

# Q3 2024 Dividends

## HIGHLIGHTS

- Twenty-seven utilities increased or reinstated their dividend in the first nine months of 2024 compared to 26, 25, and 23 for the same periods of 2023, 2022 and 2021, respectively.
- Thirty-eight of the 39 utilities in the EEI Index were paying a common stock dividend as of September 30.
- The average increase year-to-date was 4.8%, with a range of 0.7% to 10.2% and a median increase of 5.3%.
- The industry's dividend payout ratio was 59.5% for the twelve months ended June 30, 2024, higher than all other U.S. business sectors.
- The industry's average dividend yield was 3.4% on September 30, 2024, matching the broader Energy sector and leading all other U.S. business sectors.

## I. Sector Comparison, Dividend Payout Ratio

*Last Twelve Months*

Sector	Payout Ratio (%)
EEI Index Companies*	59.5%
Utilities	56.9%
Consumer Staples	52.2%
Energy	44.0%
Materials	42.4%
Health Care	33.9%
Industrial	33.7%
Financial	26.0%
Technology	23.6%
Consumer Discretionary	20.0%

\*For this table, EEI (1) sums dividends and (2) sums earnings of all index companies and then (3) divides to determine the comparable DPR.

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 2024E dividends and earnings per share (estimates as of 9/30/2024).

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

## II. Sector Comparison, Dividend Yield

*at 9/30/2024*

Sector	Yield (%)
EEI Index Companies	3.4%
Energy	3.4%
Utilities	2.9%
Consumer Staples	2.6%
Materials	1.9%
Financial	1.6%
Health Care	1.5%
Industrial	1.4%
Consumer Discretionary	0.8%
Technology	0.7%

\*EEI Index Companies' yield based on last announced, annualized dividend rates (as of 9/30/2024); S&P sector yields based on 2024E cash dividends (estimates as of 9/30/2024).

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

## COMMENTARY

The investor-owned electric utility industry continued its long-term trend of widespread dividend increases during the first nine months of 2024. A total of 27 companies increased or reinstated their dividend compared to 26, 25, and 23 during the same periods of 2023, 2022 and 2021, respectively. There were no dividend reductions year-to-date compared to one in full-years 2023 and 2022, zero in all of 2021 and two in 2020.

Thirty-three companies increased their dividend in full-year 2023 compared to 34 in 2022, 32 in 2021, 34 in 2020, and 36 to 40 companies annually from 2012 through 2019. Continuing on a full-year basis, the percentage of utilities that raised or reinstated their dividend was 87% in both 2023 and 2022, which was up from 82% in 2021 and in line with the 85% to 93% range seen from 2015 through 2020. By

### III. Dividend Patterns 2004–2024

#### U.S. Investor-Owned Electric Utilities

	Raised	No Change	Lowered	Omitted	Reinstated	Not Paying	Total	Dividend Payout Ratio*
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	32	6	0	0	0	1	39	61.6%
2022	34	3	1	0	0	1	39	70.8%
2023	33	4	0	1	1	0	39	68.5%
2024 Q1	20	18	0	0	0	1	39	63.8%
2024 Q2	2	36	0	0	0	1	39	61.5%
2024 Q3	5	33	0	0	0	1	39	61.2%

  

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Q1 2024	Q2 2024	Q3 2024	2024
Avg. Increase	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%	5.2%	5.1%	5.3%	4.1%	3.4%	
Avg. Decrease	45.7%	46.4%	NA	100%	NA	41.0%	34.5%	NA	NA	NA	79.8%	NA	40.6%	NA	51.8%	100%	NA	NA	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.

\*2024 figures reflect dividend changes (raised, lowered, etc.) through 9/30/2024 and earnings and dividends through 6/30/2024 (payout ratio).

Source: AltaVista Research, S&P Global Market Intelligence, EEI Finance Department.

### IV. Category Comparison, Dividend Payout Ratio

#### Last Twelve Months

Category	2016	2017	2018	2019	2020	2021	2022	2023	2024*
EEI Index	62.9	64.0	63.9	62.6	65.3	61.6	70.8	68.5	61.2
Regulated	61.1	68.7	60.1	62.1	65.3	59.5	69.2	66.1	62.4
Mostly Reg.	68.0	53.3	72.8	64.1	65.2	69.0	77.4	84.3	54.7
Diversified	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

\*2024 figures reflect earnings and dividends through 6/30/2024.

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

contrast, only 27 of the 65 utilities (42%) 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 drawn from a dataset that begins 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 2023.

As shown in Table III, 38 of the 39 publicly traded utilities in the EEI Index were paying a common stock dividend as of September 30, 2024. Each company is limited to one action per year in the table. For example, if a company

### V. Category Comparison, Dividend Yield

#### at 9/30/2024

Category	Dividend Yield (%)
EEI Index	3.4
Regulated	3.4
Mostly Regulated	3.2

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.

raised its dividend twice during a year that counts as one in the Raised column. Twenty of the 27 increases in 2024's first three quarters occurred in Q1. Electric utilities generally use the same quarter each year for dividend changes, with Q1 the most common.

### 2024 Increases Average 4.8%

The average dividend increase during the first nine months of 2024 was 4.8%, with a range of 0.7% to 10.2% and a median increase of 5.3%. NextEra Energy (+10.2% in Q1), PPL Corporation (+7.3% in Q1), WEC Energy (+7.1% in

## VI. Dividend Summary

U.S. Investor-Owned Electric Utilities (at 9/30/2024)

Company Name	Ticker	Category	Annual Dividend Rate	Payout Ratio	Dividend Yield	Last Action	To	From	Announced
ALLETE, Inc.	ALE	MR	\$2.82	101.2%	4.4%	Raised	\$2.82	\$2.71	2024 Q1
Alliant Energy Corporation	LNT	R	\$1.92	67.5%	3.2%	Raised	\$1.92	\$1.81	2024 Q1
Ameren Corporation	AEE	R	\$2.68	58.6%	3.1%	Raised	\$2.68	\$2.52	2024 Q1
American Electric Power Co., Inc.	AEP	R	\$3.52	63.8%	3.4%	Raised	\$3.52	\$3.32	2023 Q4
AVANGRID, Inc.	AGR	MR	\$1.76	78.7%	4.9%	Raised	\$1.76	\$1.73	2018 Q3
Avista Corporation	AVA	R	\$1.90	75.6%	4.9%	Raised	\$1.90	\$1.84	2024 Q1
Black Hills Corporation	BKH	R	\$2.60	62.1%	4.3%	Raised	\$2.60	\$2.50	2024 Q1
CenterPoint Energy, Inc.	CNP	R	\$0.84	47.4%	2.9%	Raised	\$0.84	\$0.80	2024 Q3
CMS Energy Corporation	CMS	R	\$2.06	80.4%	2.9%	Raised	\$2.06	\$1.95	2024 Q1
Consolidated Edison, Inc.	ED	R	\$3.32	59.7%	3.2%	Raised	\$3.32	\$3.24	2024 Q1
Dominion Resources, Inc.	D	R	\$2.67	96.5%	4.6%	Raised	\$2.67	\$2.52	2022 Q1
DTE Energy Company	DTE	R	\$4.08	55.7%	3.2%	Raised	\$4.08	\$3.81	2023 Q4
Duke Energy Corporation	DUK	R	\$4.18	66.1%	3.6%	Raised	\$4.18	\$4.10	2024 Q3
Edison International	EIX	R	\$3.12	44.7%	3.6%	Raised	\$3.12	\$2.95	2023 Q4
Entergy Corporation	ETR	R	\$4.52	48.3%	3.4%	Raised	\$4.52	\$4.28	2023 Q4
Evergy, Inc.	EVRG	R	\$2.57	77.7%	4.1%	Raised	\$2.57	\$2.45	2023 Q4
Eversource Energy	ES	R	\$2.86	56.6%	4.2%	Raised	\$2.86	\$2.70	2024 Q1
Exelon Corporation	EXC	R	\$1.52	59.7%	3.7%	Raised	\$1.52	\$1.44	2024 Q1
FirstEnergy Corp.	FE	R	\$1.70	86.7%	3.8%	Raised	\$1.70	\$1.64	2024 Q1
Hawaiian Electric Industries, Inc.	HE	MR	\$-	4.9%	0.0%	Lowered	\$0.00	\$1.44	2023 Q4
IDACORP, Inc.	IDA	R	\$3.32	61.0%	3.2%	Raised	\$3.32	\$3.16	2023 Q4
MDU Resources Group, Inc.	MDU	MR	\$0.52	29.8%	1.9%	Raised	\$0.52	\$0.50	2024 Q3
MGE Energy, Inc.	MGEE	R	\$1.80	53.5%	2.0%	Raised	\$1.80	\$1.71	2024 Q3
NextEra Energy, Inc.	NEE	MR	\$2.06	89.0%	2.4%	Raised	\$2.06	\$1.87	2024 Q1
NiSource Inc.	NI	R	\$1.06	55.5%	3.1%	Raised	\$1.06	\$1.00	2024 Q1
NorthWestern Energy	NWE	R	\$2.60	75.2%	4.5%	Raised	\$2.60	\$2.56	2024 Q1
OGE Energy Corp.	OGE	R	\$1.69	81.9%	4.1%	Raised	\$1.69	\$1.67	2024 Q3
Otter Tail Corporation	OTTR	MR	\$1.87	24.3%	2.4%	Raised	\$1.87	\$1.75	2024 Q1
PG&E Corporation	PCG	R	\$0.04	1.1%	0.2%	Raised	\$0.04	\$0.00	2023 Q4
Pinnacle West Capital Corporation	PNW	R	\$3.52	64.4%	4.0%	Raised	\$3.52	\$3.46	2023 Q4
TXNM Energy Inc.	TXNM	R	\$1.55	83.0%	3.5%	Raised	\$1.55	\$1.47	2023 Q4
Portland General Electric Company	POR	R	\$2.00	64.5%	4.2%	Raised	\$2.00	\$1.90	2024 Q2
PPL Corporation	PPL	R	\$1.03	50.7%	3.1%	Raised	\$1.03	\$0.96	2024 Q1
Public Service Enterprise Group Inc.	PEG	R	\$2.40	70.3%	2.7%	Raised	\$2.40	\$2.28	2024 Q1
Sempra Energy	SRE	R	\$2.48	43.1%	3.0%	Raised	\$2.48	\$2.38	2024 Q1
Southern Company	SO	R	\$2.88	68.6%	3.2%	Raised	\$2.88	\$2.80	2024 Q2
Unitil Corporation	UTL	R	\$1.70	55.4%	2.8%	Raised	\$1.70	\$1.62	2024 Q1
WEC Energy Group, Inc.	WEC	R	\$3.34	65.9%	3.5%	Raised	\$3.34	\$3.12	2024 Q1
Xcel Energy Inc.	XEL	R	\$2.19	57.6%	3.4%	Raised	\$2.19	\$2.08	2024 Q1
<b>Industry Average</b>				<b>61.2%</b>	<b>3.4%</b>				

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 12/31/2023.  
Dividend Per Share — Per share amounts are annualized declared figures as of 9/30/2024.

Dividend Payout Ratio — Dividends paid for 12 months ended 6/30/2024 divided by net income before nonrecurring and extraordinary items for 12 months ended 6/30/2024. 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. NM applies to companies with negative earnings or payout ratios greater than 200%.

Dividend Yield — Annualized Dividends Per Share at 9/30/2024 divided by stock price at market close on 9/30/2024.

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

Q1), and Otter Tail Corporation (+6.9% in Q1) posted the largest percentage increases.

NextEra Energy, headquartered in Juno Beach, Florida, increased its quarterly dividend from \$0.4675 to \$0.515 per share during the first quarter. The increase is consistent with its plan, announced in 2022, to target roughly 10% annual growth in its per-share dividend through at least 2024, off a

2022 base. NextEra recorded the industry's highest percentage increases in 2023 (+10.0%), 2022 (+10.4%), 2021 (+10.0%), 2020 (+12.0%) and 2019 (+12.6%), which followed the second-highest percentage increase in 2018 (+13.0%) and the largest percentage increases in both 2017 (+12.9%) and 2016 (+13.0%, along with Edison International and DTE Energy).

## VII. Free Cash Flow

### U.S. Investor-Owned Electric Utilities

(\$ Billions)	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Net Cash Provided by Oper. Activities	77.7	84.4	84.0	87.1	89.0	101.6	98.3	101.2	100.0	95.3	67.7	82.4	92.3	117.3
— Capital Expenditures	(74.2)	(78.6)	(90.3)	(90.3)	(96.1)	(104.0)	(112.5)	(113.1)	(121.0)	(125.9)	(135.3)	(136.6)	(150.8)	(171.9)
— Div. Paid to Common Shares	(18.0)	(19.3)	(20.5)	(20.8)	(21.1)	(22.5)	(23.8)	(25.5)	(25.6)	(27.9)	(29.3)	(30.3)	(31.4)	(32.9)
Free Cash Flow	(14.4)	(13.5)	(26.8)	(24.0)	(28.2)	(24.8)	(38.0)	(37.5)	(46.6)	(58.5)	(96.9)	(84.4)	(89.9)	(87.5)

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

PPL Corporation, headquartered in Allentown, Pennsylvania, raised its quarterly dividend from \$0.24 to \$0.2575 per share in Q1. This reflects the company's commitment to dividend growth in line with its earnings per share growth targets.

WEC Energy Group, based in Milwaukee, Wisconsin, raised its quarterly dividend from \$0.78 to \$0.835 in the first quarter. This marked the 21st consecutive year that the company raised its dividend. WEC Energy continues to target a dividend payout ratio of 65 to 70 percent of earnings.

Otter Tail Corporation, headquartered in Fergus Falls, Minnesota, raised its quarterly dividend from \$0.4375 to \$0.4675 per share in Q1. The increase is in line with the company's stated long-term earnings growth rate of five to seven percent; 2024 marks the 86th consecutive year that Otter Tail paid a dividend on its common stock.

The industry's average and median increases have been relatively consistent in recent years. The average increase was 5.1% in 2023, 5.2% in 2022, 4.8% in 2021, 5.1% in both 2020 and 2019, 5.7% in 2018 and 5.6% in 2017 and 2016. The median was 5.6% in 2022, 5.4% in 2021, 5.5% 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 59.5% for the twelve months ended June 30, 2024, higher than all other U.S. business sectors (see Table 1). The industry's payout ratio was 61.2% when measured as an un-weighted average of individual company ratios; 59.5% represents an aggregate figure. From 2000 through 2021, the industry's annual payout ratio ranged from 60.4% to 70.8%.

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 3.4% on September 30, 2024, matching the broader Energy sector and leading all other U.S. business sectors. The yield had risen to 4.4% on September 30, 2023, and has since fallen due to higher utility stock prices. The market cap-weighted EEI Index produced a total shareholder return of 35.1% for the year ended September 30, 2024. The industry's average dividend yield was 3.8% at year-end 2023, 3.4% at year-end 2022, 3.3% at year-end 2021, 3.6% at year-end 2020 and 3.0% at year-end 2019.

We calculate the industry's average 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 helped support their share prices over the past decade, particularly given the period's historically low interest rates. The Tax Cuts and Jobs Act, signed into law in December 2017, maintained the pre-existing and equal tax rates for dividends and capital gains. This parity is crucial to avoid a capital raising disadvantage for companies that pay a high dividend.

### Business Category Comparison

The Regulated category's dividend payout ratio was 62.4% for the twelve months ended June 30, 2024, compared to 54.7% for the Mostly Regulated category. Among these two categories, the Regulated group had the higher annual payout ratio in 2020, 2017, 2015, 2011, 2010 and in each year from 2003 through 2008.

The Regulated and Mostly Regulated groups' average dividend yields were 3.4% and 3.2%, respectively on September 30, 2024, compared to 4.1% and 5.7% on September 30, 2023, and 3.7% for both on September 30, 2022.

### Electric Utilities' History of Strong Dividends

The electric utility sector has long been known as a leading dividend payer among U.S. business sectors. This reputation is founded on:

- A steady stream of income from a product that is universally needed and with low elasticity of demand.
- A mostly regulated industry that provides reasonable returns on investment and relatively low investment 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% to 6% annual earnings growth and a 3% to 4% dividend yield, producing a highly visible and relatively stable 7% to 10% annualized long-term total return potential.

### Dividend Tax Rates

The top tax rate for dividends and capital gains in 2024 was 20%, applied to income thresholds of \$583,750 for couples

and \$518,900 for individuals. For taxpayers below these thresholds, dividends and capital gains are currently taxed at rates of 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).

The Tax Cuts and Jobs Act (TCJA), signed into law in December 2017, maintained the pre-existing and equal tax rates for dividends and capital gains. This parity is crucial to avoid a capital raising disadvantage for companies, such as electric utilities, that rely on a strong dividend to attract investors and finance capital spending. ■