

# Stock Performance

## HIGHLIGHTS

- The EEI Index returned 17.6% in Q3 — its strongest quarterly result since Q4 2015 — and 25.1% for the year through September 30. The Index outperformed all three major market indices in Q3 and year-to-date.
- Headline CPI inflation edged down from 2.9% in July, to 2.6% in August, and to 2.4% in September. The 10-year Treasury yield fell steadily for most of Q3 to 3.6% by mid September from 4.5% as Q2 ended. As a result, interest rates became a tailwind for utility shares.
- Emerging data center demand for power remained the hottest topic across earnings calls and Wall Street's utility research. Prospects for a secular lift in the outlook for demand growth also come from increased electrification, reshoring of industry, and economic development across numerous service territories.
- Most of the industry has set a three- to five-year annual earnings growth target range at 5-7% or 6-8% while offering a 3% to 4% dividend yield and dividend growth potential as well.

## COMMENTARY

Falling long-term yields in Q3 helped the EEI Index gain 17.6% and outperform the Dow Jones Industrials Average (+8.7%), the S&P 500 Index (+5.9%) and the Nasdaq Composite (+2.6%). In fact, Q3 was the strongest quarter for the EEI Index since its 22.2% gain in Q4 2015. The EEI Index also outperformed all three major indices for the first nine months of 2024, with a 25.1% return.

The broader Utilities sector (+18.9%) led sector returns in Q3. Technology gained 1.1% as market leadership appeared to shift into economically cyclical Consumer Goods, Industrials and Financials, as well as Utilities and Telecom;

## I. Index Comparison (% Return)

Index	2018	2019	2020	2021	2022	2023	2024*
EEI Index	3.7	25.8	-1.2	17.1	1.2	-8.7	25.1
Dow Jones Ind.	-3.5	25.3	9.7	21.0	-7.0	16.2	13.9
S&P 500	-4.4	31.5	18.4	28.7	-18.3	26.3	22.1
Nasdaq Comp.^	-3.9	35.2	43.6	21.4	-33.5	43.3	21.2

Calendar year returns shown for all periods, except where noted.

\*9 mo. through September 30.

^Price gain/loss only. Other indices show total return.

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

## II. Category Comparison (% Return)

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

Index	2018	2019	2020	2021	2022	2023	2024*
All Companies	4.3	23.1	-8.1	17.6	2.7	-6.3	19.5
Regulated	4.5	24.6	-9.0	16.7	3.6	-3.9	21.0
Mostly Regulated	3.6	17.9	-4.9	21.1	-1.1	-22.5	11.3

Calendar year returns shown for all periods except where noted.

Returns shown here are unweighted averages of constituent company returns.

The EEI Index return shown in Table I above is cap-weighted.

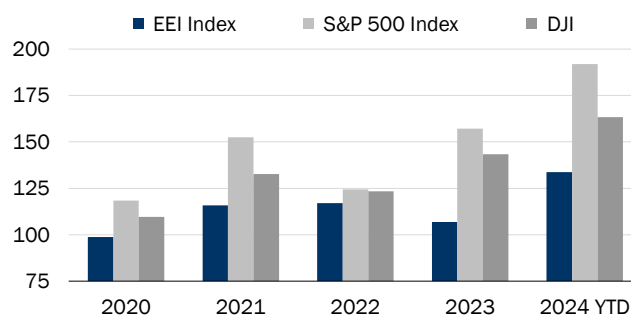
\*9 mo. through September 30.

Note: Diversified category eliminated in 2017 due to lack of constituent companies.

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

## III. Total Return Comparison

Value of \$100 invested at close on 12/31/2019



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

### IV. 10-Year Treasury Yield — Monthly

Average Monthly Yield, 1/1/1981 through 9/30/2024



Source: U.S. Federal Reserve

### V. 10-Year Treasury Yield — Weekly

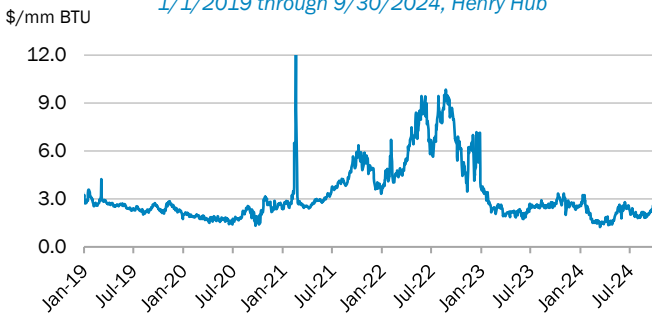
Weekly Yield, 1/1/2019 through 9/30/2024



Source: U.S. Federal Reserve

### VI. Natural Gas Spot Prices

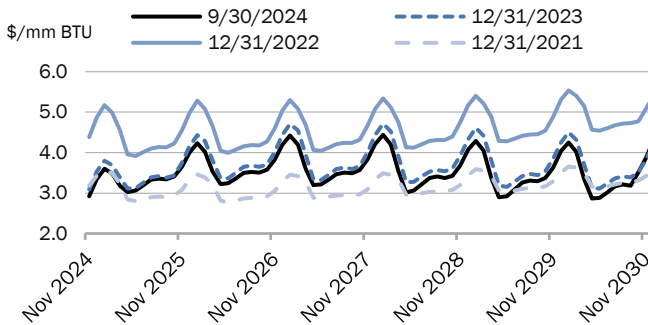
1/1/2019 through 9/30/2024, Henry Hub



Source: S&P Global Market Intelligence

### VII. NYMEX Natural Gas Futures

11/2024 through 12/2030, Henry Hub



### VIII. Returns by Quarter

U.S. Investor-Owned Electric Utilities

Index	2021 Q4	2022 Q1	2022 Q2	2022 Q3	2022 Q4	2023 Q1	2023 Q2	2023 Q3	2023 Q4	2024 Q1	2024 Q2	2024 Q3
EEl Index	12.9	4.8	-4.9	-6.7	8.8	-2.9	-3.0	-10.3	8.0	2.4	3.9	17.6
Dow Jones Industrial	7.9	-4.0	-10.9	-6.2	15.8	0.9	4.0	-2.1	13.1	6.1	-1.3	8.7
S&P 500	11.0	-4.6	-16.1	-4.9	7.3	7.5	8.7	-3.3	11.7	10.6	4.3	5.9
Nasdaq Comp. <sup>^</sup>	8.3	-9.0	-23.0	-3.5	-1.6	16.8	12.8	-4.1	13.4	9.1	8.3	2.6

Category*	2021 Q4	2022 Q1	2022 Q2	2022 Q3	2022 Q4	2023 Q1	2023 Q2	2023 Q3	2023 Q4	2024 Q1	2024 Q2	2024 Q3
All Companies	11.5	5.2	-3.8	-8.3	10.7	-0.5	-2.7	-10.5	8.1	1.8	1.5	15.7
Regulated	11.9	6.4	-3.6	-8.2	10.0	0.0	-2.5	-8.7	8.0	1.3	1.7	17.5
Mostly Regulated	10.1	0.0	-5.0	-9.0	14.3	-3.8	-3.9	-23.3	9.2	4.7	0.4	5.8

<sup>^</sup>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 9/30/2024

Sector	Total Return
Utilities	18.9%
EEl Index	17.6%
Telecommunications	14.6%
Consumer Goods	13.3%
Industrials	12.1%
Financials	11.3%
Basic Materials	7.9%
Healthcare	6.1%
Consumer Services	4.7%
Technology	1.1%
Oil & Gas	-2.6%

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, SeekingAlpha

### X. Sector Comparison, Trailing 12 mo. Total Return

For the twelve-month period ending 9/30/2024

Sector	Total Return
Telecommunications	52.4%
Technology	50.9%
Utilities	42.1%
Financials	38.7%
Consumer Services	36.0%
EEl Index	35.1%
Industrials	34.6%
Healthcare	21.3%
Basic Materials	20.3%
Consumer Goods	14.0%
Oil & Gas	1.1%

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, SeekingAlpha

XI. Market Capitalization at September 30, 2024 (in \$ Millions)

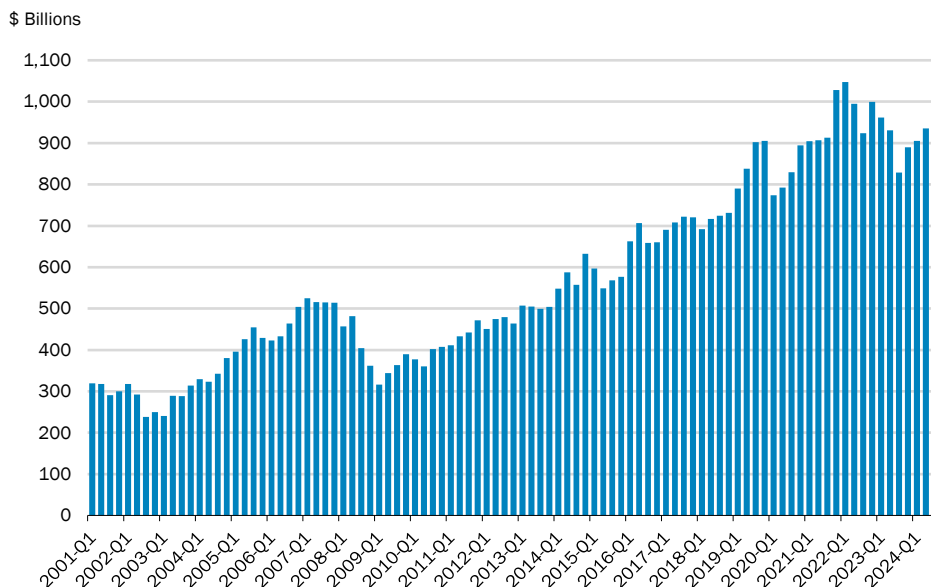
U.S. Investor-Owned Electric Utilities

Company	Stock Symbol	\$ Market Cap	% Total	Company	Stock Symbol	\$ Market Cap	% Total
NextEra Energy, Inc.	NEE	173,498	15.87%	CenterPoint Energy, Inc.	CNP	18,851	1.72%
Southern Company	SO	98,837	9.04%	Alliant Energy Corporation	LNT	15,561	1.42%
Duke Energy Corporation	DUK	89,012	8.14%	NiSource Inc.	NI	15,541	1.42%
American Electric Power Co., Inc.	AEP	54,265	4.97%	Eergy, Inc.	EVRG	14,281	1.31%
Sempra Energy	SRE	52,975	4.85%	AVANGRID, Inc.	AGR	13,851	1.27%
Dominion Energy, Inc.	D	48,445	4.43%	Pinnacle West Capital Corp.	PNW	10,072	0.92%
Public Service Enterp. Group Inc.	PEG	44,427	4.06%	OGE Energy Corp.	OGE	8,237	0.75%
PG&E Corporation	PCG	42,248	3.87%	MDU Resources Group, Inc.	MDU	5,589	0.51%
Exelon Corporation	EXC	40,591	3.71%	IDACORP, Inc.	IDA	5,378	0.49%
Xcel Energy Inc.	XEL	36,372	3.33%	Portland General Electric Co.	POR	4,935	0.45%
Consolidated Edison, Inc.	ED	36,019	3.30%	Black Hills Corporation	BKH	4,217	0.39%
Edison International	EIX	33,530	3.07%	TXNM Energy, Inc.	TXNM	3,961	0.36%
WEC Energy Group, Inc.	WEC	30,383	2.78%	ALLETE, Inc.	ALE	3,704	0.34%
Entergy Corporation	ETR	28,114	2.57%	NorthWestern Corporation	NWE	3,507	0.32%
DTE Energy Company	DTE	26,581	2.43%	MGE Energy, Inc.	MGEE	3,308	0.30%
FirstEnergy Corp.	FE	25,501	2.33%	Otter Tail Corporation	OTTR	3,266	0.30%
PPL Corporation	PPL	24,405	2.23%	Avista Corporation	AVA	3,038	0.28%
Eversource Energy	ES	24,036	2.20%	Hawaiian Electric Industries, Inc.	HE	1,068	0.10%
Ameren Corporation	AEE	23,326	2.13%	Unitil Corporation	UTL	975	0.09%
CMS Energy Corporation	CMS	21,041	1.93%	<b>Total Industry</b>		<b>1,092,945</b>	<b>100.00%</b>

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

XII. EEI Index Market Capitalization (at Period End)

U.S. Investor-Owned Electric Utilities



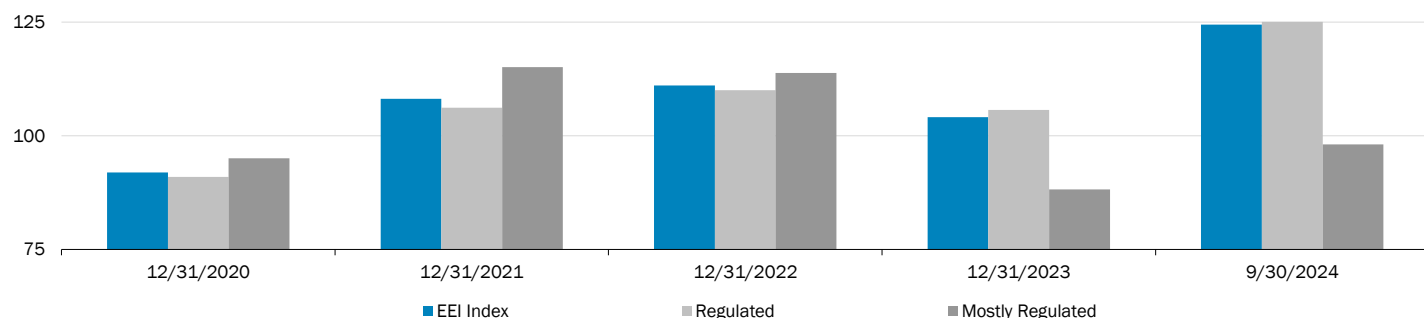
EEI Index Market Cap (in \$ Billions)			
2008-Q4	362	2016-Q4	660
2009-Q1	316	2017-Q1	690
2009-Q2	344	2017-Q2	708
2009-Q3	363	2017-Q3	722
2009-Q4	390	2017-Q4	720
2010-Q1	377	2018-Q1	692
2010-Q2	360	2018-Q2	716
2010-Q3	402	2018-Q3	725
2010-Q4	407	2018-Q4	731
2011-Q1	411	2019-Q1	790
2011-Q2	433	2019-Q2	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
2014-Q1	548	2022-Q1	1,047
2014-Q2	588	2022-Q2	995
2014-Q3	557	2022-Q3	924
2014-Q4	632	2022-Q4	1,000
2015-Q1	597	2023-Q1	962
2015-Q2	549	2023-Q2	931
2015-Q3	568	2023-Q3	829
2015-Q4	577	2023-Q4	890
2016-Q1	663	2024-Q1	906
2016-Q2	706	2024-Q2	935
2016-Q3	659	2024-Q3	1,093

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

### XIII. Comparative Category Total Annual Returns

U.S. Investor-Owned Electric Utilities, Value of \$100 invested at close on 12/31/2019



	12/31/2019	12/31/2020	12/31/2021	12/31/2022	12/31/2023	9/30/2024
EEI Index Annual Return (%)		(8.07)	17.62	2.74	(6.30)	19.54
EEI Index Cumulative Return (\$)	100.00	91.93	108.12	111.08	104.08	124.42
Regulated EEI Index Annual Return		(9.01)	16.72	3.59	(3.92)	21.04
Regulated EEI Index Cumulative Return	100.00	90.99	106.20	110.01	105.70	127.94
Mostly Regulated EEI Index Annual Return		(4.95)	21.09	(1.15)	(22.50)	11.25
Mostly Regulated EEI Index Cumulative Return	100.00	95.05	115.10	113.78	88.18	98.10

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.

economic data showed a resilient consumer sector and good economic momentum as the year's second half commenced.

The broad market has rallied strongly since the Federal Reserve signaled in late 2023 that its aggressive rate hike campaign to tame inflation may be over. Investor optimism over the economic impact of artificial intelligence (AI) has been a complementary driver of market strength. The Fed held the overnight Fed Funds rate steady for much of 2024, at 5.5%, before cutting by 50 basis points on September 18 for its first rate reduction since March 2020.

#### Economic Expansion Remains Durable

Economic strength has defied skeptics who have pointed to a slow, steady rise in the unemployment rate since early 2023 as a recession warning. Q1 2024 real GDP growth was a sluggish 1.4%, but late June produced a first estimate for Q2 growth at 2.8%, which was revised up to 3.0% in late July. Strength in consumer-related economic data suggested growth persisted in Q3; this was confirmed by late October's 2.8% advance estimate of Q3 real GDP growth.

Wall Street's corporate profit outlook remained optimistic as well. According to data sourced from Wall Street analysts and compiled by Zacks Investment Research as Q3 ended, full-year 2024 earnings for S&P 500 companies were pegged to grow 7.7% year-over-year on a revenue gain of 1.8%. And there was no recession in sight. Wall Street saw profit growth of 14.8% in 2025 on 5.7% revenue growth and another 12.6% in 2026 on revenue growth of 5.8%.

### XIV. EEI Index Top Ten Performers

For the nine-month period ending 9/30/2024

Company	% Return	Category
Public Service Enterprise Group Inc.	49.4	R
NextEra Energy, Inc.	42.2	MR
MDU Resources Group, Inc.	40.5	MR
NiSource Inc.	34.0	R
Entergy Corporation	34.0	R
Southern Company	32.1	R
American Electric Power Company, Inc.	30.0	R
MGE Energy, Inc.	28.5	R
Dominion Energy, Inc.	27.8	R
Pinnacle West Capital Corporation	27.5	R

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

#### Inflation Trends Lower

Utility shares faced a continuous headwind of rising interest rates from August 2020 to late October 2023, as the 10-year Treasury yield rose from 0.6% to nearly 5%. Fading inflation and prospects for more Fed rate cuts have abated that headwind. Headline CPI inflation edged down from 2.9% in July, to 2.6% in August and 2.4% in September. The 10-year Treasury yield fell steadily throughout most of Q3, reaching 3.6% by mid September from 4.5% as Q2 ended; as a result interest rates in Q3 became a tailwind for utility shares.

### Industry Fundamentals Steady in Q3

Utilities' Q2 earnings calls held in July and August along with Wall Street industry research published during Q3 affirmed an optimistic long-term fundamental picture for the industry. With only half the year complete, full-year earnings guidance was generally unchanged. Capex outlooks and related earnings growth outlooks remained steady while several utilities noted opportunities to boost capex above current plans. Full-year earnings outlooks gain clearer focus after the seasonally strong third quarter, when summer cooling boost power demand. Utilities typically begin to adjust earnings estimates and long-term outlooks during Q4, and generally refresh 5-year forward earnings and capex growth guidance in January and February with release of Q4 and full-year earnings.

### Demand & Data Centers in Spotlight

Electric utilities are the primary source for energy that will power AI, and emerging data center demand remained the hottest topic across earnings calls and Wall Street's industry research. Wall Street has sought to quantify this impact with estimates of 2% or higher load growth through 2030 compared to relatively flat load over the past 10 years. Industry discussions also focused on how profitable this business can be and on rate designs that avoid subsidizing large tech buyers at the expense of other customer classes.

Yet strong secular load growth may pose challenges to the electric grid when coal plants are retiring, large-scale energy storage remains in the development stage, and natural disasters (such as September's Hurricane Helene whose flooding ravaged the southern Appalachian region) highlight the need for grid hardening.

### A Good Story

Baseball legend Yogi Berra quipped "It's hard to make predictions, especially about the future." But what appears reasonably certain now is that utilities' investment case is good. Prospects for higher demand growth come from more than data centers and AI. Increased electrification, reshoring of industry, and economic development across numerous service territories are factors too. Most of the industry has set a three- to five-year earnings growth target range at 5-7% or 6-8%, while offering a 3% to 4% dividend yield and dividend growth potential as well. And the longer-term analytical bias seems to be on the upside. Investors' bullishness over the past year has been focused on beneficiaries of the AI boom. Wall Street notes utilities have been reluctant to pencil in higher earnings growth forecasts in the back half of this decade. If they do, that may be a spark for broadened investor interest. Utilities may be increasingly seen as an AI beneficiary too. And if that boom fails to materialize, utilities will suffer less than the past year's market leaders. ■