All of us at the Edison Electric Institute (EEI) and at our member companies—America’s investor-owned electric companies—take pride in these words uttered by our industry’s founder nearly 100 years ago.

The proof of Edison’s prophecy can be seen across our nation, and indeed around the world, as EEI’s member companies work every day to create value for the customers and the communities they proudly serve by delivering the safe, reliable, affordable, and clean energy they need and expect.

As an industry, we truly are woven into the fabric of our nation. We create value in America’s economy by supporting more than 7 million jobs across the country—about 1 out of every 20 jobs. We also are responsible for $865 billion of our nation’s GDP—about 5 percent.

And, we are doing more.

EEI and our member companies continue to lead a profound transformation of America’s energy. This transformation is long-term, but its positive dividends—for customers, communities, employees, and investors—are abundantly clear already.

Our dramatic reductions in carbon emissions; our broad deployment of renewables and of smarter energy infrastructure; the physical and cybersecurity protections we are implementing—these are three unmistakable examples of the enormous strides EEI’s members have made, just over the past decade.

As we look ahead to a truly exciting and challenging political and regulatory environment in 2020, we are proud that we stand on a strong foundation and are poised for even more success.

More important, in leading this transformation, we are not looking back—we are looking forward to a new decade of working together to deliver value to our customers, to our investors, and to all industry stakeholders.

The three main pillars that uphold our vision and guide our work remain in place: maintaining the steady and strong transition to clean energy; modernizing the energy grid to make it more dynamic, more resilient, and more secure; and developing innovative customer solutions and delivering even greater convenience and a better customer experience.

Our goal is to give our customers an energy future that is cleaner, smarter, and stronger than any they have known before.

“Great days are ahead of this nation and the world. And electricity will have a great part to play, granted only that it can be unfettered, with full opportunity for the largest possible individual initiative and energy.”

—Thomas Alva Edison, 1928
To accomplish this, EEI will continue to advocate for policies that focus on outcomes, support progress, and accelerate innovation. We will continue our work with the Administration, and with policymakers on both sides of the aisle in Congress and in the states, to identify common positions, to build consensus, and to advance the policies needed to deliver our nation’s energy future for our customers.

Again, we are reminded of what Thomas Edison once said: “Vision without execution is hallucination.”

In so many ways, EEI and our member companies have executed tremendous progress on so many critical fronts, exceeding even our most visionary ideals of just 10 years ago.

The story we are so proud to tell about our ongoing transformation is better than ever, and we are excited about the opportunities before us to advocate for policies that ensure safe, reliable, affordable, and clean energy for our customers today and long into the future.

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Demonstrating Positive Progress and Continued Commitment

Our customers and our investors have made it clear that they expect the energy we deliver—and they use—will be increasingly clean. EEI is proud to say that we are, as an industry, making significant strides in carbon reduction, deployment of renewables, and more. In fact, our clean energy leadership puts our industry far ahead of all large industrial sectors.

To date, dozens of EEI member companies have announced long-term carbon reduction goals, and 15 companies have set a net-zero by 2050 or equivalent goal. In 2019, we directed significant attention to highlighting our clean energy leadership and carbon reductions and to reinforcing the message that our industry is synonymous with America’s clean energy transformation.

Across the industry, there is strong evidence of our commitment to get as clean as we can, as fast as we can, while keeping customer reliability and affordability front and center as always.

As of year-end 2018, EEI’s member companies had reduced their carbon dioxide (CO₂) emissions approximately 37 percent below peak 2005 levels, outpacing the entire power sector’s impressive overall 27-percent reduction during that time. From every perspective, our sector’s carbon emissions are at nearly the lowest level in three decades. And, preliminary 2019 numbers indicate that this trend is continuing.

The reductions made to date substantially exceed the goals established by the Clean Power Plan and those that would have taken effect under the 2009 Waxman-Markey climate change bill. And, they have been made without compromising on reliability or affordability, even as energy use has grown.

Our progress is the result of significant changes across the generation fleet. Roughly two-thirds of the emissions reductions achieved to date are the result of switching from coal to natural gas; since 2005, coal use has been cut by more than half. This shift has allowed EEI member companies to take advantage of the cost advantages and 24/7/365 reliability and dispatchability of natural gas to achieve deeper and faster emissions reductions.

At the same time, EEI’s member companies have aggressively increased their deployment and use of renewables. The amount of energy generated from non-hydro renewable sources has quadrupled since 2005.

Over the past eight years, more than half of new electricity generation capacity was wind and solar. As a result, our industry is responsible for virtually all the wind and geothermal in the country—and the majority of installed solar and hydropower capacity, too.

Today, nearly 40 percent of all U.S. power generation comes from carbon-free sources, including nuclear energy and hydropower and other renewables.
And, we are poised—and committed—to achieve even more. Collectively, EEI’s member companies are on a path to reduce carbon emissions 50 percent by 2030, and 80 percent by 2050, compared with 2005 levels.

On the clean energy journey, many pathways can lead to the same collective result. Importantly, EEI’s member companies are implementing customized strategies that align with their individual circumstances to reduce carbon emissions without compromising on the reliability, affordability, or security that are essential to the customers they serve.

Ten years ago, the electric power industry was a focus of federal and state policymakers as they considered climate and energy laws and regulations. Today, our industry is viewed as critical to the climate change solution, and the focus of policymakers is, rightly, on broader, economy-wide efforts to reduce carbon. Policymakers are eager to leverage our reductions to aid in reducing carbon emissions in other sectors, particularly the transportation and industrial sectors.

**Accelerating the Transition to a Cleaner Economy**

The transportation sector is the largest domestic source of CO$_2$ emissions, and was responsible for 36 percent of all U.S. CO$_2$ emissions in 2018. By accelerating transportation electrification, we can leverage the already ongoing emissions reductions in our sector to meet economy-wide carbon reduction goals and to build a cleaner and stronger economy for the future.

At the start of the last decade, electric transportation was nascent. Fast forward 10 years, and we have moved from a negligible electric vehicle (EV) fleet to nearly 1.5 million EVs on U.S. roads as of year-end 2019.

We project that 2 million EVs will be on U.S. roads by early 2021. It is estimated that about 9.6 million charge ports will be required to support about 18.7 million EVs in 2030. This represents a significant investment in EV charging infrastructure.

The benefits of electrifying the transportation sector go far beyond passenger vehicles. Across the country, electric buses and taxis will lead to improved air quality and reduced emissions in more populated areas. At the same time, electrifying airports and seaports and adding charging infrastructure along the national highway system can dramatically lower emissions related to transporting cargo from coast to coast.

Last year, we were pleased to see the interest and focus on electric transportation extend to the delivery sector, with Amazon and UPS announcing strategies to increase the number of hybrid and all-electric vehicles in their respective fleets and manufacturers beefing up production capability.

The growth of electric transportation brings tremendous benefits to communities, businesses, and customers—both in terms of reducing CO$_2$ emissions and bringing immediate improvements to air quality—and electric companies are instrumental to its success.

EEI’s member companies have invested more than $1.4 billion in customer programs and projects to deploy charging infrastructure across all communities and to accelerate electric transportation, and that number will continue to rise.

To realize the full benefits of electric transportation, it is vital that we advance public policies that support the substantial investments companies are making. In 2019, we advocated for congressional passage of legislation to expand the EV tax credit. An aggressive lobbying effort with a coalition of NGOs, automakers, and other stakeholders resulted in more than 400 meetings with key congressional offices and a stakeholder letter signed by nearly 70 organizations. With Congress pushing many of the tax extenders to the end of 2020, expanding the tax credit will remain a priority.

This year, EEI also will strengthen our advocacy for regulatory and legislative approval of policies that support investments in EV infrastructure and other approaches to grow the electric transportation market, such as education, incentives, and managed charging.
We will continue our engagement with stakeholders to advance commercial and transit fleet electrification by working with our member companies, commercial customers, and transit operators and by providing tools and resources that help accelerate and streamline fleet electrification.

Turning to the industrial sector, which was responsible for 19 percent of all U.S. CO₂ emissions in 2018, increased electrification can play a key role in reducing industrial sector emissions by helping substitute electricity for various energy-intensive processes. Emissions from this sector—which includes manufacturing, oil and natural gas extraction, food processing, mining, and construction—have increased steadily.

Achieving Our Vision for a Clean Energy Future

To reduce economy-wide carbon emissions, we recognize that there is no single solution.

First, we must continue to integrate more renewables into the energy grid. EEI’s members are committed to deploying renewables to meet their own emissions reduction goals, as well as those of the communities they serve.

Second, we must continue to support a balanced and diverse portfolio of energy sources that deliver the greatest carbon emissions reductions in the shortest time without compromising on affordability or reliability. Nuclear energy and natural gas remain critical to achieving this goal.

Third, the flexibility to innovate is essential. Key to our ability to meet any long-term climate policy goals, particularly those focused on net-zero or similar reductions, will be the development of new and next-generation technologies. Given the long lead times required to move technologies from concept to commercialization, now is the time to start developing these next-generation technologies if we want to deploy them in the 2030s and, ultimately, achieve a zero-carbon energy system by 2050. Decarbonizing the supply of electricity is critical for achieving economy-wide zero carbon emissions.

That is why EEI and its member companies are working with key policymakers and other stakeholders to help advance the development of new, innovative clean energy technologies that we will need to become 100-percent clean, such as advanced, dispatchable renewables; zero-carbon fuels like hydrogen; advanced nuclear energy; carbon capture utilization and storage; other carbon-free technologies, and long-duration storage. Biological carbon sequestration and emissions offsets credits also can play key roles in ensuring we are able to achieve long-term net-zero carbon goals.

The types of policies that can promote the development of these technologies include:

- Research and development, primarily through the Department of Energy (DOE);
- Commercial demonstration incentives;
- Early deployment incentives; and
- Supportive infrastructure development, including transmission, pipeline, and permitting support.

Fourth, to ensure that the clean energy transformation reaches its full potential, we need support for favorable public policies that promote the full range of technologies needed to achieve clean energy goals. We call on policymakers to help electrify the transportation sector by modernizing federal transportation programs to encourage investments in electric transportation and charging infrastructure and to support ongoing investments in the energy grid, which are necessary to increase cost-effective electrification and to integrate advanced clean energy technologies reliably and affordably.

In 2020 and beyond, EEI will continue our close engagement with environmental groups, large energy customers, the military, universities, and other key stakeholders to harness their energy purchasing decisions to advance emissions reductions by focusing on energy efficiency and their procurement of clean energy.
Finally, given that Congress likely will consider aspects of climate change legislation in 2020 and beyond, we will continue our work to tell our clean energy story, both in Washington and in the states. While we do not expect lawmakers to pass major climate legislation before the elections, the proposals being developed now could very well be taken up in future years. EEI’s member companies will always be integral to this national conversation, and we will continue to engage with policymakers to help shape climate proposals and to ensure that our industry is viewed as critical to the climate change solution.

**Measuring Our Progress: ESG/Sustainability Reporting and NGSI**

We know that our stakeholders need a clear and consistent way to measure our progress. That is why EEI, working with our member companies and the investment community, created the first-of-its-kind, industry-wide environmental, social, governance, and sustainability (ESG/sustainability) reporting template, which we launched in 2018. The template helps member companies provide investors, Wall Street analysts, and other key stakeholders with more consistent and uniform ESG/sustainability data and information. We expanded the template last August to include a qualitative disclosure on cybersecurity governance and to formally integrate the American Gas Association’s (AGA’s) members.

This year, we will continue to advance and to refine the ESG/sustainability reporting template, which serves as an annual report card for EEI members to report on their clean energy and sustainability progress. We expect that the investment community and other stakeholders will continue to see progress through our efforts in 2020 and every year after.

Building on the work of the ESG/sustainability template and recognizing the important role that natural gas has—and will continue to have—in our clean energy future, EEI and AGA will be launching the Natural Gas Sustainability Initiative (NGSI) in 2020. The NGSI is an overarching framework that enables the natural gas industry to measure, disclose, and recognize individual company and industry-wide progress and innovation on key sustainability metrics.

The NGSI Version 1 protocol will provide our members—and their natural gas suppliers—with a standard methodology to report methane emissions across the value chain. The NGSI framework initially is focused on methane emissions and will incorporate additional ESG topics over time.

We know that ESG-related issues increasingly influence shareholder actions. Our industry’s comprehensive reporting tools support transparency and help ensure that our member companies are recognized for the work they are doing.
Investing in Smarter Energy Infrastructure

Our nation’s clean energy future depends upon more than simply harnessing clean resources appropriately. Delivering clean energy to customers—and expanding the ways that clean energy is used—depends upon the smarter energy infrastructure EEI’s member companies are deploying.

Our industry long has been the nation’s most capital-intensive industry, and, over the past decade, we have sustained a record-high level of capital expenditures. Since 2010, EEI’s member companies have invested nearly $1 trillion to build smarter energy infrastructure and to integrate new generation. These investments continue to be central to our vision of a cleaner, smarter, stronger energy future.

Our significant investments in the energy grid ensure that our customers receive the electricity they need, when and where they need it, safely and reliably. A robust transmission system also is critical to helping our industry continue its clean energy transformation. Investments in the energy grid increase the integration of clean energy resources, power electric transportation, and facilitate the adoption of a broad array of smart technologies to better serve our customers.

These investments also help to protect the energy grid from extreme weather and cyberattacks; help predict, mitigate, and prevent outages; and help companies respond to and restore power faster when outages do occur.

On the distribution side, our investments in smart meters have been the foundation for today’s customer-facing, modern energy grid. As technology advances, the possibilities continue to grow. Today, electric companies are finding new ways to create value from the data and capabilities that smart meters enable. In 2009, about 13 million smart meters were installed. As of year-end 2019, that number is projected to be more than 98 million, meaning more than 70 percent of U.S. households have a smart meter.

EEI’s member companies also are harnessing technology and data to provide clean energy, energy management services, EV charging, and more—and we are providing an increasingly seamless customer experience. For national corporate customers, military customers, and residential customers alike, we are engaging across our industry and with other stakeholders to share innovative and best practice approaches to customer-focused products and services.

It is vital to note that, over this past decade of record investment, we have kept growth in electricity prices below the level of inflation. And, we have delivered outstanding results for our industry’s investors: we have improved our average credit quality, maintained a higher dividend yield than any other industry, and achieved positive returns in 15 of the last 17 years.
Advocating for Regulations That Support Smarter Energy Infrastructure

EEI continues to advocate for policies that recognize the value of—and support investments in—the energy grid and that enhance reliability and resiliency.

At the federal and state levels, returns on equity (ROEs) are front and center for EEI and our member companies. Late last year, the Federal Energy Regulatory Commission (FERC) issued a decision to reduce ROEs, a move that could hinder the growth of clean energy and complicate efforts to meet state renewable energy targets. In response, EEI filed a motion to intervene out of time and a request for rehearing, highlighting the importance of transmission investment and proposing changes to the methodology for determining the zone of reasonableness for base ROEs to ensure continued investment.

Also at FERC, EEI continues to advocate for holistic reform of the 1978 Public Utility Regulatory Policies Act (PURPA) to help reduce costs for customers. FERC issued a notice of proposed rulemaking in September that contained EEI’s suggestions to update its regulation implementing PURPA, including giving additional flexibility to states in determining avoided costs, changes to the one-mile rule, and reduction of the 20-megawatt threshold in RTO/ISO markets. A final PURPA rule is expected this year.

EEI also continues to call for coordinated, streamlined, and consistent infrastructure siting and permitting regulatory frameworks and reforms. Obtaining permits from state and federal agencies remains an ongoing challenge to siting and building new energy infrastructure and to making investments to ensure that existing infrastructure is resilient.

The current permitting process involves multiple federal and state agencies engaging in uncoordinated and sequential project reviews and approvals. Lack of interagency cooperation, the absence of deadlines, scarce federal resources, and burdensome permit requirements result in lengthy delays for electric companies, which drive up project costs that, ultimately, are borne by customers.

We also remain active on a range of other important regulatory issues, including 6 GHz and other spectrum issues and environmental policy issues. On spectrum, EEI is engaged with the Federal Communications Commission, the Administration, Congress, DOE, FERC, and other stakeholders on concerns related to opening the 6 GHz band to unlicensed users. In the environmental space, EEI remains active in numerous proceedings before the Environmental Protection Agency and other agencies.

Recognizing that many of the policy debates now are happening in the states, EEI formalized a state practice in 2018 to provide member companies direct assistance on a range of regulatory and legislative initiatives. In 2019, EEI provided direct engagement in 33 states and the District of Columbia, and we will continue to enhance and expand our efforts in 2020.

“Our significant investments in the energy grid ensure that our customers receive the electricity they need, when and where they need it, safely and reliably.”

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Responding to Storms and Addressing Wildfire Risks

Another area that highlights how far our industry has come over the past decade is storm response. Thanks to the tremendous leadership of EEI’s member companies—and of others—the Electricity Subsector Coordinating Council (ESCC) is now the vanguard of our industry’s approach to safeguarding the energy grid. Every day, the ESCC is critical to sharpening our security posture and to advancing our preparedness across a host of fronts.

The past decade brought us record-breaking storms, from Superstorm Sandy to Hurricanes Dorian, Florence, Harvey, Irma, Maria, Michael, and so many others. Every storm and natural event creates new challenges. We are committed to learning from these events and to applying their lessons to make our industry’s response stronger, smoother, and more efficient than ever.

For example, following Superstorm Sandy, we created the National Response Event (NRE) framework to guide and reinforce our industry’s posture and response efforts, and we have tested and refined it in response to the many challenges Mother Nature has thrown our way, including the significant challenge of wildfires. In 2019, we used the NRE framework and our member companies’ mutual assistance networks to mobilize nearly 1,000 workers from across the country to support inspections and power restoration following a Public Safety Power Shutoff in California related to a wildfire event.

In response to the growing threat of wildfires and their potential impact to the life, health, and safety of communities, our industry and our government partners are elevating the wildfire risk mitigation and response efforts to a national level through the ESCC. Industry and government leaders are partnering to:

- Enable more effective coordination among stakeholders, including electric companies, electrical workers, interdependent sectors, first responders, and government agencies at the federal, state, and local levels.
- Foster urgency and accountability for all stakeholders. More needs to be done—and done quickly—to address wildfire risks.
- Improve the allocation of resources to harmonize programs, prioritize efforts, and ensure new programs that have potential to address wildfires are funded and utilized effectively.
- Identify and address public policy issues that may be hindering effective wildfire risk management and response efforts.
- Prepare communities in high fire risk areas by communicating with a more unified voice before, during, and after incidents.
Industry and government will continue to bring their extraordinary capabilities and resources to support efforts to mitigate the wildfire threat; better detect where and when wildfires might happen; and then more effectively respond and recover when incidents do occur.

Going forward, our strategic partnership with DOE and its network of National Laboratories will remain vital to our expanding engagement on mitigating the risks of storms and wildfires. We are convening leading experts to collaborate on key industry technology research and development needs for forecasting, detecting, and responding to wildfire threats, and we are partnering with a diverse set of federal, state, local, and private stakeholders to advocate for policies that appropriately address storm and wildfire mitigation and impacts to EEI member companies and the communities they serve.

We also are engaged with our partners in the telecommunications industry to ensure that we are working together in the wake of storms and wildfires to restore both electricity and telecommunications services safely and as quickly as possible.

Finally, we are advocating for policies and commercial practices at the state, regional, and national levels that reduce wildfire risk and liability for electric companies while ensuring property owners have access to adequate resources in the wake of wildfires.

**Securing the Energy Grid**

The ESCC and our NRE framework are vital in the face of storms and wildfires, and they are key to other aspects of our industry’s focus on security and resilience. We continue to leverage the ESCC to deliver even more protections for our customers and for the energy grid.

While we cannot know what Mother Nature or hostile actors will throw our way, we are confident that, over the past decade, we have taken the right approach to safeguarding critical energy infrastructure. In partnership with the ESCC, EEI created the cyber mutual assistance program that now includes more than 160 entities. We also have laid essential groundwork for responses to physical and cyberattacks, and we are better organized and prepared as an industry for whatever comes our way.

Broadly, we are focused on helping our member companies inculcate a culture of security across the industry by providing leaders with tools to assess maturity and to work within their companies to ensure that security is a top priority throughout their organizations.

We also are continuing to support federal research and development on grid security to expedite technology transfer to the private sector and to enhance resilience against all hazards for industry operations, even as we expand, refine, and utilize the cyber mutual assistance program; develop supplemental operating strategies and other extraordinary measures to serve customers in the aftermath of extraordinary incidents; and address supply chain security risks through collaborative engagement with suppliers, vendors, and other stakeholders.

We continue our engagement with the North American Electric Reliability Corporation, member companies, and other stakeholders to develop effective standards and to leverage other tools that enhance the reliability of the energy grid.

And, we support the collaborative efforts of electric companies and state and federal agencies to establish grid interoperability standards that allow technologies to interface effectively with the energy grid, while also meeting reliability, security, and safety requirements.

A central lesson of the last decade is that, whenever natural or man-made risks and threats arise, our industry stands up to the challenge—and, where necessary, we create robust and effective solutions that meet the needs of our customers and communities.
Enhancing the Focus on Resilience

Storm recovery and grid security are part of a much larger issue: resilience. While improving security and reliability is a priority for our members, providing an energy grid that also is resilient against all hazards is an increasing focus for our sector and policymakers.

At EEI, we think of resilience as the ability to operate normally under abnormal conditions, particularly in an increasingly dynamic threat environment. In short, it is about preparedness and planning for the purpose of successfully responding to, and recovering from, adverse events.

As a result, coordination at all levels is necessary. This includes working locally with customers and state governments to address distribution system needs; regional coordination that acknowledges different threats to different parts of the country; and a national strategy that facilitates investment and looks holistically at the broader energy grid.

As outlined, EEI member companies already are investing in new and upgraded transmission and distribution infrastructure; using advanced technologies to enhance communications; improving operating efficiency and reliability; focusing on adaptation; and enhancing protection to enable a more secure, flexible, and resilient electric system.

Under the leadership of EEI Chairman Chris Crane, we have expanded our focus on resilience. In December, we hosted a workshop that brought together top industry executives, senior policymakers, and security strategists to discuss the components of proactive resilience strategies; offer their perspectives on key resilience policy drivers; share examples of how electric companies are approaching resilience investments; and explore the challenges, opportunities, and expectations surrounding grid resilience and adaptation. This will continue to be an ongoing priority for EEI and our industry.

Maintaining Our Financial Strength

As noted, our industry remains the most capital-intensive industry in America. For the eighth consecutive year, we expect another industry record, with total capital expenditures (capex) projected at $135.6 billion in 2019.

On an absolute basis, both the electric distribution and natural gas-related capex segments have nearly doubled over the period from 2013 to 2019. The increase in distribution aligns with the industry’s expanding adaptation, hardening, and resilience initiatives, while the increase in the natural gas-related segment is directly tied to the industry’s long-term shift back to a more regulated business structure, as well as enabling the clean energy transition to cleaner fuels, including natural gas and renewables. The natural gas-related segment captures spending on pipeline and delivery infrastructure, not natural gas-based electric generation.

The generation and transmission segments both have maintained a relatively constant share of total industry investment since 2013. Much of the investment in the generation segment has been driven by a buildout of renewable energy generation resources and the development of natural gas generation facilities. Transmission investment continues to be an important factor in the clean energy transformation because it is critical to move renewable energy from remote areas into population centers.

The EEI Index gained 25.8 percent in 2019 and has produced a positive total return in 15 of the last 17 years. The industry produced returns greater than 10 percent in 12 of the 15 positive years and greater than 20 percent in 5 of the 15 positive years. The industry’s fundamental outlook was little changed in 2019, with most companies pursuing investment programs focused on regulated operations.

Our industry extended its long-term trend of widespread dividend increases in 2019. A total of 37 companies increased or reinstated their dividend in 2019, compared to 39 in 2018, 38 in 2017, 40 in 2016, and from 36 to 40 companies annually from 2012 through 2015. The percentage of companies...
that raised or reinstated their dividend in 2019 was 93 percent, matching 2018’s record high. This exceeded 2017’s 88 percent and the previous record of 91 percent in 2016, the next two highest historical results. The record high of 93 percent in both 2018 and 2019 is based on data beginning in 1988.

The industry’s dividend payout ratio was 67.0 percent for the 12 months ending September 30, 2019, trailing only the energy sector’s 80.0 percent among U.S. business sectors. As of December 31, 2019, 39 of the 40 companies in the EEI Index were paying a common stock dividend. Importantly, the Tax Cuts and Jobs Act, which was signed into law in December 2017, maintains preexisting tax rate parity for dividends and capital gains. This is crucial to avoid a capital-raising disadvantage for the high-dividend companies in our industry.

The industry’s average credit rating at the parent company level in 2019 remained at BBB+ for a sixth straight year, although five companies received downgrades compared with only one upgrade. Total ratings activity, including both parents and subsidiaries, at 90 changes, included 55 upgrades and 35 downgrades. Upgrades centered on favorable regulatory/rate activity, increased regulated focus, and improved financial metrics. Downgrades resulted from the California wildfire crisis, M&A activity, unfavorable regulatory/rate activity, and decreased percentage of regulated business operations.

On December 31, 2019, 79.5 percent of parent-level company ratings outlooks were “stable,” 2.3 percent were “positive” or “watch-positive,” and 18.2 percent were “negative” or “watch-negative.” Overall, the industry’s underlying parent-level credit quality has experienced a steady strengthening over the past 10 years, having declined in only two calendar years (2019 and 2012).

“Our industry remains the most capital-intensive industry in America. For the eighth consecutive year, we expect another industry record, with total capital expenditures projected at $135.6 billion in 2019.”
The extraordinary energy transformation that EEI’s member companies are excited to lead has powerful momentum. Ensuring that we maintain this momentum to benefit our customers will guide EEI in 2020 and beyond.

Our industry is proud to have some of the most inspired—and inspirational—workers in any industry. This year, we are expanding our efforts to help individuals embrace the many rewarding career opportunities our industry offers and to support and retain them throughout their careers.

Through an EEI-led initiative, we will continue our efforts to advance industry-wide workforce development solutions focused on enhancing STEM and vocational education and awareness, identifying and eliminating barriers to entry, and creating tangible job and coalition-building opportunities. And, through the Center for Energy Workforce Development (CEWD), we will continue to build awareness of the need for a diverse and skilled energy workforce and to provide support to CEWD members to implement energy career pathways that focus on youth, military, women, and transitioning adults.

As always, we will continue to engage with our customers to find solutions that meet their needs and provide a seamless customer experience.

This year, we will face national, state, and local elections, as well as a full slate of legislative and regulatory challenges. We anticipate a very busy public policy agenda, and our work will be as vital as ever.

Our industry has come a long way over the past decade—and we are excited to build on our progress in the decade ahead. The value of a long-term perspective offers important lessons. Perhaps one of the most important is this: for EEI and our member companies, Wednesday, November 4, 2020, will dawn with the same strategic focus no matter who is elected the day (or night) before.

EEI’s member companies will remain laser-focused on building a cleaner, smarter, stronger energy future for every American—and on delivering the safe, reliable, affordable, and clean energy they need.

As Edison forecast in 1928, great days were ahead of our nation and the world, and electricity indeed had a great part to play. Importantly, Edison’s prophecy remains true today, and we are applying our initiative and energy to see his—and our—vision through.

“Great days are ahead of this nation and the world. And electricity will have a great part to play, granted only that it can be unfettered, with full opportunity for the largest possible individual initiative and energy.”

—Thomas Alva Edison, 1928
The Edison Electric Institute (EEI) is the association that represents all U.S. investor-owned electric companies. Our members provide electricity for about 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 65 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.

For more information, visit our Web site at www.eei.org.