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PRESENTATION

Operator

Good day, ladies and gentlemen, and welcome to the Black Hills Corporation Second Quarter 2019 Earnings Conference Call. My name is Daniel, and I will be your coordinator for today.

(Operator Instructions) As a reminder, this conference is being recorded for replay purposes. I would now like to turn the presentation over to Mr. Jerome Nichols, Director of Investor Relations of Black Hills Corporation. Please proceed, sir.

Jerome E. Nichols ***Black Hills Corporation - Director of IR & Corporate Communications***

Thank you, Daniel. Good morning, everyone. Welcome to Black Hills Corporation's Second Quarter 2019 Earnings Conference Call.

Leading our quarterly earnings discussion today are Linn Evans, President and Chief Executive Officer; and Rich Kinzley, Senior Vice President and Chief Financial Officer.

During our earnings discussion today, some of the comments we make may contain forward-looking statements as defined by the Securities and Exchange Commission, and there are a number of uncertainties inherent in such comments.

Although we believe that our expectations and beliefs are based on reasonable assumptions, actual results may differ materially.

We direct you to our earnings release, Slide 2 of the investor presentation on our website and our most recent Form 10-K and Form 10-Q filed with the Securities and Exchange Commission for a list of some of the factors that could cause future results to differ materially from our expectations. I will now turn the call over to Linn Evans.

Linden R. Evans ***Black Hills Corporation - President, CEO & Director***
Thank you, Jerome. Good morning, everyone, and thank you for joining us this morning. The agenda for today appears on Slide 3. I will cover highlights of the quarter. Rich Kinzley will provide a financial update, and then I'll finish with the discussion around our strategy.

Before we dive into the quarter's results, I want to start this meeting as we do with all meetings within Black Hills with a safety focus.

In that vein, I want to pause and both thank and congratulate our team for their incredible and their safe response to our customers during the second quarter.

Our team worked with focus, sensitivity and determination as they helped our customers respond to record rainfall and flooding across much of our territory. Many of our team are listening, and I thank each of you for what you accomplished and especially how you did it safely.

And moving to Slide 4. We are confident in our strategy. During the second quarter, we continued to execute on our plan for long-term success. We delivered safe and reliable service to our customers. We produced financial results on track to achieve our full year earnings guidance, and we continue to execute our capital investment plan.

On Slide 5, you'll see an overview of our strategy in action during this quarter.

Our service territories experienced difficult weather conditions for a second consecutive quarter, and our team stepped up once again with strong operational performance.

You may recall that in the first quarter, extreme cold, severe winter storms, dangerous winds and flooding impacted much of the Midwest. This quarter, many of our customers experienced record-breaking precipitation and flooding, mainly in parts of Iowa and Nebraska and then cooler-than-normal temperatures. These relatively poor conditions, combined with trade tariffs that impact farmers and ranchers within our territories, dampened overall economic activity in our Midwest service territory beyond what is otherwise measurable in degree days.

Our electric and natural gas utilities experienced low sales volumes across nearly every customer class during the second quarter, which we view as temporary in nature.

Despite these difficult weather conditions, we managed our businesses to stay on track to meet our full year earnings expectations and execute on $777 million capital investment forecast for 2019.

As I've already stated, we prioritize safety, and I'm proud of our team for achieving 0 reportable injuries in June. While we continue to have room to enhance safety, this is an encouraging milestone to demonstrate that 0 is truly possible as we strive for our goal to be an industry leader in safety.

As I mentioned last quarter, we are transforming the customer experience. Just last week, we launched an enhanced website which more efficiently and effectively serves our customers. Our team works very hard to know our customers and what they need. And this is an example of our efforts to continually improve our service, enhance customer value and simply make it easy to do business with us. As we focus on being ready for our customers, we expect our strategy to deliver strong long-term earnings growth.

We received key regulatory approvals related to our jurisdiction simplification efforts and customer-focused initiatives. And as I already mentioned, we are on track for our capital investment plan.

Moving to Slide 6, which lists some recent notable accomplishments, and I'll start with the Electric Utilities. We are pleased that our South Dakota Electric and our Wyoming Electric Utilities received approval of the renewable ready service tariffs. And the joint application for a CPCN to construct and operate the Corriedale Wind Energy Project. This is a voluntary program that provides our larger commercial and industrial customers and the government agencies that we serve a cost-effective option to purchase utility scale renewable energy.

The $57 million 40 megawatt wind project will be constructed in Wyoming to be in service in 2020 and is already included, of course, in our capital investment forecast.

At South Dakota Electric, we are entering the home stretch to complete our 175-mile transmission line. That's from Rapid City, South Dakota, to Stegall, Nebraska. Now that project remains on schedule to place the third and what we -- and the final 94-mile segment in service later this fall.

At Wyoming Electric, we received approval in April for a tariff that will help recruit blockchain technology companies to the Cheyenne region. Now this tariff is complementary to new legislation recently enacted in Wyoming and supports the development of blockchain technology within Wyoming. I should note that in contrast to the lower energy demand in most of our customer classes during the second quarter in July, both Colorado Electric and Wyoming Electric posted new all-time record peak loads.

Colorado Electric set a new peak of 422 megawatts. That surpassed the previous peak of 413 megawatts, which was set in July of last year. And Wyoming Electric similarly set a new peak of 265 megawatts. That surpassed the prior peak of 254 megawatts also set in July of last year. We think these new peaks demonstrate the continued overall customer growth and demand growth we are experiencing in Colorado and Wyoming.

Moving to the natural gas utilities, that's on the right side of Slide 6. On May 10, Wyoming Gas commenced construction of the $54 million, 35-mile Natural Bridge Pipeline project. This pipeline enhances supply reliability and capacity for customers located in Central Wyoming, and it's also on schedule to be completed and placed in service this fall.

During the quarter, Wyoming gas received approval to consolidate 4 natural gas distribution companies, which we have completed. On June 3, a consolidated rate review was submitted to combine the rates, the tariff and services and requested $16 million in new revenue related to safety, reliability and system integrity investments we've made on behalf of customers.

At Nebraska gas, we filed an application at the end of March to consolidate 2 natural gas distribution companies within that state. Now we plan to file a consolidated rate review in 2020.

Something that's not specifically mentioned on Slide 6, but appears in our earnings release is our ongoing rate review for Colorado gas. That rate review request $2.5 million in new revenue and also seeks a new rider mechanism to recover safety and integrity investments. Our team is participating in a hearing before ALJ this week with respect to those requests.

Moving to our Power Generation segment on Slide 7. On August 2, we submitted a request to FERC, seeking approval of a new power purchase agreement between Black Hills Wyoming and its affiliate Wyoming Electric. If the power purchase agreement is approved, Black Hills Wyoming will then deliver 60 megawatts of energy from its Wygen I power plant to Wyoming Electric starting on January 1, 2023 and then continuing for 20 years. This new power purchase agreement will replace the existing agreement between Black Hills Wyoming and Wyoming Electric that expires on December 31, 2022.

Our $71 million, 60-megawatt Busch Ranch II wind project located near Pueblo, Colorado, is currently under construction. When placed in service this fall, the wind project will deliver all of its renewable energy to Colorado Electric, under a 25-year power purchase agreement. This will fulfill the state's renewable portfolio standard requirement for Colorado Electric to deliver 30% of its energy as renewable energy to customers by the year 2020.

At our corporate segment, our board recently declared a quarterly dividend of $0.505 per share, which represents an annualized rate of $2.02. For 2019, this annual rate represents our 49th consecutive annual dividend increase, which is one of the longest track records in the utility industry, and of course, a record we're extremely proud of. During the second quarter, we issued approximately 659,000 shares of Black Hills' common stock under our At-the-Market equity offering program for net proceeds of approximately $49 million. Year-to-date, we've issued a total $70 million in new equity under the ATM.

On the debt side, we amended and extended our term loan due in 2020 to June of 2021 and increased the amount of the loan from -- to $400 million from $300 million.

Finally, our team is truly engaged in serving our customers. We survey our team through a third-party service every 2 years or so to assess the employee engagement and obtain open feedback from our team to help us continually improve in our endeavor to serve our customers with excellence while creating a Great Workplace.

We are pleased to announce that our recent engagement score of 75%, not only improved upon our 2017 score but it is also above the U.S. utility average and is also above the engagement enjoyed by highperforming companies within the U.S.

Now I'll turn it over to Rich for our financial update. Rich?

Richard W. Kinzley ***Black Hills Corporation - Senior VP & CFO***
Very good. Thanks, Linn, and good morning, everyone. I'll start on Slide 9. As Linn noted, other than weather-related challenges, we delivered second quarter financial performance that met our expectations.

Our quarterly EPS, as adjusted, was $0.24 compared to $0.45 in Q2 2018. We estimate that weather negatively impacted Q2 results by $0.06 compared to last year second quarter and by $0.04 compared to normal weather.

Beyond this direct weather impact, we believe economic activity and demand for energy in our service territories was reduced during the second quarter due to record precipitation and resulting flooding as reflected by a reduced demand across nearly all customer classes.

Aside from weather, results for the second quarter were positively driven by returns on investments made to benefit customers at our gas utilities, lower purchased capacity costs and a lower effective tax rate and negatively impacted by planned and unplanned generation outages and higher operating expenses related to our long-term customer-focused strategy. Results also reflect an 11% increased share count related primarily to the equity unit conversion in November of last year.

While many of these items are part of our business looking forward. A few of these items are nonrecurring in nature. We believe approximately $0.10 of EPS impact in Q2 2019 can be attributed to the combination of direct and indirect weather, generation outages and certain nonrecurring expenses.

I'll also remind everyone that the second quarter is a shoulder period for our utilities outside the heating season at our gas utilities and the primary cooling season at our Electric Utilities. More importantly, and as Linn noted, we remain on track to achieve our earnings guidance for 2019, and we've reaffirmed our earnings guidance for 2019 and 2020. The assumptions for our earnings guidance are detailed on Slides 45 and 46 in the appendix.

On Slide 10, we reconcile GAAP earnings to earnings as adjusted, a non-GAAP measure. We do this to isolate special items and communicate earnings to better represent our ongoing performance. This slide displays the last 5 quarters and trailing 12 months as of June 30, 2018, and 2019. For the first half of 2019, we had no special items. We experienced special items in 2018, not reflective of our ongoing performance, all of which were income tax related. The first item reflected the impact of the Tax Cuts and Jobs Act during 2018. And the second and larger item related to tax benefits of legal restructurings completed in 2018. These items are not indicative of our ongoing performance and accordingly, we reflect them as -- on an as-adjusted basis.

Slide 11 is a slide we added to our investor materials last year to improve transparency for year-over-year comparisons. The waterfall chart illustrates the primary drivers of our earnings results from Q2 2018 to Q2 2019. All amounts on this chart are net of income taxes.

I'll add more detail by segment on the next slide. But overall, our utilities delivered lower gross margins with a decrease of 2% in Q2 2019 compared to Q2 2018, driven largely by weather impacts. Nonregulated margins were 23% lower due to planned and unplanned generation outages, which drove the revenue decrease at our mining segment.

Total O&M increased by $4.4 million after tax, driven largely by planned spending associated with our customer-focused capital expenditure program.

Approximately half the O&M increase in the second quarter related to nonrecurring items. Depreciation increased as a result of increased plant in service, and we experienced favorability in our effective income tax rate in Q2 2019 compared to the prior year. Our effective tax rate this year is expected to be approximately 14% compared to approximately 18% last year when excluding the prior year special items.

This reduced tax rate is driven by forecasted federal renewable energy production tax credits and state investment tax credits for the Busch Ranch II wind project, which is expected to be placed in service in the fall of 2019. Under generally accepted accounting principles related to interim tax accounting, we're required to recognize a large portion of our annual forecasted 2019 tax credits during the first half of the year.

Slide 12 is a slide we added this year to our presentation, combining the operating income results for our operating segments onto one slide. I'll make a few high-level comments here and you can find additional details on Q2 year-over-year changes in gross margin and operating expenses in our earnings release.

At the Electric Utilities, operating income for Q2 2019 decreased by $7.7 million compared to Q2 2018. Gross margins decreased by $3.5 million, primarily from cooler early summer weather and lower residential and commercial demand, partially offset by lower purchased power capacity charges.

Operating expenses increased $4.1 million over Q2 last year, primarily due to higher outside services and employee costs. At the Gas Utilities, operating income for Q2 2019 decreased $7.9 million compared to Q2 2018. Gross margins decreased $1.1 million.

We experienced unfavorable weather but benefited from returns on investments for customers and customer growth in our service territories. Operating expenses increased by $6.8 million, primarily from higher outside services, employee costs and depreciation. As I mentioned earlier, approximately $3 million of the pretax O&M incurred during the quarter is nonrecurring in nature, related primarily to outside services.

On the bottom half of Slide 12, you see our Power Generation segment delivered strong year-over-year Q2 results, continuing to operate efficiently and providing excellent returns. Operating income in our mining segment decreased by $2.2 million due to the planned and unplanned generation outages, we mentioned. These negatively impacted sales for the quarter at the mine.

Slide 13 shows our financial position through the lens of capital structure, credit ratings and financial flexibility. Our credit ratings remain at BBB+ at both Fitch and S&P and Baa2 at Moody's with a stable outlook at all 3 agencies. We remain committed to maintaining our strong investment-grade credit ratings.

At June 30, our net debt capitalization ratio was 57.6%, a decrease of 130 basis points from year-end. With our substantial 2019 capital spending forecast, we expect debt to total cap to increase slightly as 2019 progresses.

You'll note in our guidance assumptions on Slides 45 and 46 in the appendix that we expect to use our At-the-Market equity offering program to issue a total of $80 million to $100 million in new equity this year and $40 million to $80 million next year to help fund our CapEx program, which Linn will speak to shortly. And as Linn noted, we completed $70 million of this year's issuance through the first half of the year. While debt to total capitalization will likely remain in the 58% to 59% range into 2020, we continue to target a debt to total cap ratio in the mid-50s over the longer term.

Slide 14 illustrates our dividend track record. We've grown the dividend at a faster rate the past few years, demonstrating our confidence in our future earnings growth. As we've stated in the past, our intent is to not reduce the amount of the annual dividend increase, and we maintain our stated dividend payout ratio range of 50% to 60% of EPS.

And I'll turn it back to Linn now for a strategic overview.

Linden R. Evans *Black Hills Corporation - President, CEO & Director*
Thank you, Rich. Now I'm moving to Slide 16. Regroup our strategic goals at the 4 major categories: Profitable growth; valued service; better every day; and great workplace. We plan to drive future earnings growth as we invest in our customers' needs centered on safety, reliability and growth. Based on our capital forecast, we expect to deliver long-term earnings per share growth above the utility average. In addition, we fully expect incremental growth opportunities from generation and other larger projects.

Slide '17 helps us illustrate how we think about strategic execution. We are aligning our people, our processes and the use of technology and analytics around our customers' needs. In addition to our investment for customers it will deliver safe and reliable service, we are transforming our customer experience, working hard to know our customers well will make us easier to do business with. We are driving growth through a greater penetration, adding renewable energy and bringing forth innovative tariffs to recruit new businesses.

In particular, we are enabling the growth of data centers, which fit the unique attributes of our service territory. And we are investing in the safety and reliability of our electric and natural gas infrastructure systems, utilizing a disciplined program -- programmatic integrity program.

Slide 18 illustrates the strategic diversity of our business structure and the seasonality of our earnings. We have a mix of complementary gas and electric utilities across stable and growing Midwestern States.

Slide 19 illustrates our large electric and natural gas infrastructure systems. These systems spanning across 8 states and provide more diverse opportunities for investment, more interconnections for reliability and growth, and greater overall efficiency of operations for our customers.

Moving to Slide 20. Our systems require significant long-term investment to meet our customers' needs. Forecasted capital investment is focused largely on safety, reliability and supporting our customers' growth. This capital forecast far exceeds depreciation, which will translate to future earnings growth. We plan to invest $777 million in 2019 and $2.8 billion over the 5-year period. Both of these are all-time high capital forecasts for us and are consistent with our first quarter disclosures.

Our capital forecast includes opportunities, we are relatively certain to occur. And then we add capital, especially in the outer years as we gain more clarity and comfort around specific projects. As discussed last quarter, we expect to update our 5-year capital forecast when we report our third quarter earnings, that would be in early November. We will also refresh our earnings guidance at that time.

Slide 21 illustrates the breakdown of our 5-year capital forecast. You'll note that over 90% of our forecasted investment is within our utilities. And of those utility investments, over 70% recovered in a timely and efficient manner.

Slide 22 shows the time line around our multistate jurisdiction simplification efforts. We have 3 states, those are Colorado, Nebraska and Wyoming and which are now officially underway for simplification. In Colorado and Wyoming, we received approval and then we completed the legal consolidation, and we're currently working through the regulatory process for consolidated rate reviews with the decisions expected in both states by year-end. In Nebraska, we filed a legal consolidation request at the end of March, and we plan to file a consolidated rate review in 2020.

Slide 23 is a new slide, illustrating our commitment to managing our environmental and social impacts while maintaining strong governance, ensuring we continue to deliver a sustainable and strong future for all of our stakeholders.

Responsibly serving customers and managing our environmental impact is nothing new for us. We have one of the most modern generation fleets in the country with the latest emissions control technologies.

We've also been transforming our generation mix, investing in low carbon emission generation, adding more natural gas and renewable energy, thereby reducing our carbon impact by approximately 16% since 2005, as shown on the chart on the left-hand part of the slide.

Our shareholders are successful when our customers and our communities thrive. Our employees live and they work alongside our customers, positively impacting our communities. We take great pride in donating to a variety of local charities and programs. Our employee team generously donates financially and volunteers their time in a variety of ways across our service territory. In 2018, our company, combined with our employee team, donated more than $4.1 million in the communities that we serve.

Finally, we continue to build on a legacy of diversity, as evidenced by our Board composition and their experience.

Slide 24 illustrates our focus on operational excellence. Our safety performance continued to be excellent and is on track for 2019. We continue to report much better performance in the Utility Industry average, and it's worth mentioning again that we had 0 reportable injuries during the month of June. Also, our communication team received an award from Southern Gas Associated in recognition of our team's work on our Natural Gas Crisis Communication Plan.

Slide 25 illustrates the results of executing our customer-focused strategy, delivering strong long-term shareholder returns.

And then Slide 26 is our 2019 scorecard to hold ourselves accountable to you, our shareholders. We publish our major initiative scorecard each year. We made strong progress during the quarter, checking off several items that include the approval of our Renewable Ready Program and the receipt of a CPCN, the associated Corriedale wind project, completion of the Wyoming Gas legal consolidation and filing our consolidated rate review in Wyoming.

We filed for FERC approval for the Wygen I power purchase agreement between Black Hills Wyoming and Wyoming Electric. We also completed major plant maintenance. That box appears under Better Every Day. And we also completed our employee engagement survey, which box appears under the Great Workplace.

Now to quickly recap the quarter. We met our Q2 earnings expectations aside from the impacts of weather. We're on track to achieve our capital investment program, and we remain confident achieving our 2019 earnings guidance.

That concludes my remarks, and we're happy to entertain questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) And our first question comes from Michael Weinstein with Crédit Suisse.

Michael Weinstein ***Crédit Suisse AG, Research Division - United States Utilities Analyst***
A couple of questions about Wygen and the new contracts. So the FERC filing suggests that the new pricing is about $22 less than the old pricing on 60 megawatts. That would suggest somewhere in the neighborhood of around $0.15 to $0.18 per share hit to earnings unless there's mitigating factors.

I'm just wondering if there's any other mitigating factors we should be considering that would reduce that impact? And then a related question to that is, there's a new contract in there for Gillette, a small one for about 5 megawatts. Is that incremental? Is it like a totally incremental situation that adds -- that would add new revenues? Or is that simply a reassignment of 5 megawatts that had been previously contracted somewhere else before? And it's just continuing under this new pricing now?

Richard W. Kinzley ***Black Hills Corporation - Senior VP & CFO***
Yes. I think you got the math about right on the PPA, Michael. This is Rich. The -- one of the mitigating factors is the coal contract. Right now, the Wygen I plant is on a kind of fixed with escalators coal contract with the Wyodak Mine. With this contract, it would move to our Statement R pricing and so that's a better price on the coal.

And then the 5 megawatts, that right now is being sold on the open market. So that contract locks down that component of the plant, which is helpful as well.

I think it's been characterized by you and others as kind of a high single-digit net and that's about where we expect to land from 2022 to 2023. As a reminder, the existing contract runs through the end of 2022.

Michael Weinstein ***Crédit Suisse AG, Research Division - United States Utilities Analyst***
Got you. So I mean in other words, the high single-digit net impact is after the -- after 2022 when the contract expires?

Richard W. Kinzley ***Black Hills Corporation - Senior VP & CFO***
Correct. Correct

Michael Weinstein ***Crédit Suisse AG, Research Division - United States Utilities Analyst***
Got it. Got it. And then second question is about the Wyodak coal contract. Can you characterize what -- that flipped on July 1, what's the economic impact there?

Linden R. Evans ***Black Hills Corporation - President, CEO & Director***
Mike, this is Linn. We continue to negotiate that contract with PacifiCorp for Rocky Mountain Power. We have extended the current contract during those negotiations. We anticipate an impact to the coal price of probably between $1 to $1.50 overall. That's kind of what we're thinking at the moment.

Michael Weinstein ***Crédit Suisse AG, Research Division - United States Utilities Analyst***

And is that -- so that's on 1.5 million tons or half of that?

Richard W. Kinzley ***Black Hills Corporation - Senior VP & CFO***
Probably less than that. They've been taking slightly less than the 1.5 million now for a while because of the availability of wind resources in Wyoming.

Michael Weinstein ***Crédit Suisse AG, Research Division - United States Utilities Analyst***
Got you. Okay. And can you make any comment about long-term earnings growth based on all these resets that have been happening? Does this have any impact on your expectation for above-average growth?

Richard W. Kinzley ***Black Hills Corporation - Senior VP & CFO***
No, it doesn't. We still anticipate that Mike, above-average growth next quarter, early November, as I said in my remarks, we'll be providing an updated capital forecast, extending out another year and then updating what we see in the current forecast. And we still believe that we can deliver above-average earnings compared to utility average.

Operator
And our next question comes from Julien Dumoulin-Smith with Bank of America.

Julien Patrick Dumoulin-Smith ***BofA Merrill Lynch, Research Division - Director and Head of the US Power, Utilities & Alternative Energy Equity Research***
Perhaps just to clarify the question real quickly with Mike. I know we talked about the net impact, can we clarify the timing of each of those mitigating offsets? Just to be sure, the positive offset -- also understand...

Richard W. Kinzley ***Black Hills Corporation - Senior VP & CFO***
I'm sorry, I didn't mean to interrupt you. You're talking about Wygen I, right?

Julien Patrick Dumoulin-Smith ***BofA Merrill Lynch, Research Division - Director and Head of the US Power, Utilities & Alternative Energy Equity Research***
Yes.

Richard W. Kinzley ***Black Hills Corporation - Senior VP & CFO***
That's all -- it all starts January 1, 2023. Everything stays the way it is until then.

Linden R. Evans ***Black Hills Corporation - President, CEO & Director***
Yes.

Julien Patrick Dumoulin-Smith ***BofA Merrill Lynch, Research Division - Director and Head of the US Power, Utilities & Alternative Energy Equity Research***
And then speaking of mitigating offsets, you talk about sort of the consistent above-average growth

trajectory. Anything else that we should be thinking about through that period that we've been moving up or down to kind of enable a more smooth trajectory or anything else sort of big items in that period?

Linden R. Evans ***Black Hills Corporation - President, CEO & Director***
We'll have the next 4 years, Julien, to consider at least the end of 2022 to look for strategies and continue to develop strategies to help us ease that pain, if you will, that high single-digit loss in earnings.

So something we're very focused on.

Julien Patrick Dumoulin-Smith ***BofA Merrill Lynch, Research Division - Director and Head of the US Power, Utilities & Alternative Energy Equity Research***
Got it. All right. Excellent. And then just if I can switch to a slightly different topic here, on the data center focus of yours. This is certainly been ongoing for a few quarters here. Any updates with respect to new contracts, continued tariff sign-ups, et cetera? Just sort of curious, you regionally, others continue to talk about it and the acceleration?

Linden R. Evans ***Black Hills Corporation - President, CEO & Director***
Yes. A couple of updates. We've received a number of contacts for blockchain in Wyoming. We've been responding to those. We don't have anything we can announce, but we've been responding to those.

As to data centers, we have had an approved tariff and an approved contract by the Colorado Commission to serve a 50-megawatt load in Colorado Electric. I think we're under a confidentiality agreement with respect to the details of that. But we are excited to be bringing a 50-megawatt data center to Pueblo.

Operator
(Operator Instructions) Our next question comes from Andrew Weisel with Scotia Howard Weil.

Andrew Marc Weisel ***Scotia Howard Weil, Research Division - Analyst***
My first question is on equity. You raised $70 million in the first half. That's obviously the better part of the full year guidance. Can you share any thoughts on why it's a bit more front-end loaded?

Richard W. Kinzley ***Black Hills Corporation - Senior VP & CFO***
Market conditions were good during the second quarter, and we just took advantage of that pretty simple.

Andrew Marc Weisel ***Scotia Howard Weil, Research Division - Analyst***
All right. Simple enough. Next question. You talked a lot about the regulatory strategy at the 3 gas subsidiaries. How about on the electric side? Can you please share your latest thoughts on the outlook for rate case filings for the Electric Utilities?

Linden R. Evans ***Black Hills Corporation - President, CEO & Director***

Yes, good question. We don't anticipate any rate case filing in our current plan over the next -- which is the next 5 years. Now that could be that change with respect to integrated resource plans that we will be working on and refiling it in a couple of our states. For example, we have some capacity, we believe, we'll need to replace the South Dakota Electric, et cetera, working through those considerations. But as indicated, we don't have any plans for rate case over the next 5 years.

Richard W. Kinzley ***Black Hills Corporation - Senior VP & CFO***
Other than Wyoming Electric, we do have to file one there in a couple of years.

Linden R. Evans ***Black Hills Corporation - President, CEO & Director***
Thanks for that reminder. We will -- we have an agreement through our last IRP to file a rate case by 2021 and Wyoming Electric will be filing that.

Andrew Marc Weisel ***Scotia Howard Weil, Research Division - Analyst***
Great. That's helpful. Then just one last one, if I may. You mentioned $0.10 of onetime expenses in the quarter. Will you remind us of any noteworthy onetime items either in the second half of '18? Or that you are aware of for the second half of '19? Just for comparisons.

Richard W. Kinzley ***Black Hills Corporation - Senior VP & CFO***
Yes, let me clarify. I didn't say $0.10 of onetime expenses. I said $0.10 during the second quarter that could be attributed to the impacts of weather, which, if you think about, I said $0.04 compared to normal.

And then the outage -- the generation outages, we estimate those were about a $0.02 net impact and then certain nonrecurring expenses, which were roughly $0.04. So that's the $0.10. Relative to future onetime and so forth I mean, nothing to point out, particularly there. This second quarter had some unusual items in it.

Operator
(Operator Instructions) Our next question comes from Vedula Murti with Avon Capital.

Vedula Murti ***Millennium Management LLC - Senior Analyst & Assistant Portfolio Manager***
I want to clarify, following up on Mike Weinstein's questions. First, you mentioned approximately $0.15 to $0.18 that's solely tied to the repricing come 2023 and then you referenced a favorable adjustment on the coal supply. I want to make sure I understand that, that coal supply is from a third party and not from -- not from your mine, is that correct?

Richard W. Kinzley ***Black Hills Corporation - Senior VP & CFO***
It's from our mine. All our coal plants sit on our coal mine, including Wygen I. So all that coal is coming from our mine.

Michael Weinstein ***Crédit Suisse AG, Research Division - United States Utilities Analyst***

So -- but then where I'm going with this then is then the mine earnings negatively affected as they get a lower price even?

Richard W. Kinzley ***Black Hills Corporation - Senior VP & CFO***
No. It will be a positive impact Vedula starting in 2023 because they'll move to our standard regulatory arrangement, which we call Statement R from the current price, which is lower.

Vedula Murti ***Millennium Management LLC - Senior Analyst & Assistant Portfolio Manager***
Okay. So the coal contract price actually goes up.

Linden R. Evans ***Black Hills Corporation - President, CEO & Director***
Yes.

Vedula Murti ***Millennium Management LLC - Senior Analyst & Assistant Portfolio Manager***
And that's part of -- that's how you get the offset to -- high single digits.

Richard W. Kinzley ***Black Hills Corporation - Senior VP & CFO***
Correct.

Linden R. Evans ***Black Hills Corporation - President, CEO & Director***
Correct.

Vedula Murti ***Millennium Management LLC - Senior Analyst & Assistant Portfolio Manager***
Okay. And you were referencing earlier about the current negotiation on coal supply. I assume it's Wyodak. My recollection is also there's going to be a full reopener I think in the 2022, 2023 time frame. Is that correct?

Linden R. Evans ***Black Hills Corporation - President, CEO & Director***
Yes. It's correct Vedula.

Richard W. Kinzley ***Black Hills Corporation - Senior VP & CFO***
Yes. Correct. Yes. Contract expires in mid-2022, but -- if I can just clarify a little bit. The last Rocky Mountain Power IRP indicates that, that plant is going to continue to run well into at least another decade beyond that.

And we don't expect that to change, but we're waiting for more information from them.

Vedula Murti ***Millennium Management LLC - Senior Analyst & Assistant Portfolio Manager***
That was pretty much going to be my next question. So when would you expect to get -- update to either affirm the previous IRP? Or have any -- or disclose any changes?

Linden R. Evans ***Black Hills Corporation - President, CEO & Director***

Good question, Vedula. We don't know exactly when other states will approve their IRP. But what we do know through public presentations and documents that currently, Rocky Mountain Power intends to operate the Wyodak operations through 2039.

So we would expect renegotiating that contract at some point between now and 2022. And in fact, I would say that's part of our negotiations now with Rocky Mountain Power as we negotiate this price, is there opportunity for us to extend that contract.

Vedula Murti ***Millennium Management LLC - Senior Analyst & Assistant Portfolio Manager***

Okay. I guess maybe the one last thing, given some of the environmental movements in both Oregon and in Washington. How does that play into being able to transmit coal generation from another state into those states appears that that's going to be -- it could be somewhat challenging.

Linden R. Evans ***Black Hills Corporation - President, CEO & Director***

We tend to agree with you. We're watching that closely. We might find of interest some of the legislation that Wyoming has passed lately to try to keep plants open in that state of Wyoming. But you're absolutely right. We'll be watching it very closely over the next couple of years and determine the longevity of coal, especially for Rocky Mountain Power.

Operator

Thank you. With no further questions, I will return the call back over to Linn Evans for closing remarks. Go ahead, sir.

Linden R. Evans ***Black Hills Corporation - President, CEO & Director***

Thank you, everyone, for your time this morning. We thank you for your continued interest in Black Hills and hope that you enjoy a safe and great rest of your day. Thank you.

Operator

Thank you for your participation in today's conference. This concludes today's presentation. You may now disconnect. Good day.
