

Q4 2024 Dividends

HIGHLIGHTS

- Thirty-six utilities increased or reinstated their dividend in 2024 compared to 34 in both 2023 and 2022, 32 in 2021, 34 in 2020, and 36 to 40 companies annually from 2012 through 2019.
- Thirty-eight of the 39 utilities in the EEI Index during 2024 paid a common stock dividend.
- The average dividend increase in 2024 was 5.0%, with a range of 0.7% to 10.2% and a median increase of 5.3%.
- The industry's dividend payout ratio was 59.9% for the twelve months ending September 30, 2024, higher than all other U.S. business sectors.
- The industry's average dividend yield was 3.6% on December 31, 2024, leading all U.S. business sectors.

I. Sector Comparison, Dividend Payout Ratio

Last Twelve Months

Sector	Payout Ratio (%)
EEI Index Companies*	59.9
Utilities	58.1
Consumer Staples	52.4
Energy	48.5
Materials	43.9
Industrial	36.3
Health Care	34.5
Technology	27.0
Financial	25.7
Consumer Discretionary	22.3

*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 12/31/2024).

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.

II. Sector Comparison, Dividend Yield

at 12/31/2024

Sector	Yield (%)
EEI Index Companies	3.6
Energy	3.5
Utilities	3.1
Consumer Staples	2.7
Materials	2.1
Health Care	1.7
Financial	1.5
Industrial	1.5
Consumer Discretionary	0.8
Technology	0.8

*EEI Index Companies' yield based on last announced, annualized dividend rates (as of 12/31/2024); S&P sector yields based on 2024E cash dividends (estimates as of 12/31/2024).

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.

COMMENTARY

The investor-owned electric utility industry continued its long-term trend of widespread dividend increases in 2024. A total of 36 companies increased or reinstated their dividend compared to 34 in both 2023 and 2022, 32 in 2021, 34 in 2020, and 36 to 40 companies annually from 2012 through 2019.

The percentage of companies that raised or reinstated their dividend in 2024 was 92%, up from 87% in both 2023 and 2022, 82% in 2021, and within 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 drawn from a dataset that begins in 1988.

As shown in the Dividend Patterns table, 38 of the 39

III. Dividend Patterns 2005–2024

U.S. Investor-Owned Electric Utilities

	Raised	No Change	Lowered	Omitted	Reinstated	Not Paying	Total	Dividend Payout Ratio*									
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%									
2024 Q4	10	28	0	0	0	1	39	61.8%									
2024	36	2	0	0	0	1	39	61.8%									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	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%	5.0%
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

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. For purposes of calculating the average dividend increase, individual company results that are equal to or greater than 50% are excluded. / *2024 figures reflect dividend changes (raised, lowered, etc.) through 12/31/2024 and earnings and dividends through 9/30/2024 (payout ratio).

IV. Category Comparison, Dividend Payout Ratio

Last Twelve Months

Category	2016	2017	2018	2019	2020	2021	2022	2023	2024*
EEl Index	62.9	64.0	63.9	62.6	65.3	61.6	70.8	68.5	61.8
Regulated	61.1	68.7	60.1	62.1	65.3	59.5	69.2	66.1	61.0
Mostly Reg.	68.0	53.3	72.8	64.1	65.2	69.0	77.4	84.3	67.3
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 9/30/2024.

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

publicly traded utilities in the EEI Index paid a common stock dividend during 2024. 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. Electric utilities generally use the same quarter each year for dividend changes, with Q1 being the most common. With the completion of Iberdrola's merger with Avangrid on December 23, 2024, Avangrid is no longer publicly traded or in the EEI Index, reducing that benchmark to 38 companies as of year-end 2024.

V. Category Comparison, Dividend Yield

at 12/31/2024

Category	Dividend Yield (%)
EEl Index	3.6
Regulated	3.6
Mostly Regulated	3.5

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.

2024 Increases Average 5.0%

The average dividend increase in 2024 was 5.0%, with a range of 0.7% to 10.2% and a median increase of 5.3%. NextEra Energy (+10.2% in Q1), CenterPoint Energy (+10.0% combined in Q3 and Q4), PPL Corporation (+7.3% in Q1), WEC Energy (+7.1% in Q1), DTE Energy (+6.9% in Q4), and Otter Tail Corporation (+6.9% in Q1) posted the largest percentage increases.

NextEra Energy, based 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

VI. Dividend Summary

U.S. Investor-Owned Electric Utilities (at 12/31/2024)

Company Name	Ticker	Category	Annual Dividend Rate	Payout Ratio	Dividend Yield	Last Action	To	From	Announced
ALLETE, Inc.	ALE	MR	\$2.82	133.7%	4.4%	Raised	\$2.82	\$2.71	2024 Q1
Alliant Energy Corporation	LNT	R	\$1.92	65.3%	3.2%	Raised	\$1.92	\$1.81	2024 Q1
Ameren Corporation	AEE	R	\$2.68	61.6%	3.0%	Raised	\$2.68	\$2.52	2024 Q1
American Electric Power Co., Inc.	AEP	R	\$3.72	65.2%	4.0%	Raised	\$3.72	\$3.52	2024 Q4
AVANGRID, Inc.	AGR	MR	\$1.76	67.0%	4.9%	Raised	\$1.76	\$1.73	2018 Q3
Avista Corporation	AVA	R	\$1.90	75.3%	5.2%	Raised	\$1.90	\$1.84	2024 Q1
Black Hills Corporation	BKH	R	\$2.60	69.1%	4.4%	Raised	\$2.60	\$2.50	2024 Q1
CenterPoint Energy, Inc.	CNP	R	\$0.88	52.9%	2.8%	Raised	\$0.88	\$0.84	2024 Q4
CMS Energy Corporation	CMS	R	\$2.06	74.4%	3.1%	Raised	\$2.06	\$1.95	2024 Q1
Consolidated Edison, Inc.	ED	R	\$3.32	58.2%	3.7%	Raised	\$3.32	\$3.24	2024 Q1
Dominion Resources, Inc.	D	R	\$2.67	83.0%	5.0%	Raised	\$2.67	\$2.52	2022 Q1
DTE Energy Company	DTE	R	\$4.36	51.1%	3.6%	Raised	\$4.36	\$4.08	2024 Q4
Duke Energy Corporation	DUK	R	\$4.18	69.5%	3.9%	Raised	\$4.18	\$4.10	2024 Q3
Edison International	EIX	R	\$3.31	48.1%	4.1%	Raised	\$3.31	\$3.12	2024 Q4
Entergy Corporation	ETR	R	\$2.40	50.7%	3.2%	Raised	\$2.40	\$2.26	2024 Q4
Evergy, Inc.	EVRG	R	\$2.67	68.3%	4.3%	Raised	\$2.67	\$2.57	2024 Q4
Eversource Energy	ES	R	\$2.86	57.5%	5.0%	Raised	\$2.86	\$2.70	2024 Q1
Exelon Corporation	EXC	R	\$1.52	60.9%	4.0%	Raised	\$1.52	\$1.44	2024 Q1
FirstEnergy Corp.	FE	R	\$1.70	86.7%	4.3%	Raised	\$1.70	\$1.64	2024 Q1
Hawaiian Electric Industries, Inc.	HE	MR	\$0.00	0.0%	0.0%	Lowered	\$0.00	\$1.44	2023 Q4
IDACORP, Inc.	IDA	R	\$3.44	60.8%	3.1%	Raised	\$3.44	\$3.32	2024 Q4
MDU Resources Group, Inc.	MDU	MR	\$0.52	26.0%	2.9%	Raised	\$0.52	\$0.50	2024 Q3
MGE Energy, Inc.	MGEE	R	\$1.80	52.8%	1.9%	Raised	\$1.80	\$1.71	2024 Q3
NextEra Energy, Inc.	NEE	MR	\$2.06	84.5%	2.9%	Raised	\$2.06	\$1.87	2024 Q1
NiSource Inc.	NI	R	\$1.06	57.6%	2.9%	Raised	\$1.06	\$1.00	2024 Q1
NorthWestern Energy	NWE	R	\$2.60	69.7%	4.9%	Raised	\$2.60	\$2.56	2024 Q1
OGE Energy Corp.	OGE	R	\$1.69	87.1%	4.1%	Raised	\$1.69	\$1.67	2024 Q3
Otter Tail Corporation	OTTR	MR	\$1.87	25.3%	2.5%	Raised	\$1.87	\$1.75	2024 Q1
PG&E Corporation	PCG	R	\$0.10	1.7%	0.5%	Raised	\$0.10	\$0.04	2024 Q4
Pinnacle West Capital Corporation	PNW	R	\$3.58	64.4%	4.2%	Raised	\$3.58	\$3.52	2024 Q4
TXNM Energy Inc.	TXNM	R	\$1.63	52.9%	3.3%	Raised	\$1.63	\$1.55	2024 Q4
Portland General Electric Company	POR	R	\$2.00	57.1%	4.6%	Raised	\$2.00	\$1.90	2024 Q2
PPL Corporation	PPL	R	\$1.03	51.8%	3.2%	Raised	\$1.03	\$0.96	2024 Q1
Public Service Enterprise Group Inc.	PEG	R	\$2.40	57.9%	2.8%	Raised	\$2.40	\$2.28	2024 Q1
Sempra Energy	SRE	R	\$2.48	44.4%	2.8%	Raised	\$2.48	\$2.38	2024 Q1
Southern Company	SO	R	\$2.88	68.7%	3.5%	Raised	\$2.88	\$2.80	2024 Q2
Unitil Corporation	UTL	R	\$1.70	57.9%	3.1%	Raised	\$1.70	\$1.62	2024 Q1
WEC Energy Group, Inc.	WEC	R	\$3.34	70.6%	3.6%	Raised	\$3.34	\$3.12	2024 Q1
Xcel Energy Inc.	XEL	R	\$2.19	58.8%	3.2%	Raised	\$2.19	\$2.08	2024 Q1
Industry Average				61.8%	4.7%				

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 12/31/2024.

Dividend Payout Ratio — Dividends paid for 12 months ended 9/30/2024 divided by net income before nonrecurring and extraordinary items for 12 months ended 9/30/2024. 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%. Table III's Avg. Increase excludes companies whose full-year percentage dividend increase was 50% or higher.

Dividend Yield — Annualized Dividends Per Share at 12/31/2024 divided by stock price at market close on 12/31/2024.

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

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 largest 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).

CenterPoint Energy, based in Houston, Texas, raised its quarterly dividend \$0.01 in both Q3 and Q4 to \$0.22 from \$0.20 per share. CenterPoint noted its annualized dividend growth rate aligns with the high end of its announced 6-8% non-GAAP earnings per share growth target.

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, based in Allentown, Pennsylvania, increased its quarterly dividend from \$0.24 to \$0.2575 per share in Q1. PPL said this reflects the company's commitment to dividend growth in line with its earnings per share growth targets.

WEC Energy Group, headquartered 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.

DTE Energy, based in Detroit, Michigan, increased its dividend from \$1.02 to \$1.09 per quarter, continuing more than 100 years of issuing a dividend.

Otter Tail Corporation, headquartered in Fergus Falls, Minnesota, raised its quarterly dividend from \$0.4375 to \$0.4675 per share in Q1. The increase was in line with the company's stated long-term earnings growth target rate of 5% to 7%; 2024 marks the 86th consecutive year that Otter Tail paid a dividend on its common stock.

PG&E Corporation, based in Oakland, California, in November raised its quarterly dividend from \$0.01 to \$0.025 per share, a 150% increase. When calculating the industry's average dividend increase, we exclude individual company results that are equal to or greater than 50%.

The industry's average and median increases have been relatively consistent in recent years. The average was 5.1% in 2023, 5.2% in 2022, 4.8% in 2021, and ranged between 5.1% and 5.7% from 2016 through 2020. The median increase was 5.4% in 2023, 5.6% in 2022 and ranged between 4.9% and 5.5% from 2017 through 2021.

Payout Ratio and Dividend Yield

The industry's dividend payout ratio was 59.9% for the twelve months ending September 30, 2024, higher than all other U.S. business sectors (see Table 1). The industry's payout ratio was 61.8% when measured as an un-weighted average of individual company ratios; 59.9% 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 con-

sistent 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 above 200% are eliminated.

The industry's average dividend yield was 3.6% on December 31, 2024, leading all U.S. business sectors. The yield had risen to 4.4% on September 30, 2023. It has since fallen due to higher utility stock prices, with that impact somewhat offset by strong dividend activity. The market cap-weighted EEI Index returned 19.1% for calendar year 2024 and 28.6% for the 15-month period ending December 31, 2024. The industry's year-end dividend yield was 3.8% in 2023, 3.4% in 2022, 3.3% in 2021, 3.6% in 2020, 3.0% in 2019 and 3.4% in each of the three previous years. We calculate the industry's average dividend yield using an un-weighted average of the yields of all EEI Index companies that pay a dividend.

Business Category Comparison

The Regulated category's dividend payout ratio was 61.0% for the twelve months ending September 30, 2024, below the Mostly Regulated category's 67.3%. The Regulated group produced 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 3.6% and 3.5%, respectively, on December 31, 2024, compared to 3.8% and 3.9% at year-end 2023, 3.4% and 3.3% at year-end 2022, and 3.3% and 3.0% at year-end 2021.

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 8% annual earnings growth and a 3% or higher 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. ■