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+++ presentation

Jerome E. Nichols^ Thank you, Daniel. Good morning, everyone. Welcome to Black Hills Corporation's Third Quarter 2019 Earnings Conference Call. Before we begin today, we would like to note that Black Hills will be attending the EEI Financial Conference starting November 10th in Orlando, Florida. Our leadership will be making a presentation at the conference and the materials and webcast information will be posted on our website at www.blackhillscorp.com under the Investor Relations heading.

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^ Thank you, Jerome. Good morning everyone, and thank you for joining us this morning, and for your interest in Black Hills. Before I dive into the quarter's results, I'd like to start this meeting, as we do all meetings of Black Hills', with the safety focus. First, I'd like to personally thank the teams who've been maintaining and hardening our infrastructure systems over the past several years. This winter has already hit much of our service territory within the past several weeks. In a recent snowstorm, our system sustained some pretty stiff winds here in South Dakota, with wind gusts greater than 80 miles per hour at one point.

It's noteworthy that despite those conditions we did not experience a single customer outage related to the storm. I believe that says a lot about the team of men and women who are designing, constructing and maintaining our systems. Many of that team are listening to this call today or will later on, and I'm going to take a moment to say thank you for your focus on safety, while you maintain a persistent focus on keeping yourself, your fellow teammates and our customers and our community safe every day. Well done.

I'll start on Slide 5. I am pleased with our solid third quarter results. Earnings met our expectations. Our operations team performed well. And we made excellent progress executing our strategy to grow long-term value for both our customers and our shareholders.

On the left side of the slide. Being ready for our customers is what we focus on every day. We continue to deliver for the safety, the reliability and the growth needs of our customers and the communities we serve. We are focused on the safety and integrity of our infrastructure systems using a long-term programmatic approach to continuously upgrade our systems. Our teams across the company advance these programs on schedule.

One of the most important focuses we have each day is the safety of our employee team and our customers and ensuring the integrity of our electric and natural gas infrastructure systems. As I indicated in my opening comments, we take great pride in our electric reliability results and this clearly demonstrates ~~are~~ our ready-to-serve commitment. Notably, all 3 of our electric utilities have achieved IEEE metrics in the top 15% for reliability. This accomplishment reflects our thoughtful investment approach, our proactive planning and strong employee engagement to be ready when our customers flip the switch and expect their lights to turn on.

I'm proud of our team's continued execution on capital projects for customers, particularly when you consider the weather adversities we faced this year. We have nearly completed construction on 2 key strategic projects during the quarter, which will enhance customer reliability and capacity, enabling economic growth in the communities that we serve.

In addition to safety and reliability, we are delivering for our customers' renewable energy needs. We are within weeks of commissioning the 60 megawatt Busch Ranch II wind project. I'll talk more about this and our Corriedale wind project later on.

We continue to transform the customer experience. We recently upgraded our website, and we continue to identify and implement ways to make it easier for our customers to do business with us.

While Rich will discuss earnings in details, let me say I'm pleased we met our expectations despite another quarter of weather-related challenges. Our third quarter and year-to-date financial results have given us confidence so that we are narrowing our guidance range for both 2019 and for 2020.

Let me now take your attention to the right side of the Slide 5. Our team has executed well, deploying a record level of customer-focused capital this year. Given our strong execution this year and given our improving clarity into long-term project opportunities, we are increasing our current year and five-year forecast by more than 5%. We now expect to deploy a total $820 million in 2019 and at least $2.9 billion through 2023.

We also continue to make strides in several key regulatory initiatives, particularly on our jurisdiction consolidation efforts which will help us streamline our business and our processes while decreasing the number of go-forward regulatory filings ~~we~~ that are~~were~~ required.

And finally, our board approved an increase to our dividend last week. That increases completes our 49th consecutive year of increasing our annual dividend. All along we had a great third quarter.

Before I move on, I want to point out that we had an estimated rate based by state and by fuel type as of year end 2018. You'll find that in your disclosure in the slide deck appendix.

Moving to Slide 6. I'll start with our notable accomplishments within the electric utilities. In September we finished a multiyear multi-segment project on behalf of South Dakota Electric. We placed in serviced the final leg of 175-mile electric transmission line from Rapid City, South Dakota to Stegall, Nebraska. This project is a key strategic component that enhances electric reliability and will help us retain our industry-leading system reliability metrics I mentioned a few moments ago.

In Colorado and Wyoming we recorded new all-time peak loads in July, demonstrating continued overall customer demand growth in both of those states. In South Dakota and Wyoming our Renewable Ready subscription-based program continued to advance very well. We completed the subscription period in September and had strong customer interest, exceeding the 40 megawatts of available energy from the Corriedale wind project.

Last Friday, in response to that demand, we filed an amended Renewable Ready tariff with the South Dakota Public Utilities Commission to increase the capacity of the program. The 40-megawatt Corriedale wind project, which is located near Cheyenne, Wyoming, will be jointly owned by our South Dakota and Wyoming Electric Utilities and remains on track to be placed in service next year.

Now moving to our natural gas utilities. We have nearly completed construction of our $54 million 35-mile natural bridge pipeline project for our Wyoming gas customers. And we expect the pipeline to be placed in service in mid-November. We continue to advance efforts to consolidate and simplify our natural gas jurisdictions in Colorado, Nebraska and Wyoming to better and more efficiently serve our customers. In Wyoming, we recently reached the stipulation and settlement agreement in the consolidated rate review case. And we have filed that settlement agreement with Wyoming Public Service Commission.

The stipulation and the agreement are subject to review and approval by the Commission, and we anticipate a decision from them by year end. In Colorado, we continue to advance the pending consolidated rate review case. And we now expect a decision by the Commission no later than first quarter of 2020.

And on October 29th, the Nebraska Public Utilities Commission approved our application request for legal consolidation. We expect to consolidate our Nebraska Gas Utilities effective January 1, 2020. And we are planning to file a consolidated rate review in mid-year 2020.

Moving on to Slide 7 now. As we noted last quarter, on August 2nd we submitted a request to FERC, seeking approval of our power purchase agreement between Black Hills Wyoming and its affiliate, Wyoming Electric. We are awaiting a decision from FERC now.

Construction is essentially complete on our $71 million 60-megawatt Busch Ranch II wind project that's located near Pueblo, Colorado. We expect all turbines in the entire project to be in service by the middle of this month.

During the quarter, our Mining segment completed negotiation the price re-opener with Rocky Mountain Power for the fuel supply contract for the Wyodak power plant. The price is now reset to $17.94 per ton, which is effective July 1, 2019. And this price is slightly lower compared to our last reset price of $18.25 per ton, which was set in July of 2014.

And our corporate segment, our board recently declared a quarterly dividend of $0.535 per share, which represents a 5.9% increase over last quarter's dividend.

During the quarter we completed our 2019 equity issuance. We issued approximately 389,000 shares of common stock under our At-the-Market equity offering program with net proceeds of approximately $30 million. During 2019 we issued net proceeds of $99 million of new equity using our ATM.

Shifting to debt financing. We issued a total of $700 million in 10-year and 30-year notes to refinance upcoming maturities. Fitch reaffirmed our corporate credit rating of BBB+ and maintained a stable outlook during the quarter. Now we are committed to maintaining our solid investment-grade credit ratings.

And finally, I am excited about the 2 new appointments to our Board of Directors. You can review Kathleen McAllister's and Tony Jensen's outstanding backgrounds in our recent news release announcing their additions to our board. And they are excellent additions to our board.

Now I'll turning over to Rich for a financial update.

Richard W. Kinzley^ Thank you, Linn. And good morning everyone. Excuse me.

I'm going to start on Slide 9. As Linn noted, we delivered solid third quarter financial performance that met our expectations. We remain on track to hit our earnings targets for 2019 and 2020 and we're narrowing our guidance range for both years by $0.05 on each end. Updated assumptions for our 2019 and 2020 guidance are included on appendix slides 45 and 46 of this presentation.

Third quarter EPS as adjusted was $0.44 compared to $0.42 in Q3 2018. We estimate that weather negatively impacted results by $0.02 compared to last year's third quarter and by $0.06 compared to normal weather for the quarter. I'll talk in more detail about weather impacts when I discuss business segments in a few slides.

Aside from weather, results were strong for the quarter with net income as adjusted increasing by 16% compared to last year, overcoming 11% dilution from increased share count. On Slide 10 we reconcile GAAP earnings to earnings as adjusted to non-GAAP measure. We do this to isolate special items and communicate earnings that better represent our ongoing performance. This slide displays the last 5 quarters and trailing 12 months as of September 30, 2018, and 2019.

For the first half of 2019 we had no special items. In the third quarter of 2019 we recorded a noncash pretax impairment of $20 million or $0.25 per share after-tax related to an investment in a privately held company. In late 2017 we elected to discontinue our oil and gas business. We sold the vast majority of the assets of that business during 2018. As part of the divestiture, in early 2018 we contributed certain assets valued at $28 million into a third party oil and gas company for a minority ownership in that company.

The impairment was triggered in the third quarter this year by an adverse change in future natural gas prices and a deterioration in earnings performance of the third party company. After the impairment, only $8 million remains on our books related to that investment. And it represents our only remaining oil and gas investment. Special items in 2018, not reflective of our ongoing performance were all income tax related. The first item reflected the impact of the Tax Cuts and Jobs Act during 2018.

The second and larger item related to tax benefits of legal restructurings completed in 2018. The impairment in 2019 and the tax related items in 2018 are not indicative of our ongoing performance and accordingly will reflect them on an as-adjusted basis. Slide 11 is a waterfall chart illustrating the primary differences of our earnings results from Q3 2018 to Q3 2019. All amounts on this chart are net of income taxes. I'll add more detail by segment on the next slide. But at a very high level, our Electric Utilities had a strong quarter compared to last year, while our gas utilities overcame weather challenges to post a modest gross margin increase.

Non-regulated margins were slightly lower than last year and total O&M increased by less than 2%, reflecting solid cost management during the quarter. Depreciation increased as a result of increased plant in service from our customer-focused CapEx program. Interest expense and other income were slightly favorable to last year. We experienced unfavorability in our effective income tax rate in Q3 2019 compared to the prior year when excluding the special items I discussed on the previous slide. However, for the full year our effective tax rate this year is expected to be approximately 14% compared to approximately 18% last year. Again, excluding the special items.

The reduced effective tax rate in 2019 is driven by federal renewable energy production tax credits and one-time state investment tax credits for wind projects that we added this year.

On Slide 12. Segment operating income results for the third quarter are compared to the prior year. I'll make a few comments here and you can find additional details on Q3 year-over-year changes in gross margin and operating expenses in our earnings release and in our 10-Q that we will issue this afternoon.

At our Electric Utilities, operating income for Q3 2019 increased by $7.3 million compared to Q3 2018. Gross margins increased by $9.6 million, driven by warm summer weather, higher industrial demand and lower power capacity charges. The electric utility margins also compared favorably to the prior year due to a regulatory settlement in Q3 2018 at Wyoming Electric. Cooling degree days were 27% above normal in the third quarter. And this positively impacted margin to the electric utilities by an estimated $1.8 million compared to the prior year and by $1.3 million compared to normal. Operating expenses increased $2.4 million over Q3 last year, primarily due to higher employee costs, outside services and depreciation expense.

At our Gas Utilities, operating income for Q3 2019 increased by $0.5 million compared to Q3 2018. Gross margins increased by $2.1 million, benefiting from new rates, rider recovery and customer growth in our service territories. These benefits were partially offset by unfavorable weather which impacted margin in 2 ways. First, we normally get some heating ~~mode~~ load in September but this year heating degree days were 62% below normal in the third quarter. Second, excessive precipitation negatively impacted irrigation loads for agricultural customers in our Nebraska gas service territory.

In total, through the third quarter we estimate weather adversely impacted margins of the gas utilities by $3.4 million compared to the prior year and by $5.8 million compared to normal. Operating expenses increased by $1.7 million primarily from higher outside services, employee cost and depreciation. I'll remind everyone that the second and third quarters are seasonally low income quarters for the gas utilities as most of our income from this segment is generated in the first and fourth quarters during the heating season.

On the bottom half of Slide 12 at our Power Generation segment. Operating income for Q3 2019 decreased $1.3 million compared to Q3 2018. Revenue increased in the current year due to higher contract prices received and increased wind generation. But that was more than offset by higher operating expenses due to higher depreciation and property taxes from new wind assets. The earnings benefit from our new wind projects come through reduced income tax expense due to the federal production tax credits we get from these projects.

Operating income at our Mining segment decreased by $1.2 million, primarily due to an unplanned -- unplanned generation outages at the Wyodak power plant, which negatively impacted sales for the quarter.

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 in all 3 agencies. We remain committed to maintaining our strong investment credit grade ratings.

Given low interest rates and favorable market conditions, as Linn mentioned, we issued $700 million of new long-term public debt in early October to pay off maturities we had upcoming in 2020 and 2021. And we're in good shape from a debt maturity and liquidity perspective.

At September 30th our net debt to capitalization ratio wa~~i~~s 58.9%, which is consistent with where we were last year end, mainly due to our record 2019 capital spending program of over $800 million. We issued $100 million of equity through our At-the-Market offering program during the first 3 quarters this year to help fund that CapEx.

We don't anticipate issuing any further equity in the fourth quarter. You'll note in our 2020 guidance assumptions on Slide 46 in the appendix that we expect to issue $80 million to $100 million of equity through the ATM~~[AGM]~~ program at 2020.

This is an increase from prior guidance as we increased our CapEx for 2019 and 2020 by $83 million from previous disclosures. And by $148 million in total for 2019 and through 2023. Linn is going to speak to the CapEx program here shortly.

Excuse me. While debt to total capitalization will likely remain in the 58% to 59% range through 2020, we continue to target a debt to total cap ratio in the mid-50%s over the longer term.

Slide 14 illustrates our dividend track record. We've grown the dividend at a faster rate the past few years with $0.12 annual increases in 2018 and 2019, demonstrating our confidence in our future earnings growth potential. We maintain our dividend payout ratio target of 50% to 60% of EPS.

I'm going to turn it back to Linn now for the strategic overview.

Linden R. Evans^ Thank you, Rich. Moving on to Slide 16. We are growing earnings as we invest in our customer's needs which are~~or~~ centered on system safety, integrity, reliability and customer growth. Based on the current opportunities across our expansive infrastructure systems we expect to deliver long-term earnings growth above the utility average. We also expect to realize incremental growth opportunities from generation and other projects.

Slide 17 illustrates how we think about executing our customer-focused strategy. We work to align our people, our processes, and the use of technology and analytics to meet and support our customer's growing energy needs.

Slide 18 illustrates the strategic diversity of our utility business and the seasonality of our earnings. You'll note that our third quarter earnings were driven by the electric utilities while we expect the fourth and first quarters to have much stronger gas utility results.

Slide 19 illustrates our expansive electric and natural gas infrastructure systems. These systems across 8 states provide a strong base of organic opportunities to invest in maintaining and ~~monetizing~~ modernizing our grid for customer needs.

Moving to Slide 20, our capital plan over the next 5 years is focused primarily on projects and initiatives that maintain safety and reliability and fosters customer growth. You will note that our forecasted investment far exceeds depreciation, which will translate to future earnings opportunities.

We have refreshed our 5-year capital investment forecast and have added $148 million of investment opportunities with the largest portion of that increase in the gas utilities.

So now we plan to complete $820 million of capital investment in 2019 and $2.9 billion through 2023. Beyond 2023 we expect the base of at least $375 million in recurring utility capital opportunities. We've included that detailed by utility in the appendix to our slide deck.

We take a relatively conservative approach to our capital forecast. We include opportunities we are relatively certain to occur, and then we add capital as we gain more clarity and comfort around projects. We anticipate that additional capital opportunities are likely over the full plan period. We'll provide an additional year of capital forecast at our Q4 earnings call to help maintain a 5-year rolling forecast.

Slide 21. This slide illustrates our capital plan. It's a utility-focused plan with timely recovery on most of these investments.

Move to Slide 22. We added this slide last quarter and it helps illustrate our commitment to managing our environment and social impacts~~.~~ ~~W~~ while we maintain strong governance and ensure we continue to deliver a sustainable and strong future for all of our stakeholders.

Slide 23. Our focus on operational excellence allows us to deliver stable, consistent results for customers and our investors. Our employee safety performance continues to be positive. And as I mentioned earlier, all three of our electric utilities rank among the top 15% of all utilities with the lowest customer outage minutes during 2018 - something we're quite proud of.

Also, our Black Hills employee team is a highly engaged team. In September we were recognized as (one of) the top 50 most engaged workplace.

Slide 24. This slide illustrates the results of executing our customer-focused strategy, delivering strong long-term total shareholder returns.

And Slide 25 is our 2019 scorecard. We publish this to hold ourselves accountable to you, our shareholders. We publish our major initiative scorecard each year. We've been doing that for a while. And we made strong progress during the quarter, checking off several items, including the fact that we completed the Rapid City to Stegall transmission line. And we'll be able to check off the Busch Ranch II wind farm the next week or so.

We obtained approval to provide tax reform benefits to Wyoming utility customers. And we also enhanced our web-based customer options with the rollout of an upgraded website. And we anticipate checking off many more items during our Q4 earnings call update.

To quickly recap the quarter. We delivered earnings growth that met our expectations. We had strong operational performance. We also completed several important capital projects despite challenging weather during the year. And we refined our long-term capital investment forecast and we're making excellent progress on key regulatory and growth initiatives. All in all, a good quarter.

That concludes our prepared remarks. And we're happy to entertain questions.

+++ q-and-a

Operator^ (Operator Instructions) Our first question comes from Julien Dumoulin-Smith with Bank of America.

Julien Patrick Dumoulin-Smith^ So perhaps first, can you comment a little bit on the Wygen process and just in terms of the potential pathways here to just come into resolution here? I know you -- perhaps we've talked about this little bit in the past. But just given where we stand today with FERC just can you elaborate a little bit on the potential pathways and how you see things as they stand today a little bit more detailed? And then I've got to follow up on some numbers.

Linden R. Evans^ Sure. We filed, as we stated, as you know, with ~~the~~ FERC to approve the amended PPA or a new PPA between the affiliate companies. We received a request for further information from FERC staff solidifying or asking for verification of when the new PPA would start. And so we filed or we submitted our response to that, which then reinitiated the time period for them to decide that particular application. So we are literally just simply waiting for FERC to make the decision as we speak.

Julien Patrick Dumoulin-Smith^ Got it. Or maybe I should have asked it in the context of if FERC doesn't act what are the other avenues here? Just to clarify.

Linden R. Evans^ There are none. We simply wait for them at this point. They have a statutory I believe timeframe within which they make that decision. That statutory timeframe is not run. And so we're waiting for that decision.

Julien Patrick Dumoulin-Smith^ Okay. All right. Fair enough. Can I turn back to some of the 2020 guidance updates too here? Can you just clarify a little bit further, just a thought process on the higher equity? Clearly raising CapEx in tandem, I suppose I broadly understand that. Just to elaborate a little bit further on just the uptick, is that simply to fund that CapEx. Are you thinking about shoring up the balance sheet? And where does that stand at this point? That's probably the best way to ask that about the increased equity, I suppose.

Richard W. Kinzley^ Yes, I mean clearly it's the increasing CapEx, Julien. Increasing this year and next year's CapEx by $83 million. We took the equity needs that were in the prior guidance at USD 40 million to USD 80 million, up to USD 80 million to USD 100 million and ties to that CapEx increase and just our continued effort to not only shore up the balance sheet, but make sure for regulatory proceedings we're getting at debt to total cap moving the right direction.

Julien Patrick Dumoulin-Smith^ Got it. Right. So with respect to the actual FFO to debt metrics that you're thinking about, nothing really moving around, you're not really shoring up the balance sheet but for funding incremental growth here, right?

Richard W. Kinzley^ Yes. Exactly.

Julien Patrick Dumoulin-Smith^ Okay. Excellent. Anything else with respect to jurisdictions that we should be focused on here? Obviously seeing the stock under certain amount of pressure today. So I just want to perhaps provide a little bit of a platform to make sure we're not missing anything on any of the jurisdictions.

Linden R. Evans^ No. We've got the pending rate cases which we just went through, those are going well from our perspective, taking risk off the table with each one as we reach a settlement. For example, in Wyoming, we had a 1-day hearing not too long ago in Colorado. And we are now waiting for the ALJ decision, which will then go to the commission for approval. And Nebraska, we received approval to consolidate the 2 utilities there. And so now we're setup well to consider filing our rate case in mid-2020. So things are going quite well there.

Operator^ (Operator Instructions) Our next question comes from Michael Weinstein with Credit Suisse.

Michael Weinstein^ Maybe you could just go through some of the priorities you see going forward, as you increase the capital program or capital plans in the outer years. What kinds of projects that goes for, what kinds of programs do you think will start to ramp up throughout the mid-2020s as we head into the next decade? And where do you see the need for capital spending?

Linden R. Evans^ Yes, as we indicated in our comments, we're seeing quite a bit of opportunity in the natural gas utilities. As we did the SourceGas acquisition and combined our 2 systems together, systems we acquired from Aquila in the North a decade ago and system in Cheyenne and SourceGas system.

We're finding lots of opportunity with respect to mitigating risk and shoring up and improving our system. For example, we have at-risk meters in several of our states, where meters were installed near streets and away from homes and things -- and buildings and things of that nature.

We've got thin wall pipe that we have identified across our territory. We have some bare steel we continue to refresh and replace. We have farm taps in many of our states. So we've inherited a number of farm taps that have challenges with -- that are related to them, with respect to customer safety.

So we have worked very diligently with our commissions and have programs in place now to replace those farm taps. And that's going to take us a couple of years to complete that. Now we also have some cathodic steel opportunities that we're focused on. So we've got opportunity to continue to make safe and continue to keep safe our natural gas utilities. While, also as we mentioned, we've got the opportunity for the additional CapEx as we add renewables.

The project for Corriedale, while we haven't started construction, we are oversubscribed. And so that's given us an opportunity to take advantage of some procedural rules with our South Dakota commission to ask for an increase in that tariff, which will allow us to match additional capital spending with respect to that project.

And of course Busch Ranch II represents the opportunity to continue to meet the renewable portfolio standards we have in Colorado. So I think at a high level that's the things that we're really focused on, Mike, and continuing for that, as we call the programmatic spending as we continue to appreciate, understand the system that we're responsible for maintaining.

Michael Weinstein^ Great. And just a quick follow-up on one of Julien's questions. Do you see the USD 80 million to USD 100 million of equity next year as sort of an ongoing number beyond that, like a recurring annual type number? Or do you think it will decline? Because remember in the last, earlier before you used to think that it would be USD 80 million to USD 100 million in this year and then down to a lower number for next year. I'm just wondering if it does decline, if it declines in 2021 now instead of 2020. Or do you -- yes.

Richard W. Kinzley^ Yes, based on the CapEx we've disclosed in 2021 and beyond, Michael, I would expect some decrease in equity needs after this year. The USD 80 million to USD 100 million for 2020 clearly is a reflection of the USD 83 million increase that we disclosed for 2019 and 2020. So, yes, if we find more projects and that CapEx goes up in 2021 and beyond, which we hope certainly happens, we'll be happy to continue to issue USD 80 million to USD 100 million of equity each year if the CapEx numbers are higher. But again, based on what we've disclosed at this point, I would expect that to decrease after 2020.

Linden R. Evans^ And the CapEx, Mike, that we have disclosed this morning do not include any special projects either, which I think is noteworthy. It really is ongoing, recurring kind of spending that we're identifying.

Richard W. Kinzley^ As an example, Linn talked about the potential expansion of Corriedale. That additional CapEx which would probably be close to $20 million is not in our disclosed number until we get that shored up.

Operator^ (Operator Instructions) Our next question comes from Andrew Weisel with Scotiabank.

Andrew Marc Weisel^ My first question is sort of -- I want to get into the long-term EPS comment that you made, that you expect growth to be above utility average. I want to ask about it in an indirect way though. So obviously the dividend increase of 6%, as you've shown in the slide, that's taking your payout ratio up to the higher end of the targeted 50% to 60% range. Should we take that to mean that you would think your future EPS growth will be 6%, if not faster? Or are you just more indicating that you're comfortable at the high end of that payout range?

Linden R. Evans^ Well, we're certainly indicating the latter, that we're comfortable with that range and we can stay within our 50%, 60% given where we see earnings going. So I'll just say yes to the latter part of the question.

Andrew Marc Weisel^ Okay. Fair enough. Then if you could just quickly remind us the impact of the Wyodak coal contract repricing, about $0.30 lower. I believe on the last call you said you're expecting an impact of about $1 to $1.50. So obviously a pretty big change there. If you could just talk about what caused the numbers to kind of shake out where they did and how that's going to flow through. That would be pretty helpful.

Richard W. Kinzley^ Well, we've talked about how that repricing mechanism works in the past. That's got 3 factors. One is Powder River coal prices. One is the cost to transport coal into that site. And then third is the levelized cost of an offloading facility that would have to be built there. Again, to keep the locational advantage that we have with the mine mouth coal at that site.

So some of that is fairly mechanical and was somewhat set up in the 2014 repricing. And that the, what viaduct -- excuse me, what Powder River prices were over the 12-months preceding the negotiation impacted that as well. But yes, good outcome. It's a quarter less or roughly $0.30 less than where we were before. 1.25 million to a 1.5 million tons get delivered to that plant each year, so. Good outcome.

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^ Well, thank you. Thank you very much for joining us today. We appreciate your interest in discussing what we think was a real solid quarter. We look forward to seeing many of you at EEI financial conference next week. And we wish all of you safe travels to Orlando. We also look forward to updating you on our progress in about 3 months time. Thanks very much for joining us today.

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