Stock Performance

Q4 2020
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 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 who 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 7-9, 2021
Diplomat Resort & Spa
Hollywood, Florida

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.
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)
Eversource Energy (ES)
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 12/31/2019)

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 (34 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.
Southern Company
UtiliCorp
WEC Energy Group, Inc.
Xcel Energy Inc.

Mostly Regulated (10 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
Sempra Energy

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.

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.
HIGHLIGHTS

- The COVID-19 pandemic sent market indices down 35% from January 1 through late March. Emergency Fed rate cuts, massive fiscal stimulus and vaccine optimism powered a dramatic rebound over the rest of 2020. Full-year returns reached nearly 10% for the Dow Jones Industrials, over 18% for the S&P 500 and more than 40% for the Nasdaq.

- The EEI Index’s -1.2% 2020 return would have been lower without NextEra Energy’s 30% gain. NextEra accounted for 17% of the EEI Index at year end. Most utility shares fell more than 5% in 2020.

- Earnings growth outlooks for utilities under analyst coverage rose slightly in 2020, in sync with the growing size and scope of capex programs focused on achieving the nation’s aggressive clean energy goals.

- With most utility shares in the red for the year, interest rates lower and long-term growth prospects unchanged (if not improved), analysts were bullish at year-end. Many noted headroom for gains even if interest rates rise from today’s unusually low levels. Regulatory pushback on rate relief for capex programs was seen as a primary risk.

COMMENTSARY

Future stock market historians will likely view 2020 as one of the strangest years ever. Who could have predicted in March — when major indices were rocked by COVID-19 and down 35% from January 1 — that full-year returns would reach nearly 10% for the Dow Jones Industrials, almost 20% for the S&P 500 and more than 40% for the Nasdaq? Utilities, despite their defensive characteristics, were also off 35% at the March lows but recovered only tepidly.

I. Index Comparison (% Return)

<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>EEI Index</td>
<td>28.9</td>
<td>-3.9</td>
<td>17.4</td>
<td>11.7</td>
<td>3.7</td>
<td>25.8</td>
<td>-1.2</td>
</tr>
<tr>
<td>Dow Jones Inds.</td>
<td>10.0</td>
<td>0.2</td>
<td>16.5</td>
<td>28.1</td>
<td>-3.5</td>
<td>25.3</td>
<td>9.7</td>
</tr>
<tr>
<td>S&amp;P 500</td>
<td>13.7</td>
<td>1.4</td>
<td>12.0</td>
<td>21.8</td>
<td>-4.4</td>
<td>31.5</td>
<td>18.4</td>
</tr>
<tr>
<td>Nasdaq Comp.</td>
<td>13.4</td>
<td>5.7</td>
<td>7.5</td>
<td>28.2</td>
<td>-3.9</td>
<td>35.2</td>
<td>43.6</td>
</tr>
</tbody>
</table>

Calendar year returns shown for all periods, except where noted. Price gain/loss only. Other indices show total return.

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

II. Category Comparison (% Return)

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>All Companies</td>
<td>27.6</td>
<td>-2.0</td>
<td>22.2</td>
<td>11.6</td>
<td>4.3</td>
<td>23.1</td>
<td>-8.1</td>
</tr>
<tr>
<td>Regulated</td>
<td>28.9</td>
<td>-0.7</td>
<td>21.2</td>
<td>11.7</td>
<td>4.5</td>
<td>24.6</td>
<td>-9.0</td>
</tr>
<tr>
<td>Mostly Regulated</td>
<td>27.5</td>
<td>-3.7</td>
<td>24.6</td>
<td>11.3</td>
<td>3.6</td>
<td>17.9</td>
<td>-4.9</td>
</tr>
<tr>
<td>Diversified</td>
<td>6.6</td>
<td>-14.4</td>
<td>25.6</td>
<td>n/a**</td>
<td>n/a**</td>
<td>n/a**</td>
<td>n/a**</td>
</tr>
</tbody>
</table>

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.

**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 12/31/2015

- EEI Index
- S&P 500 Index
- DJI

Source: EEI Finance Department, S&P Global Market Intelligence
IV. 10-Year Treasury Yield — Monthly

Average Monthly Yield, 1/1/1980 through 12/31/2020

Source: U.S. Federal Reserve

V. 10-Year Treasury Yield — Weekly

Daily Yield, 1/1/2008 through 12/31/2020

Source: U.S. Federal Reserve

VI. Natural Gas Spot Prices

$/mmBTU

1/1/2008 through 12/31/2020, Henry Hub

Source: S&P Global Market Intelligence

VII. NYMEX Natural Gas Futures

$/mmBTU

February 2021 through January 2023, Henry Hub

Source: S&P Global Market Intelligence

VIII. Returns by Quarter

U.S. Investor-Owned Electric Utilities

<table>
<thead>
<tr>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>EEI Index</td>
<td>-3.3</td>
<td>3.8</td>
<td>2.0</td>
<td>1.3</td>
<td>11.1</td>
<td>4.1</td>
<td>8.2</td>
<td>-0.4</td>
<td>-13.6</td>
<td>1.8</td>
<td>5.6</td>
<td>6.5</td>
</tr>
<tr>
<td>Dow Jones</td>
<td>-2.0</td>
<td>1.3</td>
<td>9.6</td>
<td>-13.3</td>
<td>11.8</td>
<td>3.2</td>
<td>1.8</td>
<td>6.7</td>
<td>-22.7</td>
<td>18.5</td>
<td>8.2</td>
<td>10.7</td>
</tr>
<tr>
<td>S&amp;P 500</td>
<td>-0.8</td>
<td>3.4</td>
<td>7.7</td>
<td>-13.5</td>
<td>13.7</td>
<td>4.3</td>
<td>1.7</td>
<td>9.1</td>
<td>-19.6</td>
<td>20.5</td>
<td>8.9</td>
<td>12.2</td>
</tr>
<tr>
<td>Nasdaq Comp.</td>
<td>2.3</td>
<td>6.3</td>
<td>7.1</td>
<td>-17.5</td>
<td>16.5</td>
<td>3.6</td>
<td>-0.1</td>
<td>12.2</td>
<td>-14.2</td>
<td>30.6</td>
<td>11.0</td>
<td>15.4</td>
</tr>
</tbody>
</table>

Note: Stock performance — Source: EEI Finance Department, S&P Global Market Intelligence

IX. Sector Comparison, Trailing 3 mo. Total Return

For the three-month period ending 12/31/2020

<table>
<thead>
<tr>
<th>Sector</th>
<th>Total Return</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oil &amp; Gas</td>
<td>28.3%</td>
</tr>
<tr>
<td>Financials</td>
<td>18.1%</td>
</tr>
<tr>
<td>Industrials</td>
<td>16.8%</td>
</tr>
<tr>
<td>Consumer Goods</td>
<td>16.7%</td>
</tr>
<tr>
<td>Basic Materials</td>
<td>15.6%</td>
</tr>
<tr>
<td>Technology</td>
<td>13.2%</td>
</tr>
<tr>
<td>Consumer Services</td>
<td>11.4%</td>
</tr>
<tr>
<td>Healthcare</td>
<td>8.5%</td>
</tr>
<tr>
<td>Utilities</td>
<td>7.4%</td>
</tr>
<tr>
<td>EEI Index</td>
<td>6.5%</td>
</tr>
<tr>
<td>Telecommunications</td>
<td>3.3%</td>
</tr>
</tbody>
</table>

Note: Sector Comparison page based on the Dow Jones U.S. Indexes, which are market-capitalization-weighted indices.

Source: EEI Finance Dept., Dow Jones & Company, Google Finance, Y Charts

X. Sector Comparison, Trailing 12 mo. Total Return

For the twelve-month period ending 12/31/2020

<table>
<thead>
<tr>
<th>Sector</th>
<th>Total Return</th>
</tr>
</thead>
<tbody>
<tr>
<td>Technology</td>
<td>47.3%</td>
</tr>
<tr>
<td>Consumer Goods</td>
<td>33.2%</td>
</tr>
<tr>
<td>Consumer Services</td>
<td>29.8%</td>
</tr>
<tr>
<td>Basic Materials</td>
<td>18.3%</td>
</tr>
<tr>
<td>Industrials</td>
<td>17.9%</td>
</tr>
<tr>
<td>Healthcare</td>
<td>16.0%</td>
</tr>
<tr>
<td>Financials</td>
<td>-0.5%</td>
</tr>
<tr>
<td>Utilities</td>
<td>-0.6%</td>
</tr>
<tr>
<td>EEI Index</td>
<td>-1.2%</td>
</tr>
<tr>
<td>Telecommunications</td>
<td>-5.9%</td>
</tr>
<tr>
<td>Oil &amp; Gas</td>
<td>-33.2%</td>
</tr>
</tbody>
</table>

Note: Sector Comparison page based on the Dow Jones U.S. Indexes, which are market-capitalization-weighted indices.

Source: EEI Finance Dept., Dow Jones & Company, Google Finance, Y Charts

EEI Q4 2020 Financial Update
XI. Market Capitalization at December 31, 2020 (in $ Millions)

<table>
<thead>
<tr>
<th>U.S. Investor-Owned Electric Utilities</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Company</strong></td>
</tr>
<tr>
<td>NextEra Energy, Inc.</td>
</tr>
<tr>
<td>Duke Energy Corporation</td>
</tr>
<tr>
<td>Southern Company</td>
</tr>
<tr>
<td>Dominion Energy, Inc.</td>
</tr>
<tr>
<td>American Electric Power Co., Inc.</td>
</tr>
<tr>
<td>Exelon Corporation</td>
</tr>
<tr>
<td>Sempra Energy</td>
</tr>
<tr>
<td>Xcel Energy Inc.</td>
</tr>
<tr>
<td>Eversource Energy</td>
</tr>
<tr>
<td>Public Service Enter. Group Inc.</td>
</tr>
<tr>
<td>WEC Energy Group, Inc.</td>
</tr>
<tr>
<td>Edison International</td>
</tr>
<tr>
<td>DTE Energy Company</td>
</tr>
<tr>
<td>PPL Corporation</td>
</tr>
<tr>
<td>Entergy Corporation</td>
</tr>
<tr>
<td>Ameren Corporation</td>
</tr>
<tr>
<td>CMS Energy Corporation</td>
</tr>
<tr>
<td>FirstEnergy Corp.</td>
</tr>
<tr>
<td><strong>Total Industry</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>EEI Index Market Capitalization (at Period End)</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>U.S. Investor-Owned Electric Utilities</strong></td>
</tr>
<tr>
<td><strong>EEI Index Market Cap (in $ Billions)</strong></td>
</tr>
</tbody>
</table>

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 12/31/2020

<table>
<thead>
<tr>
<th>Company</th>
<th>% Return</th>
<th>Category</th>
</tr>
</thead>
<tbody>
<tr>
<td>NextEra Energy, Inc.</td>
<td>30.2</td>
<td>MR</td>
</tr>
<tr>
<td>PG&amp;E Corporation</td>
<td>14.6</td>
<td>R</td>
</tr>
<tr>
<td>Xcel Energy Inc.</td>
<td>7.8</td>
<td>R</td>
</tr>
<tr>
<td>Duke Energy Corporation</td>
<td>5.0</td>
<td>R</td>
</tr>
<tr>
<td>Eversource Energy</td>
<td>4.5</td>
<td>R</td>
</tr>
<tr>
<td>Ameren Corporation</td>
<td>4.4</td>
<td>R</td>
</tr>
<tr>
<td>WEC Energy Group, Inc.</td>
<td>2.6</td>
<td>R</td>
</tr>
<tr>
<td>Public Service Enterprise Group Inc.</td>
<td>2.6</td>
<td>MR</td>
</tr>
<tr>
<td>Southern Company</td>
<td>1.0</td>
<td>R</td>
</tr>
<tr>
<td>CMS Energy Corporation</td>
<td>-0.2</td>
<td>R</td>
</tr>
</tbody>
</table>

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

Interest Rates Fall to Record Lows

Wall Street analysts scratched their heads a bit over utility shares’ 2020 performance since utilities are classically seen as safe-havens in times of market stress. Some cited as potential causes utilities rich valuations as the year began, concerns over load strength, and dysfunctional credit markets when pandemic news worsened by the day (given the industry’s capital raising needs). But 2020 was so atypical that his-
Earnings growth outlooks for many utilities under analyst coverage rose slightly, in synch with the size and scope of growing capex programs. Industry long-term earnings growth targets cluster around 5% to 6% (as a rough generality), with individual utilities higher or lower depending on specific circumstances. Utilities also contributed to improved outlooks through aggressive operations and maintenance cost management as smart-grid investments pay off. And analysts generally observed that most utilities under their research coverage saw little earnings impact from the COVID-19 shock.

Ongoing capex programs run the gamut and include new renewable generation, new gas-fired generation, gas pipeline upgrades, electric transmission and distribution modernization and expansion, smart-grid deployment, and reliability-related network hardening. Analysts continued to view state regulatory relations as generally fair, balancing the interests of ratepayers, utilities and other stakeholders. Some utilities have successfully advocated for changes to rate design — such as forward test years, rate mechanisms and adjustment clauses — that allow timely recovery of costs associated with big-ticket capital investment programs and offer some protection from lethargic demand.

Biden Win Boosts Green Themes
Biden campaign messaging included $2 trillion in clean energy investments, a 100% clean power economy and net-zero U.S. carbon emissions by 2050. Given political uncertainty over that long a horizon and the challenge of predicting technical innovation, revising long-term industry outlooks to reflect what “might” happen if these plans become policy is impossible with any precision. But the broad contours seem positive for renewable generation of all kinds, for electrification of transportation and potentially for utility capex and demand growth.

The prospect of electric vehicle (EV) adoption gained some analytical traction in 2020 as the first potential secular spur to power demand since air conditioning. Some estimates suggested widespread EV adoption could boost load by 1% annually over the next few decades. Industry chatter late in the year included hydrogen power and renewable natural gas as long-term substitutes for the conventional and more carbon-intensive natural gas used today. Natural gas-focused utility shares were relatively weak in 2020 over concern that terminal values of pipeline investments may be challenged in a post-carbon world. But analysts noted these hypotheticals are beyond the visible horizon and won’t effect predictable earnings outlooks. And gas remains the most economical heating fuel in many colder regions, with broad public and regulatory support.

A Biden administration may roll back the Trump tax cuts; this could mean slightly higher customer bills for some...
utilities since taxes are passed through in rates and may compete with capex in rate hike requests. But given the difficulty of predicting legislative outcomes, it’s impossible to be precise.

**Attractive Valuations**

At year-end 2019, Wall Street viewed utility stock valuations as high. Price weakness in 2020 turned that on its head. With most utility shares in the red for the year, interest rates lower and long-term growth prospects unchanged (if not improved), analysts became broadly bullish. As 2021 began, most saw the group as extraordinarily undervalued with headroom for gains even if interest rates were to rise from today’s unusually low levels. Investment programs underpin prospects for aggregate total returns in excess of 8% (5% or more from earnings growth and 3%+ from the dividend). And whether measured by relative PE ratios or dividend yields versus Treasuries or investment-grade bonds, several analysts said utility stocks as 2021 began offered the best value in years.

**Other Risks**

Wall Street’s ebullient recovery from March lows rests on a premise yet to be fully tested — that pre-crisis economic strength will return and persist, and along with it corporate earnings gains. Utilities face a related risk: that sluggish wage growth in a COVID-impaired economy provokes regulatory pushback on rate relief needed to fund aggressive capex programs, which in turn cools outlooks for dividend and earnings growth. The public’s demand for cleaner energy along with good local jobs created throughout the utility capex supply chain offer some protection against punitive treatment by regulators, but no guarantee. Stable fuel costs and low interest rates have kept bill pressures muted in recent years, but neither trend can continue indefinitely. Even interest rates, which have confounded rate-rise prophets for 40 years, can’t go down forever. And if the V-shaped recovery thesis fails, managing regulatory risk and financing needed capex through customer rates may become more challenging than it has been in recent years.