$2.65	2021 Q4
Entergy Corporation	ETR	R	\$4.04	47.0%	3.6%	Raised	\$4.04	\$3.80	2021 Q4
Evergy, Inc.	EVRG	R	\$2.29	53.2%	3.3%	Raised	\$2.29	\$2.14	2021 Q4
Eversource Energy	ES	R	\$2.41	64.4%	2.6%	Raised	\$2.41	\$2.27	2021 Q1
Exelon Corporation	EXC	MR	\$1.53	53.0%	2.6%	Raised	\$1.53	\$1.45	2020 Q1
FirstEnergy Corp.	FE	R	\$1.56	74.2%	3.8%	Raised	\$1.56	\$1.52	2019 Q4
Hawaiian Electric Industries, Inc.	HE	MR	\$1.36	60.6%	3.3%	Raised	\$1.36	\$1.32	2021 Q1
IDACORP, Inc.	IDA	R	\$3.00	57.5%	2.6%	Raised	\$3.00	\$2.84	2021 Q4
MDU Resources Group, Inc.	MDU	MR	\$0.87	42.1%	2.8%	Raised	\$0.87	\$0.85	2021 Q4
MGE Energy, Inc.	MGEE	R	\$1.55	49.9%	1.9%	Raised	\$1.55	\$1.48	2021 Q3
NextEra Energy, Inc.	NEE	MR	\$1.54	101.9%	1.6%	Raised	\$1.54	\$1.40	2021 Q1
NiSource Inc.	NI	R	\$0.88	65.1%	3.2%	Raised	\$0.88	\$0.84	2021 Q1
NorthWestern Corporation	NWE	R	\$2.48	66.2%	4.3%	Raised	\$2.48	\$2.40	2021 Q1
OGE Energy Corp.	OGE	R	\$1.64	68.4%	4.3%	Raised	\$1.64	\$1.61	2021 Q3
Otter Tail Corporation	OTTR	R	\$1.56	44.4%	2.2%	Raised	\$1.56	\$1.48	2021 Q1
PG&E Corporation	PCG	R	\$0.00	0.0%	0.0%	Lowered	\$0.00	\$2.12	2017 Q4
Pinnacle West Capital Corporation	PNW	R	\$3.40	62.2%	4.8%	Raised	\$3.40	\$3.32	2021 Q4
PNM Resources, Inc.	PNM	R	\$1.31	51.9%	2.9%	Raised	\$1.31	\$1.23	2020 Q4
Portland General Electric Company	POR	R	\$1.72	64.8%	3.3%	Raised	\$1.72	\$1.63	2021 Q2
PPL Corporation	PPL	R	\$1.66	NM	5.5%	Raised	\$1.66	\$1.65	2020 Q1
Public Service Enterprise Group Inc.	PEG	MR	\$2.04	52.4%	3.1%	Raised	\$2.04	\$1.96	2021 Q1
Sempra Energy	SRE	R	\$4.40	41.9%	3.3%	Raised	\$4.40	\$4.18	2021 Q1
Southern Company	SO	R	\$2.64	71.8%	3.8%	Raised	\$2.64	\$2.56	2021 Q2
Unitil Corporation	UTL	R	\$1.52	65.9%	3.3%	Raised	\$1.52	\$1.50	2021 Q1
WEC Energy Group, Inc.	WEC	R	\$2.71	62.4%	2.8%	Raised	\$2.71	\$2.53	2021 Q1
Xcel Energy Inc.	XEL	R	\$1.83	58.3%	2.7%	Raised	\$1.83	\$1.72	2021 Q1

Industry Average

61.6%

3.3%

Categories — R = Regulated (80% or more of total assets are regulated), MR = Mostly Regulated (Less than 80% of total assets are regulated); based on assets at 12/31/2020.

Dividend Per Share — Per share amounts are annualized declared figures as of 12/31/2021.

Dividend Payout Ratio — Dividends paid for 12 months ended 9/30/2021 divided by net income before nonrecurring and extraordinary items for 12 months ended 9/30/2021.

Dividend Yield — Annualized Dividends Per Share at 12/31/2021 divided by stock price at market close on 12/31/2021.

NM applies to companies with negative earnings or payout ratios greater than 200%.

While net income is after-tax, nonrecurring and extraordinary items are pre-tax, as there is no consistent method of gathering these items on a tax-adjusted basis under current reporting guidelines. On an individual company basis, the Payout Ratio in the table could differ slightly from what is reported directly by the company.

Source: EEI Finance Department and S&P Global Market Intelligence.

and 2016 (+13.0%, along with Edison International and DTE Energy). DTE Energy, based in Detroit, Michigan, increased its quarterly dividend from \$0.825 to \$0.885 per share in Q4. DTE has issued a cash dividend for more than 100 years. WEC Energy Group, headquartered in Milwaukee, Wisconsin, raised its quarterly dividend from \$0.59 to \$0.6325 in the first quarter. This marked its 310th consecutive quarterly dividend dating back to 1942 and its 17th straight annual increase. WEC Energy continues to target a

dividend payout ratio of 65% to 70% of earnings. Evergy, based in Kansas City, Missouri, increased its quarterly dividend from \$0.535 to \$0.5725 in the fourth quarter.

The industry's average and median increases have been relatively consistent in recent years. The average increase was 5.1% in 2020 and 2019, 5.7% in 2018, and 5.6% in 2017 and 2016. The median increase was 5.3% in 2020, 4.9% in 2019, 5.5% in 2018 and 2017, and 5.1% in 2016.

VII. Free Cash Flow

U.S. Investor-Owned Electric Utilities

(\$ Billions)	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Net Cash Provided by Oper. Activities	82.9	77.7	84.4	84.0	87.1	89.0	101.6	98.3	101.2	100.0	95.3	67.7
— Capital Expenditures	(77.6)	(74.2)	(78.6)	(90.3)	(90.3)	(96.1)	(104.0)	(112.5)	(113.1)	(119.5)	(123.8)	(132.7)
— Div. Paid to Common Shareholders	(17.1)	(18.0)	(19.3)	(20.5)	(20.8)	(21.1)	(22.5)	(23.8)	(25.5)	(25.6)	(27.9)	(29.3)
Free Cash Flow	(11.8)	(14.4)	(13.5)	(26.8)	(24.0)	(28.2)	(24.8)	(38.0)	(37.5)	(44.7)	(56.4)	(94.4)

Source: S&P Global Market Intelligence and EEI Finance Department.

Payout Ratio and Dividend Yield

The industry's dividend payout ratio was 64.6% for the twelve months ended September 30, 2021, exceeding all other U.S. business sectors. The industry's payout ratio was 61.6% when measured as an un-weighted average of individual company ratios. From 2000 through 2020, the industry's annual payout ratio ranged from 60.4% to 69.6%.

While the industry's net income has fluctuated from year to year, its payout ratio has remained relatively consistent after eliminating non-recurring and extraordinary items from earnings. We use the following approach when calculating the industry's dividend payout ratio :

1. Non-recurring and extraordinary items are eliminated from earnings.
2. Companies with negative adjusted earnings are eliminated.
3. Companies with a payout ratio in excess of 200% are eliminated.

The industry's average dividend yield was 3.3% on December 31, trailing only the Energy sector's 4.2%. The year-end yield was 3.6% in 2020, 3.0% in 2019 and 3.4% in each of the three previous years. In 2021, the industry's strong dividend activity was more than offset by higher stock prices, resulting in the lower average yield. The market cap-weighted EEI Index had a total return of 17.1% in 2021.

We calculate the industry's aggregate dividend yield using an un-weighted average of the yields of EEI Index companies paying a dividend. The strong yields prevalent among most electric utilities have benefitted their stock prices over the past decade, particularly given the period's historically low interest rates.

Business Category Comparison

The Regulated category's dividend payout ratio was 59.5% for the 12 months ended September 30, 2021 compared to 69.0% for the Mostly Regulated category. The Regulated group produced the highest annual payout ratio in 2020, 2017, 2015, 2011, 2010 and from 2003 through 2008.

The Regulated and Mostly Regulated average dividend yields were 3.3% and 3.0% on December 31, 2021, compared to 3.6% and 3.4% at year-end 2020 and 3.0% and 3.1% at year-end 2019. The dividend yield for both categories at year-ends 2018 and 2017 was 3.4%.

Electric Utilities' History of Strong Dividends

For more than a century, the investor-owned electric utility industry has stood out among U.S. business sectors for its steady and rising dividends. This reputation is founded on:

- A steady stream of income from a product that is universally needed with low elasticity of demand.
- A highly regulated industry that provides reasonable returns on investment with associated low business risk.
- A mature industry comprised of companies with very long track records of maintaining and/or steadily increasing their dividends over time.

These characteristics are especially attractive to an aging population of investors who seek a combination of growth and income. A typical total return model for electric utilities is approximately 4-5% annual earnings growth and a 3-4% dividend yield, producing a highly visible and relatively stable 7-9% annualized long-term total return potential. The market's valuation of that return stream, of course, will shift with investor sentiment.

Legislative Update

During much of 2021, increases in capital gains and dividend tax rates for the top individual tax bracket were on the table as potential revenue sources for the Administration's "Build Back Better" plan. The House version of the bill, called the Build Back Better Act, was passed in November and did not include changes to capital gains or dividend tax rates. As of early 2022, it remains possible that the Senate will pass a "slimmed down" version of the Build Back Better Act.

The top tax rate for dividends and capital gains is currently 20%, with 2021 income thresholds of \$501,600 for couples and \$445,850 for individuals. For taxpayers below these thresholds, dividends and capital gains are taxed at rates of either 15% or 0%, depending on a filer's income. A 3.8% Medicare tax that was included in 2010 health care legislation is also applied to all investment income for couples earning more than \$250,000 (\$200,000 for singles).

Low dividend tax rates support the electric utility industry's ability to attract capital for investment. Maintaining parity between dividend and capital gains tax rates is crucial to avoid a disadvantage for companies that rely on strong dividends to attract investors. ■

Credit Ratings

HIGHLIGHTS

- The average parent company credit rating in 2021 was BBB+, a level that has held since 2014. The year’s 52 total actions was below the 73-action annual average of the previous ten calendar years.
- Industry credit quality generally improved over the past decade, although it experienced a slight decline, in aggregate, in each of the last three years. The five-year period 2013 through 2017 produced the five highest upgrade percentages in our 22 years of historical data.
- On December 31, 2021, 68.2% of parent company ratings outlooks were “stable”, 9.1% were “positive” or “watch-positive”, and 22.7% were “negative” or “watch negative”.
- The three major rating agencies remain somewhat divergent in their outlooks for 2022. S&P maintained a negative outlook, Moody’s outlook remained stable and Fitch held its neutral outlook. While the agencies noted regulatory relations are broadly constructive, managing regulatory risk and financial metrics in an era of high capex and potentially rising costs were cited as concerns.

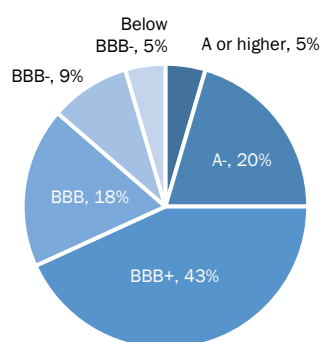
COMMENTARY

The industry’s average parent company credit rating in 2021 remained at BBB+ for an eighth straight year, although three parent-level downgrades versus one upgrade caused a slight weakening in aggregate holding company credit quality. There were only 52 total actions — 20 upgrades and 32 downgrades — affecting both parents and subsidiaries. This pace was below the 73-action annual average of the previous ten calendar years and is the third-lowest annual total in our historical dataset (back to 2000).

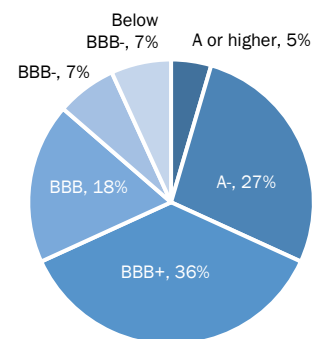
On December 31, 2021, 68.2% of parent company rat-

I. S&P Utility Credit Ratings Distribution

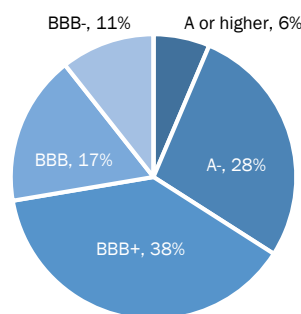
U.S. Investor-Owned Electric Utilities (parent level only)



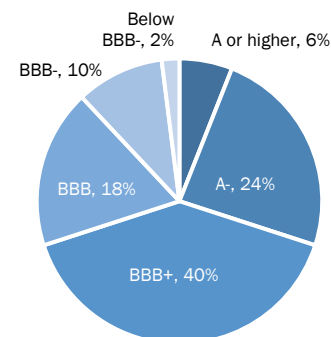
At 12/31/2021



At 12/31/2020



At 12/31/2018

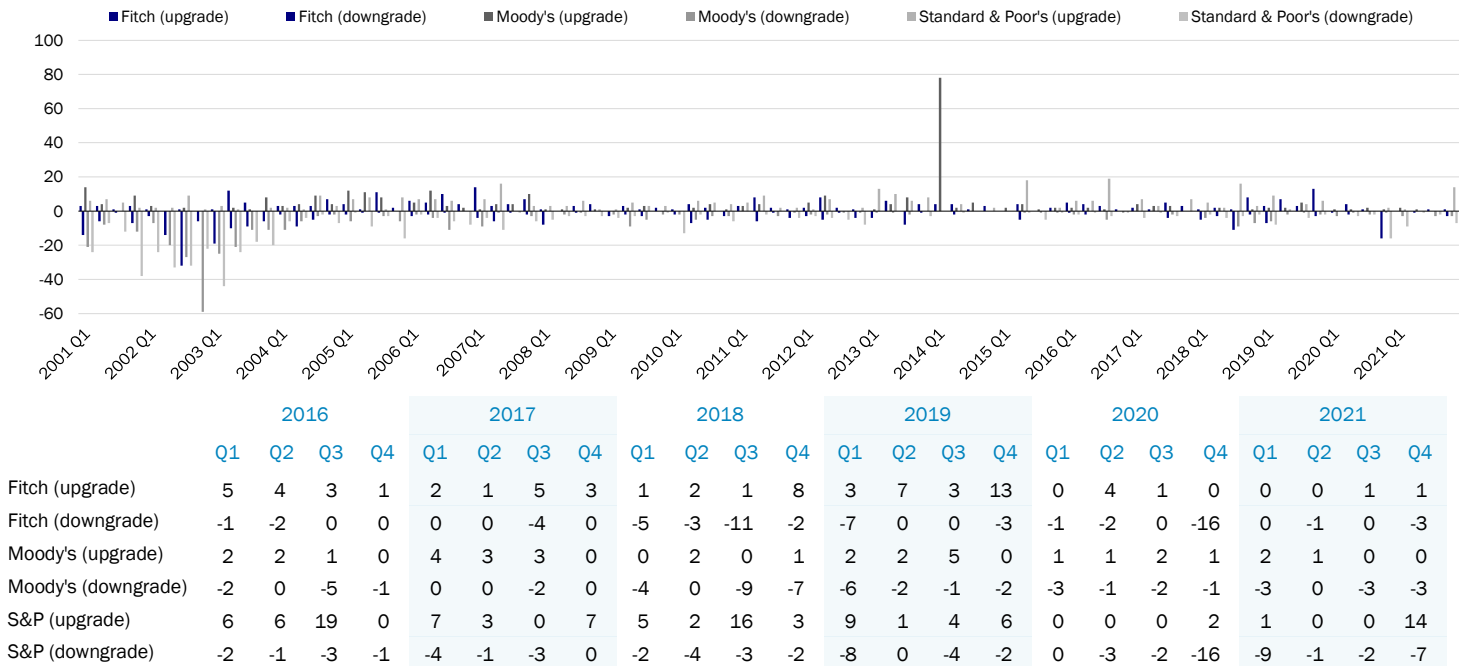


At 12/31/2016

Note: Rating applies to utility holding company entity.
Source: Standard & Poor’s, S&P Global Market Intelligence, and EEI Finance Dept.

II. Credit Rating Agency Upgrades and Downgrades

U.S. Investor-Owned Electric Utilities (parent and subsidiary companies)



Note: Chart depicts the number of upgrades / downgrades for all rated companies, including subsidiaries, during the quarter.
Source: S&P Global Market Intelligence and EEI Finance Dept.

III. Total Ratings Actions

U.S. Investor-Owned Electric Utilities (parent and subsidiary companies)

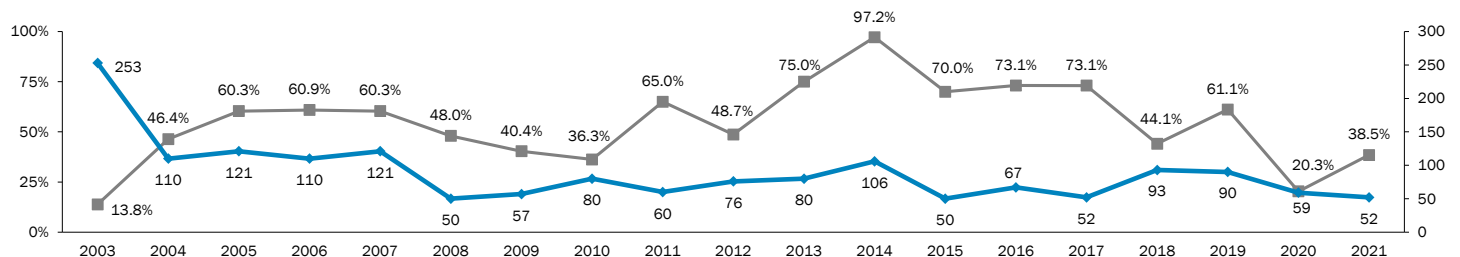
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Fitch	34	22	31	41	17	14	24	25	26	23	14	11	16	15	33	36	24	6
Moody's	42	46	39	32	6	23	20	11	20	17	85	12	13	12	23	20	12	12
S&P	34	53	40	48	27	20	36	24	30	40	7	27	38	25	37	34	23	34
Total	110	121	110	121	50	57	80	60	76	80	106	50	67	52	93	90	59	52

Source: S&P Global Market Intelligence and EEI Finance Dept.

IV. Direction of Ratings Actions

U.S. Investor-Owned Electric Utilities (parent and subsidiary companies)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Upgrades	35	51	73	67	73	24	23	29	39	37	60	103	35	49	38	41	55	12	20
Downgrades	218	59	48	43	48	26	34	51	21	39	20	3	15	18	14	52	35	47	32
% Upgrades	13.8%	46.4%	60.3%	60.9%	60.3%	48.0%	40.4%	36.3%	65.0%	48.7%	75.0%	97.2%	70.0%	73.1%	73.1%	44.1%	61.1%	20.3%	38.5%
Total Actions	253	110	121	110	121	50	57	80	60	76	80	106	50	67	52	93	90	59	52



Source: Fitch Ratings, Moody's, Standard & Poor's