Black Hills (Q1 2026 Earnings)
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Corporate Speakers

- Salvador Diaz; Black Hills Energy; Director, Investor Relations
- Linden Evans; Black Hills Corporation; President, Chief Executive Officer
- Kimberly Nooney; Black Hills Corporation; Senior Vice President, Chief Financial Officer
- Marne Jones; Black Hills Corporation; Senior Vice President, Chief Utility Officer

Participants

- Andrew Weisel; Scotiabank; Managing Director
- Chris Ellinghaus; Siebert Williams Shank; Managing Director
- Paul Fremont; Ladenburg Thalmann & Co. Inc.; Managing Director

PRESENTATION

Operator^ Good day, and thank you for standing by. Welcome to the Q1 2026 Black Hills Corporation Earnings Conference Call. At this time, all participants are in a listen-only mode. Please be advised that today's conference is being recorded. After the speaker's presentation, there will be a question-and-answer session. (Operator Instructions).

I would now like to hand the conference over to your speaker today, Sal Diaz, Director of Investor Relations.

Salvador Diaz^ Thank you, Operator. Good morning, and welcome to Black Hills Corporation's First Quarter 2026 Earnings Conference Call. You can find our earnings release and materials for our call this morning on our website at blackhillscorp.com.

Leading our earnings call are Lin Evans, President and Chief Executive Officer; Kimberly Nooney, Senior Vice President and Chief Financial Officer; and Marne Jones, Senior Vice President and Chief Utility Officer.

During our earnings discussion today, 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 are based on reasonable assumptions, actual results may differ materially.

We direct you to our earnings release, slide two 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.

With that, I will now turn the call over to Lin Evans. Lin?

Linden Evans^ Thank you, Sal. Good morning, and thank you all for joining us today. I'll provide a summary of our Q1 2026 results, our strategic progress, and our progress with our pending merger with NorthWestern Energy. Kimberly will provide our financial update, and Marne will provide our business update, including key projects, our progress with large load opportunities, and our solid regulatory execution.

In April, our industry recognized Line Mechanic Appreciation Month. Let me start by pausing to recognize our remarkable team of men and women, many of whom are tuning in today. You are often the face of our company and industry, which our customers and communities respect, admire, and rely on, ensuring our system is operating reliably and restoring interrupted services safely and efficiently as possible. When most seek shelter during a weather event, you're the team that heads out into the storm. Thank you for all you do and the sacrifices you make, and often your families make to keep the lights on and for what you do every day to keep our customers safe.

Our first quarter strategic achievements are outlined on slide three. Following an excellent year of results for our stakeholders in 2025, I'm very proud of our team's continued success, carrying our positive momentum into 2026. We continue to deliver safe, reliable, and affordable energy to our customers and communities while executing on our strategic growth opportunities.

We're off to a solid start with reaffirming our earnings guidance range and maintaining our solid financial position and credit ratings. We made regulatory progress, advancing our Arkansas rate review, and requesting our first rate review in more than a decade for South Dakota Electric.

We also continued construction of our 99 MW Lange II generation project, which is on schedule to be placed in service later this year. And the ongoing construction of our 50 MW battery storage project is part of our clean energy plan in Colorado that we commenced in Q4 2025.

Large load customers, including hyperscale data centers, continue to offer significant growth opportunities, representing more than 3 GW of potential demand, including 600 MW by 2030 within our current five-year financial plan. We're also negotiating with high-quality partners to reach agreements to serve this pipeline. This includes the 1.8 GW data center being developed in Cheyenne, where we have executed an agreement that supports our reservations for generation equipment as part of the mix of resources to serve this potential customer as we continue to advance negotiations toward reaching definitive agreements.

Additionally, we are optimistic about the future upside potential of our current pipeline, stemming from Microsoft's recent announcement to acquire 3,200 acres of land in Cheyenne, Wyoming for future data center expansion. As a reminder, we approach our growth pipeline with caution, restricting it to demand that is covered by non-disclosure agreements and being actively negotiated. The opportunities we are executing on today, along with this future potential for upside, provide depth and durability to our long-term growth profile.

Slide four outlines our $4.7 billion five-year capital plan. We invest in our natural gas and electric customers' core needs for safety, reliability, and growth. Our current capital plan includes minimal investments to support the 600 MW of data center demand already in our financial plan, which we expect to serve mostly through market energy procurement.

We are also developing opportunities for investment that are not currently in our plan. This would include generation and transmission bills as part of a mix of resources to serve growing large load customer demand.

Moving to slide five for an update on our merger with NorthWestern Energy. We made solid progress alongside NorthWestern in advancing our planned merger. Both companies received favorable shareholder votes on April 2nd. The Hart-Scott-Rodino Act's antitrust waiting period expired on April 20th, satisfying an antitrust condition to closing. And we made state regulatory progress with settlements with certain key interveners in all three states, Montana, Nebraska, and South Dakota. We anticipate securing all state regulatory approvals and FERC approval to finalize the merger within the second half of this year.

As I wrap up my prepared remarks, we anticipate continuing to deliver solid results for our stakeholders as we execute on our customer-focused capital plan, continue our regulatory progress through multiple rate reviews, meet the growing demand of our customers, and maintain a positive momentum through our large load pipeline while maintaining protections for our customers and complete our plan merger with NorthWestern.

With that, I'll turn the call over to Kimberly for our financial update.

Kimberly Nooney^ Thank you, Linn, and good morning, everyone. We had a successful first quarter, executing our strategy and delivering results within our expectations, even with the impact of very warm weather. We are on track to achieve our earnings guidance as we maintain our solid investment-grade credit ratings and strong liquidity.

On slide seven, we provide a bridge for Q1 2026 EPS compared to Q1 2025. We delivered GAAP EPS of $1.73, which included $0.05 of merger-related transaction costs. Adjusting for these costs, we reported $1.79 of adjusted EPS compared to $1.87 in Q1 2025.

One of our warmest winters in history included record warm temperatures in Wyoming and Colorado weighed on demand by $0.18 per share compared to Q1 2025. For the quarter, this reflected $0.13 of unfavorability compared to normal weather, which is our base assumption in setting our earnings guidance range.

With this backdrop, I'm proud of our team's strong execution as we maintain competence in our ability to deliver on our full-year earnings guidance. We delivered $0.24 per share of new rates and rider recovery margin and $0.10 of lower O&M, excluding merger costs. These positive drivers offset $0.16 of higher financing and depreciation costs and a large portion of the impacts of weather and lower retail usage.

We delivered favorable O&M for Q1, and excluding $0.05 per share of merger-related costs, we reduced our O&M expenses by $0.10 year over year. This reduction was primarily driven by $0.04 of lower employee costs and other O&M reductions of $0.06 per share. Excluding merger-related costs, we are on track to deliver O&M within the earnings guidance target provided.

Financing costs increased $0.10 per share, including $0.09 per share from the impact of new shares and $0.01 of higher interest expense net of AFUDC. Depreciation expenses increased by $0.06 per share, driven by new assets placed in service, including our $350 million Ready Wyoming transmission project placed in service at the end of 2025. Further details on year-over-year changes can be found in our earnings release and our 10-Q to be filed with the SEC later today.

Slide eight presents our solid financial position through the lens of credit quality, capital structure, and liquidity. We remain focused on maintaining a healthy balance sheet within our stated credit metric targets of 14% to 15% FFO to debt, which is 100 basis points above our downgrade threshold of 13%, and at or better than 55% net debt to total capitalization.

Given stronger forecasted cash flows in 2026 driven by new capital projects placed in service, executing upon our regulatory initiatives, and increasing large load customer growth, compared to last year, we expect a significantly lower total equity need of $50 million to $70 million in 2026.

During the first quarter, we issued $41 million of equity under our ATM program, positioning us well with minimal equity needs for the remainder of the year. Our next debt maturity is in January 2027, with $400 million of 3.15% notes to be refinanced. We are evaluating refinancing options for later this year. We maintain strong liquidity with approximately $500 million of availability under our revolving credit facility at quarter end.

Our financial outlook is listed on slide nine. We reaffirmed our guidance range of $4.25 to $4.45 cents of adjusted EPS, which represents 6% growth at the midpoint over 2025. New rates and rider recovery from capital projects, large load demand growth, and other organic customer growth, and our solid financial position drives strong confidence in our ability to deliver in the upper half of our 4% to 6% long term growth target. Our plan includes large load demand contributing more than 10% of growing consolidated EPS beginning in 2028, reaching 600 MW by 2030.

Also, as Linn outlined, we are pursuing more than 2.5 GW of large load opportunities, which represent significant upside to our current financial plan. To serve these opportunities, each of our customers desires a unique mix of resources with varying ramp schedules. From a financial perspective, this complexity requires multiple negotiated agreements with earnings profiles designed to match the risks and considerations for each resource type under our large power contract service tariff in Wyoming.

Slide 10 illustrates our industry-leading dividend track record. In January, we increased our dividend, extending our track record of increases to 56 consecutive years in 2026 based on our current annualized dividend. We continue to target a 55% to 65% payout ratio. A dependable and increasing dividend is an important component of our strategy to deliver long-term value for our shareholders.

I will now turn the call over to Marne for a business update.

Marne Jones^ Thank you, Kimberly, and good morning, everyone. I will provide an update on our current capital projects, discuss progress on our large load demand pipeline, and finish with a regulatory update.

Moving to slide 12, our 99 MW Lange II generation construction project, which will serve our customers in western South Dakota and northeastern Wyoming, continues on schedule and will be placed in service in the fourth quarter.

The utility-owned natural gas fire generation resource replaces aging generation facilities with modern Wartsila engines and supports updated reserve margin requirements. Recovery of this investment will be requested through the South Dakota generation rider, which we intend to file during the second quarter, and our Wyoming rate review request filed earlier this year.

Slide 13 outlines our Colorado Clean Energy Plan. During the first quarter, construction continued on our utility-owned 50 MW battery storage project in Colorado to be completed and in service in late 2027. During the first quarter, we also signed a 200 MW PPA for solar resources to serve Colorado customers as previously approved by the Colorado PUC. Together, these resources support our progress towards the state's clean energy plan with an emissions reduction goal of 80% by 2030.

Slide 14 outlines our flexible service model for large load customers and our data center demand pipeline of more than three gigawatts. Our unique tariff offers flexibility in how we serve large load customers, enable speed to market, and provides customer protection while benefiting our Wyoming customers.

Our data center demand in the financial plan of 600 MW by 2030 is primarily driven by Microsoft and Meta's growth. We have successfully served growing demand for Microsoft hyperscale data centers for more than a decade through market energy procurement.

Meta's new AI data center in Cheyenne is progressing, and we expect them to begin ramping later this year. We are prepared to serve these customers primarily through market energy and contracted resources requiring minimal capital investment. That said, we expect demand at or above 600 MW to drive the need for investments in generation and transmission infrastructure.

We continue to make positive progress on additional opportunities on our advancing our negotiations with high-quality partners to serve more than 2.5 GW of large load requests. Specific to a 1.8 GW project in our pipeline, we are working through several agreements with counterparties that would ultimately support resources to serve this demand. We continue to focus on the reliability and resiliency of the overall system and customer protections as we design a portfolio of resources to meet the needs of our prospective large load customer.

As Linn mentioned, and I'm pleased to expand on, we have executed a short-term generation reservation agreement with this prospective customer for company-owned generation. The agreement provides for customer-funded milestone payments to support the long lead time generation equipment as part of the broader resource mix needed to serve the 1.8 GW project.

To date, the customer has provided $201 million in refundable contributions in aid of construction to secure this generation equipment through the term of the agreement. In parallel, we continue to advance negotiations toward a long-term definitive agreement under which company-owned generation would be a component of the portfolio of resources serving the project, with the intent that this reservation agreement transitions the parties into a long-term definitive generation facilities agreement.

As you would expect, a project of the size and complexity involves multiple parties and interrelated contractual components. We are carefully structuring these agreements to protect customers while appropriately managing operational and financial risks. Consistent with our normal practice, we will provide additional detail as definitive agreements are finalized.

Now shifting to a regulatory update on slide 15. We continue to effectively execute on a regulatory plan with a cadence of three to four rate reviews per year across our eight state service territory. Our rate review filed last December for Arkansas gas continues to progress with new rates requested in the second half of this year.

During the first quarter, we filed new rate review requests for South Dakota Electric. We are seeking recovery of our customer-focused investments and increased cost to serve customers in western South Dakota and northeastern Wyoming after holding our base rates stable for more than a decade.

In South Dakota, we requested $50.6 million of new annual revenue based on a 10.5% ROE and a capital structure of 47% debt and 53% equity. The request seeks interim rates within 180 days of filing.

In Wyoming, we requested $5.1 million of the annual revenue based on a similar ROE and capital structure as was filed in South Dakota. We also filed an abbreviated rate review in Kansas as allowed by the commission's prior order. The request seeks recovery of capital invested through 2025 at the previously agreed-upon weighted average cost of capital, with rates requested early in the third quarter.

And lastly, in South Dakota, wildfire liability legislation was enacted in March to be effective July 1st, 2026. Utilities, in compliance with their wildfire plan, filed with and published by the commission, will receive significant liability protections similar to legislation in Wyoming and Montana.

In Wyoming, we are awaiting approval of our mitigation plan, which is expected in the second quarter. We also continue to support the development of similar legislation in Colorado.

In summary, our team is focused on executing with excellence on our customer-focused strategy. From day-to-day maintenance and outage response to laying a new line to serve a neighborhood or business, we are ready to serve.

We are strategically managing and expanding our infrastructure to serve the needs of our customers and actively working with new large load customers to make their plans a reality as their energy partner of choice. With that, I will now turn the call back to Linn.

Linden Evans^ Thank you, Marne. To summarize what we've talked about today, we continue to make meaningful progress on our regulatory plan, our growth initiatives, and our strategic goals. Black Hills offers a compelling long-term value proposition driven by our customer-focused growth, competitive yield, and significant upside opportunities.

Additionally, our planned merger with NorthWestern Energy will provide us with the advantages of increased scale and new opportunities as a larger and premier regional electric and natural gas utility company.

Thank you for your interest and your trust in the Black Hills team as we partner to grow long-term value for our customers and stakeholders. This concludes our prepared remarks, and we're happy to take your questions.

QUESTIONS AND ANSWERS

Operator^ Thank you. (Operator Instructions). One moment for questions. Our first question comes from Andrew Weisel with Scotiabank. You may proceed.

Andrew Weisel^ Thanks. Good morning, everyone. Congrats. A lot of exciting updates here. My first question is regarding the agreement to reserve generation equipment for the data center customer.

Forgive me, Marne, you ran through some details pretty quickly. I apologize if I missed them. I want to make sure I got it all here. Did you say it was around $200 million of short-term deals for company-owned generation? So, this would be utility-owned resources falling into rate-based and earning the typical 9.8% ROE. Did I get that right?

Marne Jones^ So, good morning, Andrew. Yes, this is Marne, and appreciate your question. And if I ran through a little fast, let's walk through a little bit of those details. So, yes, it is a short-term agreement really meant to provide some financing or financing bridge as we think about serving long-term generation needs. Ultimately, we intend to put this into a company-owned generation facility that would have a longer-term agreement with that.

When we talk about company-owned generation in a generation facilities agreement, maybe a little bit of a difference of how you described it. It would be specific to this ultimately end-use customer. And so, we think about the rate base of that and the return of that based on that customer and the unique needs for that specific customer as we talk about risk-adjusted returns. This would not be part of overall rate based for retail customers in Wyoming.

Andrew Weisel^ Okay. So, this would still be that negotiated risk-adjusted, not a standard formula. This would still be negotiated then. Is that right?

Marne Jones^ Yes, it would be a negotiated rate, but I would think about it more in the terms of a typical rate base. This would not be the same as our microgrid management fee.

Andrew Weisel^ Okay. That's helpful. And just to understand, the short term is about the financing. The equipment would be utility-owned for the life of the asset. Is that what you're saying?

Marne Jones^ That is correct. And just as a reminder, as we think about contracting these types of assets and we talk about customer protection, through these negotiations, one thing we focus on is ensuring that we don't have stranded assets at the end of this -- the end of contracts, etc. So, this is not something that would ultimately be on the customers of Wyoming. This is all contracted through that long-term contract that we're negotiating.

Linden Evans^ And the 201 -- this is Linn, Andrew, and that $201 million that we received in the refundable CIAC (contribution in aid of construction), that's another way of protecting customers. Helps us protect our balance sheet in the interim while we are working with these customers to serve their large load.

Andrew Weisel^ Great. Very helpful. So, that $201 million, that's more about the financing. Are you able to give an indication of the size of the asset or assets in terms of megawatts? I mean, this isn't the full 1.8 GW, is it?

Linden Evans^ No, it is not. And we're not yet ready to announce what kind of megawatts we would serve. We're still arguably working with the customer on that. We have a direction with them, but there are a few balls in the air. So, as soon as we can let you know that, we will. But to date, we're still negotiating that with our counterparty.

Andrew Weisel^ Okay. Can you say big, medium, or small?

Linden Evans^ Yes. Nice try. Nice try, Andrew.

Andrew Weisel^ I had to try. Okay, one last one before I pass it over.

In terms of the merger, congrats on the three settlements you got there. Does that accelerate the timeline for closing? I know you're still pointing to the second half, but can you get a little more specific, and do these help speed things up?

Then, subsequent to closing, do you and your friends at NorthWestern plan on hosting some sort of investor day or something like that to present the outlook for the combined company later this year?

Linden Evans^ Well, I would say it this way, Andrew. Settlements are always helpful, but we have a fact -- in fact, we have a hearing next week in Montana. We'll see how that goes. We've had our hearing on the settlement, a full settlement in Nebraska, and we have a hearing scheduled next month in South Dakota.

So, will it speed it up? No, but it certainly didn't slow it down. I think it gives some nice solid foundation for which the regulators can use as they consider this merger and ultimately approve it, we hope.

With respect to a combined investor day, I'm the exiting CEO, so I'll be cautious there to commit someone else, but it may be a good idea. We shall see.

Andrew Weisel^ Fair enough. Thank you so much.

Linden Evans^ Thank you, Andrew.

Operator^ Thank you. Our next question comes from Chris Ellinghaus with Siebert Williams Shank. You may proceed.

Chris Ellinghaus^ Hey, good morning, everybody. So, Kimberly, this was a monumental weather impact, but you didn't adjust guidance at all. Are there -- can you give us any color on what you're thinking about for offsets?

Kimberly Nooney^ Yes, maybe just to level set, looking back in any given year, we've had some pretty impactful favor and unfavorable weather swings. Specifically in Black Hills' history, we've had more significant unfavorable impacts. When I look back, it was around Q4 2021.

So, my point to all of that is, is that we're used to experiencing these types of impacts. And as you noted, we are reaffirming guidance, and we'll continue to manage the business to ensure that we're focused on mitigating risks while achieving our financial objectives. So, just like any other utility, we'll be focusing on ensuring we're optimizing our O&M and the timing of our capital investments. That'll be our strategy.

Linden Evans^ Well, that was a good answer. This is Linn. I would suggest during the fourth quarter of last year, we had pretty mild weather. You might remember that, Chris. And so, as a team, as across the whole organization, we continue to lean into the challenge of warm weather into the first quarter, which helped us as well. And this is a chance for me to say thank you to our team. They've really done a wonderful job of ensuring that we hit our targets.

Chris Ellinghaus^ So, along those lines, you have had some pretty unfavorable weather, particularly in the first and fourth quarters. Do you see a longer-term pattern of, I don't know how to phrase it, but filling in the bowl that you guys have for an earning shape where you see more loads headed into the middle of the year and maybe out of the first and fourth quarter? Is that something that you're contemplating as a reality today?

Kimberly Nooney^ Chris, based on the fact that we have a balanced mix of electric and gas resources, Q1 and Q4 have always been our most impactful, but this isn't unique. And one of the things that we have done over the past few years is really do look back on weather impacts and how we think about assessing those in the financials.

So, I don't know that we're doing anything different. We're obviously very cognizant of it. We're paying attention to it. And we're sure -- we're ensuring that we're incorporating those types of impacts into our future strategies. But are we drastically changing our business model? No, we're not.

Linden Evans^ I'd say we're also working closely with our regulators for weather normalization. As you might recall, Chris, we have a pilot we're doing in Nebraska this year that was helpful this quarter and last -- and fourth quarter of last year.

I'd also say it could be a benefit of the large load customers. They're high-power factor customers, and to the extent that would be another benefit to our other customers to smooth out our earnings, if you will, through the year. So, I think that's something we're working on too.

Chris Ellinghaus^ Yes. Linn, you're the expert on data centers in Wyoming, so maybe you can shoo me off of this question, too. But there's been a lot of difficulties with that data center. Can you give us some color on what's happening locally? I know there's been some efforts politically to try to move that along, but can you give us some sense of what some of the holdups are locally?

Linden Evans^ Chris, I just might challenge your fact pattern, I suppose. We're not -- yes, there are some, a few customers, if you were a local entity, that might be a little bit -- or they're asking that the commissions take caution about the data centers. In other words, are they doing it right? But on the other hand, we're also seeing initiatives by local folks to actually accelerate permitting, if you will. So, it's a balance going on there.

For us and the data centers that we are working on, frankly, we're not seeing any slowdown due to decisions or permits or anything of that nature. All of ours are currently right on track. And in fact, CPCNs, etc., are being granted. Local permits are being granted, etc. So, I think we're actually in nice shape with the customers that we are currently dealing with.

Chris Ellinghaus^ Okay, along the same lines, have you got a sense at all of when you might file a CPCN for generation?

Linden Evans^ I'm going to let Marne address that issue.

Marne Jones^ Yes, hey, Chris. So, as I mentioned, we've got the short-term reservation agreement, which we would ultimately like to see into a long-term definitive agreement for generation. Once those agreements are in place, and it's not just a generation, but really all the agreements that are needed is when we would expect to see a CPCN for generation.

Chris Ellinghaus^ Okay, and I'm not trying to figure out what the size is, but can you talk about what type of generation that you guys are pursuing?

Marne Jones^ Yes, so we are looking at -- obviously, the reservation is for those long lead time equipment items. We're looking at certainly gas engines, transformers. Dispatchable generation will be really important.

Chris Ellinghaus^ Okay. And one last thing, in Montana and South Dakota, have you got a sense of what to expect for the duration of those two hearings?

Marne Jones^ Yes, I can -- this is -- Chris, it's Marne again. So, I can talk a little bit. We are scheduled next week in Montana for a Tuesday through Friday hearing, I believe. The South Dakota, I would have to subject to check, but I think it's scheduled for two or three days as well in June.

Linden Evans^ That's correct.

Chris Ellinghaus^ Okay. I don't recall Montana ever accomplishing anything in four days, so that would be some kind of record.

Marne Jones^ Well, I think, as was mentioned earlier, we have reached a lot of settlements. We don't have full settlement in Montana, but we have reached a lot of settlements. And I think that really bodes for hopefully a much more efficient process given those settlements.

Chris Ellinghaus^ You're a great optimist, Marne.

Linden Evans^ We are. Yes, we are.

Chris Ellinghaus^ Okay, thank you for the color. Appreciate it.

Linden Evans^ Thank you, Chris.

Operator^ Thank you. (Operator Instructions). Our next question comes from Paul Fremont with Ladenburg Thalmann. You may proceed.

Paul Fremont^ Thanks. I guess my first question really has to do with the short-term reservation agreement, I guess, is for $200 million. Would -- if the project were to move forward, is that the aggregate amount that you would contemplate spending, or would -- and if not, how large an investment would you contemplate?

Kimberly Nooney^ Hey, Paul, good morning. I'll start, and then my team members can fill in. So, this is really, as noted, a reservation agreement. So, these are milestone payments associated to procuring the actual investments that Marne mentioned. This is really what we think about as a bridge agreement to ensure that we maintain balance sheet strength through this period until we get to definitive agreements and we're able to start constructing.

So, we're really not talking about the size yet because we're still in negotiations, but obviously, we will be contemplating the right financing strategy overall. So, we really haven't given the magnitude of the project of beyond 1.8 GW and the fact that it will be served with a variety of -- mix of resources. That's really where we're at in our process.

Paul Fremont^ So, should we think of the $200 million as extending through some period in time? In other words, would this be the next three or four years of spend, or the next two years of spend?

Linden Evans^ Well, the reservation payments or the payments that we are actually making to these suppliers, and we are being reimbursed by the customer that we are negotiating with as part of that agreement, Paul, so that's where this $201 million come from. That's what we are paying to hold these resources in place so that we can put them in service for a customer.

And a short term through June 30th, and I encourage our shareholders and analysts to think about -- our stakeholders to think about in terms of June 30th, while it is a deadline that we're working toward as an organization, if we don't announce something by June 30th, please don't assume -- that does not mean that we're not going to have an agreement with this customer. That's a milestone that we're working to achieve.

Paul Fremont^ And I guess according to the AEP conference call, it sounded like if there's nothing in place by June 30th, there's another six-month extension in terms of the bloom -- taking the bloom equipment. So, should we assume that December 31 is an absolute date by which the parties need to reach an agreement?

Linden Evans^ I don't know that it would be an absolute date. We certainly worked toward fulfilling our -- getting a contract in place by then, but I would not see it as an absolute date.

To date, the parties are working very well together and extending things by mutual agreement. These are complex agreements with lots of parties. We want to get it right. Especially us at Black Hills Energy, we have to get it right on behalf of all of our customer base to ensure we have the best deal we can to serve these customers as appropriately as possible. So, again, I don't think we have hard, fast dates, although we both know that the time value of money, etc., we need to work efficiently, and we are.

Paul Fremont^ And then is any of the CapEx related to this one point to this project? Would that be significantly additive to the current compound annual growth rate? Also, if you need to build more resources for this, who should we assume will provide the funding, and is it incremental CapEx going to be 50% equity funded?

Marne Jones^ Paul, I'll kick this off, and then I'll turn it over to Kimberly as well. So, when we talk about CapEx, we have 600 MW of load in our current five-year plan that ties back into our CapEx, the $4.7 billion. So, anything above that, which this project would be above and beyond that, that's part of the pipeline that's not included in our current plan, would be additive to our overall capital investment opportunity.

So, if we needed to build more resources, whether it would be generation or transmission, both of those really would be additive to what we currently have in the plan. And I'll turn it over to Kim to talk about the financing side of it.

Kimberly Nooney^ Yes, Paul. And so, your question regarding how would we think about financing, it's really under the overarching perspective that we want to maintain credit quality. So, we've set our credit quality targets at 14% to 15% FFO to debt, maintaining our debt to total cap at 55% or below. And so, that's really the guiding principle.

And so, to your point, obviously, we would think about this as a utility-like investment with a utility-like cap structure in the range that you're noting. So, that's how we're thinking about it.

Paul Fremont^ Great. I think that's it. I think that's it in terms of questions.

Linden Evans^ Thank you, Paul.

Kimberly Nooney^ Thank you, Paul.

Linden Evans^ Appreciate your questions.

Operator^ Thank you. I would now like to turn the call back over to Linn Evans for any closing remarks.

Linden Evans^ Well, thank you very much for participating in our call today, for your interest in Black Hills. We have a compelling long-term value proposition. I hope you're starting to see that develop through our comments today and the responses to our questions.

Once again, I want to thank our team. Thank you for leaning in so hard, doing it safely, and doing so well to serve our customers as well as you do. I'm grateful for that. We're grateful for that. So, I encourage you to have a Black Hills Energy Safe Day. Thanks for joining our call.

Operator^ Thank you. This concludes the conference. Thank you for your participation. You may now disconnect.