

How Much Do Investor-Owned Utilities in Washington Profit From Ratepayers?

Five investor-owned utilities (IOUs) provide electrical and natural gas services to millions of residents and businesses across the state of Washington. They are **Puget Sound Energy, Avista Utilities, Northwest Natural Gas, Pacific Power, and Cascade Natural Gas**.

The five IOUs, which also serve other states, exist to make a profit for their shareholders. Between them in 2019, they paid **at least \$395 million** in dividends to shareholders.

Combining all of the IOU's parent companies together, they brought in **\$27 billion** from energy-based activities.

The Washington Utility and Transportation Commission (UTC) regulates the five IOUs, establishing caps on how much the utilities can charge customers and how much they can profit from their monopoly franchises. But the outcomes are far from transparent to the average Washington resident.

The table below shows the five Washington-serving IOUs companies, their parent holding companies, whether they are publicly traded or privately owned, and how much they paid in dividends in 2019.

Utility	Parent Company	Ownership	2019 Dividends (in Millions)
Puget Sound Energy	Puget Holdings	Private	\$64.2
Avista Utilities	Avista Corporation	Public	\$102.8
Northwest Natural Gas	Northwest Natural Holdings	Public	\$53.3
Pacific Power	Berkshire Hathaway Energy	Public	\$175.0
Cascade Natural Gas	MDU Resources Group	Public	n/a
Total Dividends:			\$395.3

Dividends are not the only metric of profitability for utility companies, but they represent money going directly into the “pockets” of shareholders, or like a check into a bank account. Investor-owned companies typically pay out dividends only when financially healthy, and can be seen as a strong signal of profitability. In the case of Puget Sound Energy, dividends go to five international pension funds. For the Avista, NW Natural, and Cascade, dividends ultimately go to shareholders, all of which count major investment firms Blackrock Inc. and Vanguard Group as their top owners. For Pacific Power, dividends go to its parent company, Berkshire Hathaway Energy, which in, turn is owned wholly by Berkshire Hathaway.

To make an apples to apples comparison between the five IOUs, only dividends that came primarily from energy distribution activities were included in the above table. For PSE, Avista, Northwest, and Berkshire Hathaway Energy, energy-derived dividends are publicly available in 10k filings, but not for MDU Resources Group. Sales of energy makes up about 25% of MDU's subsidiary revenues and the amount of money flowing as dividends from Cascade to its parent company MDU, and then finally to

shareholders is not available. However, MDU was very profitable in 2019 and dispersed \$160 million in dividends from all its operations. If 25% of the dividends scaled to MDU's utility business revenues, then about \$40 million could be added to the total in the table above.

Unfortunately, the publicly available information from IOUs do not show how much of each IOU's dividends comes directly from Washington households. The table below gives a brief profile of the scope of each company's service areas and scale of revenues.

Utility Subsidiary In WA State	Parent Company	# States With Energy Customers	Energy Revenue (in billions)
Puget Sound Energy	Puget Holdings	1	\$3.4
Avista Utilities	Avista Corporation	2	\$1.3
Northwest Natural Gas	Northwest Natural Holdings	2	\$0.7
Pacific Power	Berkshire Hathaway Energy	18	\$19.8
Cascade Natural Gas	MDU Resources Group	8	\$1.3
Total Energy Revenues:			\$26.6

Sources:

Puget Holdings: 2019 Form 10K, <https://www.pse.com/-/media/PDFs/PugetEnergy/PE12312019-10K-Final.pdf>.

Avista Corporation: 2019 Form 10k, <https://investor.avistacorp.com/node/23961/html>.

Northwest Natural Holdings: 2019 Form 10k, <http://d18rn0p25nwr6d.cloudfront.net/CIK-0001733998/590b9f0b-b902-4eb7-bf56-8b6221d1382e.pdf>.

Berkshire Hathaway Energy: 2019 Form 10K, [https://www.brkenenergy.com/assets/upload/financial-filing/BHE%2012.31.19%20Form%2010-K FINAL.pdf](https://www.brkenenergy.com/assets/upload/financial-filing/BHE%2012.31.19%20Form%2010-K%20FINAL.pdf).

MDU Resources Group: 2019 Form 10k, <http://d18rn0p25nwr6d.cloudfront.net/CIK-0000067716/08b678f0-84cc-4017-b65c-c50363da5d6e.pdf>.



Puget Sound Sage combines research, innovative public policy and organizing to ensure all people have an affordable place to live, a good job, a clean environment, and access to public transportation