



Edison Electric
INSTITUTE

Dividends

Q4 2019
FINANCIAL UPDATE

QUARTERLY REPORT
OF THE U.S. INVESTOR-OWNED
ELECTRIC UTILITY INDUSTRY

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 regulatory and financial updates present industry trend analyses and financial data covering 45 U.S. investor-owned electric utility companies. These 45 companies include 40 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 Summary

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.

Contacts

Mark Agnew
Senior Director, Financial Analysis
(202) 508-5049, magnew@eei.org

Michael Buckley
Senior Manager, Financial Analysis
(202) 508-5614, mbuckley@eei.org

Wenni Zhang
Senior Financial and Business Analyst
(202) 508-5142, wzhang@eei.org

Devin James
Senior Manager, Investor Relations & ESG
(202) 508-5057, djames@eei.org

Aaron Cope, Jr.
Investor Relations Specialist
(202) 508-5128, acope@eei.org

Future EEI Finance Meetings

EEI Wall Street Briefing
February 5, 2020
University Club
New York, New York

EEI Financial Officers' Meeting
June 9-10, 2020
JW Marriott Austin
Austin, Texas

EEI Financial Conference
November 8-10, 2020
JW Marriott Desert Ridge Resort and Spa
Phoenix, Arizona

For more information about future EEI Finance Meetings, please contact Devin James at (202) 508-5057 or djames@eei.org, or Aaron Cope, Jr. at (202) 508-5128 or acope@eei.org.

Edison Electric Institute
701 Pennsylvania Avenue, N.W.
Washington, D.C. 20004-2696
202-508-5000
www.eei.org

The 45 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 Resources, Inc. (D)
DPL, Inc.
DTE Energy Company (DTE)
Duke Energy Corporation (DUK)
Edison International (EIX)
El Paso Electric Company (EE)
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)
Southern 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 12/31/2018)

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 financial trends and the capital markets' response to business strategies as companies depart from the traditional regulated utility model.

Regulated
Mostly Regulated

80% or more of total assets are 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 45)

Alliant Energy Corporation
Ameren Corporation
American Electric Power Company, Inc.
Avista Corporation
Black Hills Corporation
Cleco Corporation
CMS Energy Corporation
Consolidated Edison, Inc.
Dominion Resources, Inc.
DPL Inc.
Duke Energy Corporation
Edison International
El Paso Electric Company
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 (10 of 45)

ALLETE, Inc.
AVANGRID, Inc.
Berkshire Hathaway Energy
CenterPoint Energy, Inc.
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.

Q4 2019 Dividends

HIGHLIGHTS

- The investor-owned electric utility industry continued its long-term trend of widespread dividend increases in 2019; 37 companies increased or reinstated their dividend compared to 39 in 2018, 38 in 2017, and 40 in 2016.
- The percentage of companies that raised or reinstated their dividend in 2019 was 93%, matching 2018's record high. This exceeded 2017's 88% and the previous record of 91% in 2016.
- The average dividend increase in 2019 was 5.1%, with a range of 0.6% to 12.6% and a median increase of 4.9%.
- The industry's dividend payout ratio was 67.0% for the twelve months ended September 30, 2019, trailing only the Energy sector's 80.0% among U.S. business sectors.
- The industry's average dividend yield was 3.0% on December 31, 2019, trailing only the Energy sector's 3.8% and the broader Utilities sector's 3.1%. The industry's average yield was 3.4% on December 31, 2018. The EEI Index gained more than 25% in 2019, offsetting the widespread dividend growth and resulting in a slightly lower year-end yield.

COMMENTARY

The investor-owned electric utility industry continued its long-term trend of widespread dividend increases in 2019. A total of 37 companies increased or reinstated their dividend compared to 39 in 2018, 38 in 2017, 40 in 2016 and 36 to 40 companies annually from 2012 through 2015.

The percentage of companies that raised or reinstated their dividend in 2019 was 93%, matching 2018's record high. This exceeded 2017's 88% and the previous record of 91% in 2016, the next two highest historical results. These followed results of 85% in 2015 and a range of 73% to 79%

I. Sector Comparison, Dividend Payout Ratio

Last Twelve Months

Sector	Payout Ratio (%)
EEI Index Companies*	67.0%
Energy	80.0%
Utilities	63.6%
Consumer Staples	55.9%
Materials	42.1%
Industrial	36.1%
Consumer Discretionary	32.7%
Technology	29.9%
Health Care	28.6%
Financial	28.0%

*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).

EEI Index Companies payout ratio based on LTM common dividends paid and income before nonrecurring and extraordinary items (actuals as of 9/30/2019).

S&P sector payout ratios based on 2019E dividends and earnings per share (estimates as of 12/31/2019).

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 12/31/2019

Sector	Yield (%)
EEI Index Companies	3.0%
Energy	3.8%
Utilities	3.1%
Consumer Staples	2.6%
Financial	2.0%
Materials	2.0%
Industrial	1.9%
Health Care	1.6%
Consumer Discretionary	1.4%
Technology	1.3%

*EEI Index Companies' yield based on last announced, annualized dividend rates (as of 12/31/2019); S&P sector yields based on 2019E cash dividends (estimates as of 12/31/2019).

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 1996–2019

U.S. Investor-Owned Electric Utilities

	Raised	No Change	Lowered	Omitted	Reinstated	Not Paying	Total	Dividend Payout Ratio*								
1996	48	44	2	1	1	2	98	70.7%								
1997	40	45	6	2	0	3	96	84.2%								
1998	40	37	7	0	0	5	89	82.1%								
1999	29	45	4	0	3	2	83	74.9%								
2000	26	39	3	1	0	2	71	63.9%								
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 Q1	19	20	0	0	0	1	40	65.6%								
2019 Q2	3	36	0	0	0	1	40	68.8%								
2019 Q3	3	36	0	0	0	1	40	68.7%								
2019 Q4	12	27	0	0	0	1	40	64.8%								
2019	37	2	0	0	0	1	40	64.8%								
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Avg. Increase	18.7%	8.4%	9.2%	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%
Avg. Decrease	47.4%	40.0%	NA	NA	45.7%	46.4%	NA	100%	NA	41.0%	34.5%	NA	NA	NA	79.8%	NA

Note: Prior to 2000: Total industry dividends/total industry earnings. Starting in 2000: Average of all companies paying dividend. Only one action per company per year is counted. If a company raised its dividend twice, this counts as one in the Raised column. / * Current year figures reflect dividend changes (raised, lowered, etc.) through 12/31/2019 and earnings and dividends through 9/30/2019 (payout ratio). / Source: AltaVista Research, S&P Global Market Intelligence, EEI Finance Department.

IV. Category Comparison, Dividend Payout Ratio

Last Twelve Months

Category	2011	2012	2013	2014	2015	2016	2017	2018	2019*
EEI Index	62.8	64.2	61.5	60.4	67.0	62.9	64.0	63.9	64.8
Regulated	63.4	62.1	60.5	59.4	68.7	61.1	68.7	60.1	64.2
Mostly Reg.	63.1	69.7	64.7	63.8	62.6	68.0	53.3	72.8	66.9
Diversified	54.7	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

*2019 figures reflect earnings and dividends through 9/30/2019.

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

V. Category Comparison, Dividend Yield

at 12/31/2019

Category	Dividend Yield (%)
EEI Index	3.0
Regulated	3.0
Mostly Regulated	3.1

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.

back to 2012. 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 record high of 93% in both 2018 and 2019 is based on data beginning in 1988. (Note: M&A activity reduced the number of utilities tracked by EEI from 65 in 2003 to 40 at year-end 2019).

As shown on Table III – Dividend Patterns, 39 of the

40 publicly traded utilities in the EEI Index were paying a common stock dividend as of December 31, 2019. 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 the first being the most common for electric utilities.

VI. Dividend Summary

U.S. Investor-Owned Electric Utilities (at 12/31/2019)

Company (Stock Symbol)	Company Category	Annualized Dividend	Payout Ratio (%)	Yield (%)	Last Action	To	From	Date Announced
ALLETE, Inc. (ALE)	MR	\$2.35	67.9%	2.9%	Raised	\$2.35	\$2.24	2019 Q1
Alliant Energy Corporation (LNT)	R	\$1.42	61.2%	2.6%	Raised	\$1.42	\$1.34	2019 Q1
Ameren Corporation (AEE)	R	\$1.98	57.8%	2.6%	Raised	\$1.98	\$1.90	2019 Q4
American Electric Power Co., Inc. (AEP)	R	\$2.80	60.6%	3.0%	Raised	\$2.80	\$2.68	2019 Q4
AVANGRID, Inc. (AGR)	MR	\$1.76	93.6%	3.4%	Raised	\$1.76	\$1.73	2018 Q3
Avista Corporation (AVA)	R	\$1.55	92.4%	3.2%	Raised	\$1.55	\$1.49	2019 Q1
Black Hills Corporation (BKH)	R	\$2.14	48.5%	2.7%	Raised	\$2.14	\$2.02	2019 Q4
CenterPoint Energy, Inc (CNP)	MR	\$1.15	61.6%	4.2%	Raised	\$1.15	\$1.11	2018 Q4
CMS Energy Corporation (CMS)	R	\$1.53	67.0%	2.4%	Raised	\$1.53	\$1.43	2019 Q1
Consolidated Edison, Inc. (ED)	R	\$2.96	67.9%	3.3%	Raised	\$2.96	\$2.86	2019 Q1
Dominion Energy, Inc. (D)	R	\$3.67	116.0%	4.4%	Raised	\$3.67	\$3.34	2019 Q1
DTE Energy Company (DTE)	MR	\$4.05	59.9%	3.1%	Raised	\$4.05	\$3.78	2019 Q4
Duke Energy Corporation (DUK)	R	\$3.78	65.0%	4.1%	Raised	\$3.78	\$3.71	2019 Q3
Edison International (EIX)	R	\$2.55	29.8%	3.4%	Raised	\$2.55	\$2.45	2019 Q4
El Paso Electric Company (EE)	R	\$1.54	58.2%	2.3%	Raised	\$1.54	\$1.44	2019 Q2
Entergy Corporation (ETR)	R	\$3.72	52.0%	3.1%	Raised	\$3.72	\$3.64	2019 Q4
Evergy, Inc. (EVERG)	R	\$2.02	72.5%	3.1%	Raised	\$2.02	\$1.90	2019 Q4
Eversource Energy (ES)	R	\$2.14	57.6%	2.5%	Raised	\$2.14	\$2.02	2019 Q1
Exelon Corporation (EXC)	MR	\$1.45	55.1%	3.2%	Raised	\$1.45	\$1.38	2019 Q1
FirstEnergy Corp. (FE)	R	\$1.56	62.6%	3.2%	Raised	\$1.56	\$1.52	2019 Q4
Hawaiian Electric Industries, Inc. (HE)	MR	\$1.28	68.1%	2.7%	Raised	\$1.28	\$1.24	2019 Q1
IDACORP, Inc. (IDA)	R	\$2.68	60.1%	2.5%	Raised	\$2.68	\$2.52	2019 Q4
MDU Resources Group, Inc. (MDU)	MR	\$0.83	50.1%	2.8%	Raised	\$0.83	\$0.81	2019 Q4
MGE Energy, Inc. (MGEE)	R	\$1.41	54.7%	1.8%	Raised	\$1.41	\$1.35	2019 Q3
NextEra Energy, Inc. (NEE)	MR	\$5.00	93.5%	2.1%	Raised	\$5.00	\$4.44	2019 Q1
NiSource Inc. (NI)	R	\$0.80	57.6%	2.9%	Raised	\$0.80	\$0.78	2019 Q1
NorthWestern Corporation (NWE)	R	\$2.30	54.6%	3.2%	Raised	\$2.30	\$2.20	2019 Q1
OGE Energy Corp. (OGE)	R	\$1.55	65.0%	3.5%	Raised	\$1.55	\$1.46	2019 Q3
Otter Tail Corporation (OTTR)	R	\$1.40	68.3%	2.7%	Raised	\$1.40	\$1.34	2019 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	\$3.13	62.3%	3.5%	Raised	\$3.13	\$2.95	2019 Q4
PNM Resources, Inc. (PNM)	R	\$1.23	41.0%	2.4%	Raised	\$1.23	\$1.16	2019 Q4
Portland General Electric Company (POR)	R	\$1.54	64.9%	2.8%	Raised	\$1.54	\$1.45	2019 Q2
PPL Corporation (PPL)	R	\$1.65	65.7%	4.6%	Raised	\$1.65	\$1.64	2019 Q1
Public Service Enterprise Group Inc. (PEG)	MR	\$1.88	52.2%	3.2%	Raised	\$1.88	\$1.80	2019 Q1
Sempra Energy (SRE)	R	\$3.87	52.5%	2.6%	Raised	\$3.87	\$3.58	2019 Q1
Southern Company (SO)	R	\$2.48	109.5%	3.9%	Raised	\$2.48	\$2.40	2019 Q2
Unitil Corporation (UTL)	R	\$1.48	73.0%	2.4%	Raised	\$1.48	\$1.46	2019 Q1
WEC Energy Group, Inc. (WEC)	R	\$2.36	66.9%	2.6%	Raised	\$2.36	\$2.21	2019 Q1
Xcel Energy Inc. (XEL)	R	\$1.62	59.7%	2.6%	Raised	\$1.62	\$1.52	2019 Q1
Industry Average			64.8%	3.0%				

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 12/31/2018.

Dividend Per Share — Per share amounts are annualized declared figures as of 12/31/2019.

Dividend Payout Ratio — Dividends paid for 12 months ended 9/30/2019 divided by net income before nonrecurring and extraordinary items for 12 months ended 9/30/2019.

Dividend Yield — Annualized Dividends Per Share at 12/31/2019 divided by stock price at market close on 12/31/2019.

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.

VII. Free Cash Flow

U.S. Investor-Owned Electric Utilities

(\$ Billions)	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
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
— Capital Expenditures	(77.6)	(74.2)	(78.6)	(90.3)	(90.3)	(96.1)	(104.0)	(112.5)	(113.1)	(119.5)
— 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)
Free Cash Flow	(11.8)	(14.4)	(13.5)	(26.8)	(24.0)	(28.2)	(24.8)	(38.0)	(37.5)	(37.5)

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

2019 Increases Average 5.1%

The average dividend increase in 2019 was 5.1%, with a range of 0.6% to 12.6% and a median increase of 4.9%. NextEra (+12.6% in Q1), Dominion (+9.9% in Q1), Sempra (+8.1% in Q1) and DTE (+7.1% in Q4) posted the largest percentage increases.

NextEra Energy, headquartered in Juno Beach, Florida, raised its quarterly dividend from \$1.11 to \$1.25 per share in Q1. The increase is consistent with its plan, announced in 2018, to target 12% to 14% annual growth in dividends per share through at least 2020, off a 2017 base. NextEra recorded the industry's 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).

Dominion Energy, based in Richmond, Virginia, increased its quarterly dividend from \$0.835 to \$0.9175 per share in Q1. As a result, 2019 marked the 16th consecutive year in which Dominion increased its dividend.

Sempra Energy, based in San Diego, California, announced in Q1 a quarterly increase from \$0.895 to \$0.9675 per share; 2019 was the ninth consecutive year that Sempra increased its dividend, which has grown by more than 47 percent since 2014.

DTE Energy, headquartered in Detroit, Michigan, raised its quarterly dividend from \$0.945 to \$1.0125 per share during Q4. DTE has issued a cash dividend for more than 100 years.

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

Payout Ratio and Dividend Yield

The industry's dividend payout ratio was 67.0% for the twelve months ended September 30, 2019, trailing only the Energy sector's 80.0% among U.S. business sectors. The industry's payout ratio was 64.8% when measured as an un-weighted average of individual company ratios; 67.0% represents an aggregate figure. From 2000 through 2019, 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 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 in excess of 200% are eliminated.

The industry's average dividend yield was 3.0% on December 31, 2019, trailing only the Energy sector's 3.8% and the broader Utilities sector's 3.1%. The year-end yield was 3.4% in each of the three previous years. In 2019, the industry's strong dividend activity was more than offset by stock price gains, resulting in the lower average yield. The market cap-weighted EEI Index increased by 25.8% in 2019.

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 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 pre-existing tax rates for dividends and capital gains. This is crucial to avoid a capital raising disadvantage for high-dividend companies.

Business Category Comparison

The Regulated category's dividend payout ratio was 64.2% for the 12 months ended September 30, 2019 compared to 66.9% for the Mostly Regulated category. The Regulated group produced the highest annual payout ratio in 2017, 2015, 2011, 2010 and in each year from 2003 through 2008. It was exceeded by the Mostly Regulated group in 2018, 2016, 2014, 2013, 2012 and 2009; weaker earnings from competitive power likely contributed to the higher payout ratio for the Mostly Regulated group in those years.

The Regulated and Mostly Regulated groups' average dividend yields were 3.0% and 3.1%, respectively, on December 31, 2019. Both had a 3.4% average dividend yield at year-ends 2018 and 2017. The yields for the Regulated and Mostly Regulated categories were 3.4% and 3.5%, respectively, on December 31, 2016. ■