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 which 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

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 EEI 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 Energy, Inc. (D)

DPL, Inc.
DTE Energy Company (DTE)
Duke Energy Corporation (DUK)
Edison International (EIX)

Entergy Corporation (ETR)

Evergy, Inc. (EVRG)
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. (MGE)
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)
Southern Company (SO)

Unitil Corporation (UTI)

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.

<table>
<thead>
<tr>
<th>Regulated</th>
<th>Mostly Regulated</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>80% or more of total assets are regulated</td>
<td>Less than 80% of total assets are regulated</td>
<td></td>
</tr>
</tbody>
</table>

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.
Sempra Energy
Southern Company
Unilex 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.
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 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%.

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.
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I. Sector Comparison, Dividend Payout Ratio

<table>
<thead>
<tr>
<th>Sector</th>
<th>Payout Ratio (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>EEI Index Companies*</td>
<td>64.6%</td>
</tr>
<tr>
<td>Utilities</td>
<td>63.9%</td>
</tr>
<tr>
<td>Energy</td>
<td>60.8%</td>
</tr>
<tr>
<td>Consumer Staples</td>
<td>54.5%</td>
</tr>
<tr>
<td>Industrial</td>
<td>38.1%</td>
</tr>
<tr>
<td>Materials</td>
<td>29.2%</td>
</tr>
<tr>
<td>Health Care</td>
<td>26.4%</td>
</tr>
<tr>
<td>Financial</td>
<td>22.9%</td>
</tr>
<tr>
<td>Technology</td>
<td>22.7%</td>
</tr>
<tr>
<td>Consumer Discretionary</td>
<td>20.5%</td>
</tr>
</tbody>
</table>

*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

<table>
<thead>
<tr>
<th>Sector</th>
<th>Yield (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy</td>
<td>4.2%</td>
</tr>
<tr>
<td>EEI Index Companies*</td>
<td>3.3%</td>
</tr>
<tr>
<td>Utilities</td>
<td>2.9%</td>
</tr>
<tr>
<td>Consumer Staples</td>
<td>2.5%</td>
</tr>
<tr>
<td>Financial</td>
<td>1.7%</td>
</tr>
<tr>
<td>Materials</td>
<td>1.7%</td>
</tr>
<tr>
<td>Health Care</td>
<td>1.4%</td>
</tr>
<tr>
<td>Industrial</td>
<td>1.4%</td>
</tr>
<tr>
<td>Technology</td>
<td>0.8%</td>
</tr>
<tr>
<td>Consumer Discretionary</td>
<td>0.6%</td>
</tr>
</tbody>
</table>

*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.
common 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 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%) and the largest percentage increases in 2017 (+12.9%) and the largest percentage increases in 2017 (+12.9%) and the largest percentage increases in 2017 (+12.9%).
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.
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 $510,600 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.

VII. Free Cash Flow
U.S. Investor-Owned Electric Utilities

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</tr>
</thead>
<tbody>
<tr>
<td>Net Cash Provided by Oper. Activities</td>
<td>82.9</td>
<td>77.7</td>
<td>84.4</td>
<td>84.0</td>
<td>87.1</td>
<td>89.0</td>
<td>101.6</td>
<td>98.3</td>
<td>101.2</td>
<td>100.0</td>
<td>95.3</td>
<td>67.7</td>
</tr>
<tr>
<td>— Capital Expenditures</td>
<td>(77.6)</td>
<td>(74.2)</td>
<td>(78.6)</td>
<td>(90.3)</td>
<td>(90.3)</td>
<td>(96.1)</td>
<td>(104.0)</td>
<td>(112.5)</td>
<td>(113.1)</td>
<td>(119.5)</td>
<td>(123.8)</td>
<td>(132.7)</td>
</tr>
<tr>
<td>— Div. Paid to Common Shareholders</td>
<td>(17.1)</td>
<td>(18.0)</td>
<td>(19.3)</td>
<td>(20.5)</td>
<td>(20.8)</td>
<td>(21.1)</td>
<td>(22.5)</td>
<td>(23.8)</td>
<td>(25.5)</td>
<td>(25.6)</td>
<td>(27.9)</td>
<td>(29.3)</td>
</tr>
<tr>
<td>Free Cash Flow</td>
<td>(11.8)</td>
<td>(14.4)</td>
<td>(13.5)</td>
<td>(26.8)</td>
<td>(24.0)</td>
<td>(28.2)</td>
<td>(24.8)</td>
<td>(38.0)</td>
<td>(37.5)</td>
<td>(44.7)</td>
<td>(56.4)</td>
<td>(94.4)</td>
</tr>
</tbody>
</table>