

Black Hills Corp (Q4 2024 Earnings)

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Corporate Speakers:

- Salvador Diaz; Black Hills Corp; Director of Investor Relations
- Linden Evans; Black Hills Corp; President and Chief Executive Officer
- Kimberly Nooney; Black Hills Corp; Senior Vice President and Chief Financial Officer
- Marne Jones; Black Hills Corp; Senior Vice President, Utilities

Participants:

- Anthony Crowdell; Mizuho; Analyst
- Andrew Weisel; Scotiabank; Analyst
- Brian Russo; Jefferies; Analyst
- Christopher Ellinghaus; Siebert Williams; Analyst

PRESENTATION

Operator^ Good day. And thank you for standing by. Welcome to the Black Hills Corporation Q4 and Full Year 2024 Earnings Webcast and Conference Call. (Operator Instructions) Please be advised that today's conference is being recorded. (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 fourth quarter and full year 2024 earnings conference call. You can find our earnings release and materials for our call this morning on our website at www.blackhillscorp.com under the Investor Relations heading.

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

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 2 of the investor presentation on our website in 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 Linn Evans. Linn?

Linden Evans^ Thank you, Sal. Good morning. And thank you all for joining us today. I'll begin my comments with a brief overview of our successful 2024 and long-term outlook. Kimberly will provide our financial update, and Marne will provide more detail on our team's operational performance and our strategic progress. Diving in on Slide 3.

We delivered on our key objectives in 2024, advancing our customer-focused strategy. I'm very proud of our team who delivered excellent service to our customers, delivered on our financial commitments and advanced our regulatory and growth initiatives.

In 2024, we made strong progress on our strategic growth plan with industry-leading reliability while successfully serving the 19th consecutive year of increasing peak loads for Wyoming Electric, recently recording a new peak demand of 318 megawatts.

We also invested over \$800 million for the core energy needs of our customers and the communities across our growing footprint. We delivered on our earnings guidance, and we are well positioned to achieve our long-term EPS growth target.

Even through challenges from mild weather and unplanned generation outages, our team's relentless focus on expense management put us right down the middle of the fairway with our guidance range. EPS growth was 4.3% in 2024 off our 2023 guidance midpoint of \$3.75 and we expect to deliver approximately 5% EPS growth in 2025 off of 2024 as reflected in our earnings guidance for the year.

Our financial position remains solid. During the year, we achieved our capitalization target, successfully completed our financing plan and maintained our solid investment-grade credit ratings.

Our team has also demonstrated notable progress managing our diversified multistate service territory, continuing our cadence of approximately three rate reviews annually as we recover investments for our customers and the inflationary impacts on our cost to serve.

In 2024, we implemented constructive settlements for Arkansas Gas and Iowa Gas. We also continue to make solid progress on our growth initiatives.

In 2024, we added further clarity to our data center growth plan and announced our service to support Meta's new AI data center beginning to ramp in 2026. And as we look to serve the growing needs of our customers, we obtained final approval for our Clean Energy Plan for Colorado Electric and we're finalizing plans for a new electric generation for South Dakota Electric.

In Wyoming, we energized the initial phase of our ready Wyoming Electric transmission expansion a remarkable achievement in only two years after receiving approval for the project.

We're excited about this project as it enhances our ability to cost effectively deliver energy for our customers.

It also opens up additional opportunities for strategic growth in Wyoming. And as we announced a couple of weeks ago, we increased our dividend by 4%, representing 55 consecutive years of dividend increases.

Our updated financial outlook is provided on Slide 4. In 2025, we are guiding to earnings in a range of \$4 to \$4.20 per share.

Looking ahead, we are confident in our strong capital forecast, incremental investment potential and growth opportunities highlighted by increasing demand from our industry-leading data center customers. Building on our solid financial position and our growing data center demand, we have confidence in our long-term EPS growth target of 4% to 6%.

Slide 5 displays our updated 5-year capital investment plan for 2025 to 2029. Over our five-year plan period, we expect to invest \$4.7 billion, an increase of approximately 10% or more than \$400 million compared to the prior 5-year plan. The increase is driven by clarity of timing and cost of projects including various other customer-focused opportunities throughout the plan period.

As a reminder, our previous and current forecasts include our Ready Wyoming transmission project, dispatchable generation resources in South Dakota and renewable generation investments for our Clean Energy Plan in Colorado.

Our capital plan is designed to incorporate investments to support customer needs for safe, reliable and cost-effective service and support long-term growth.

As our team continues to identify and develop project opportunities, we fully expect to incorporate incremental investments into our plan. Moving to Slide 6. In addition to our capital plan, we are delivering earnings contribution through our data center demand, and we are optimistic about the upside potential.

We have successfully served data centers and similar customers such as supercomputers in Cheyenne, Wyoming for more than a decade. Customers like Microsoft and soon to be Meta are served through our innovative tariff and service model that requires minimal capital investment.

Through this unique tariff, our customers are served efficiently through market energy, providing us utility-like earnings in lieu of new generation investment. This is a triple

win. First, it provides us earnings that are comparable to that of building generation to serve growing data center and demand.

Second, it protects our broader customer base from the risk of stranded assets. And third, the communities we serve benefit from local economic support and infrastructure enhancements that help grow the community and improve overall reliability and resiliency. Based upon our customers' consistent execution on load forecast for more than a decade and given future demand forecasts, we have a pipeline of over 1 gigawatt of data center demand within the next 10 years from existing customers.

We expect to serve approximately 500 megawatts of this 1 gigawatt demand by the end of 2029, with minimal capital investment. We expect EPS contribution from data centers to more than double to 10% or more of total EPS by 2029, giving us further confidence in our EPS growth target.

Data center demand above and beyond what we have included in our current 5-year plan may drive additional infrastructure expansion in a more traditional utility service model, which would be incremental to our current capital plan.

We also continue to evaluate opportunities in Colorado and South Dakota which could bring future upside. Slide 7 illustrates our ongoing strong customer growth.

Over the last five years, customer count in our service jurisdictions has grown more than 1% annually on average which has more than double the national average population growth of 0.4%. This organic growth is led by our Arkansas and Colorado service territories, which are nearly triple the average population growth for their respective states.

We're also witnessing strong growth in our Western South Dakota service territory well above the national average. With that, I'll turn it over to Kimberly for our financial update. Kimberly?

Kimberly Nooney^ Thank you, Linn. And good morning, everyone. I want to start by thanking our team for their agility and resiliency in delivering strong financial results despite some unexpected challenges we experienced during the year.

From a financial perspective, through our team's hard work, we delivered on our earnings guidance and financial targets for 2024, and we remain on track to deliver on our long-term strategic growth and financial objectives.

Slide 9 illustrates our success in 2024, displaying year-over-year earnings drivers as compared to 2023. Results were in line with our expectations including new margins, which more than offset capital investment costs reflected in financing and depreciation.

We overcame mild weather, two unplanned generation outages and higher insurance costs through significant expense management including reduced spending on outside

services and managing headcount, which helped us achieve our financial targets for the full year.

In 2024, we delivered \$0.74 per share of new margins driven by the successful execution of our regulatory strategy and \$0.08 per share driven by customer growth. This margin growth was partially offset by lower off-system sales, unplanned generation outages and an insurance recovery payment received in 2023.

During 2024, exceptionally mild weather reduced EPS by \$0.20 compared to normal and \$0.15 compared to 2023. Mark-to-market adjustments provided a gain of \$0.01 per share for the year and \$0.06 compared to 2023.

Moving to O&M. I'm extremely proud of our team's success in managing our expenses well below our projected 3.5% year-over-year increase.

Our actions assisted in offsetting the \$0.15 of mild weather discussed earlier, \$0.09 due to rising insurance costs, \$0.05 associated with unplanned generation outages and \$0.13 related to onetime gains from sales of assets and land completed in 2023.

Overall, our O&M management efforts substantially reduced the year-over-year O&M increase to less than 1% or \$0.06 per share. Execution of our \$800 million capital investment plan for customers resulted in higher financing and depreciation costs in 2024 compared to 2023.

This included a \$0.16 increase in interest expense attributable to higher interest rates, a \$0.17 impact from new shares issued and \$0.15 of additional depreciation expense due to new assets placed in service.

Income tax was higher due to a Nebraska state income tax rate decrease, which occurred in 2023.

In summary, our strong margin growth in O&M management efforts offset depreciation and financing costs, mild weather, unplanned outages and increasing insurance costs. Further details on year-over-year changes can be found in our earnings release and 10-K to be filed with the SEC next week.

Slide 10 illustrates our commitment to execute our strategic plan and deliver on the financial targets we set in 2023.

This includes growing our long-term EPS growth by 4% to 6% off the midpoint of our 2023 earnings guidance range or \$3.75. We made it clear that we are committed to holding ourselves accountable and delivering on those financial commitments.

We did just that in 2024 by delivering on our earnings guidance, meeting our growth expectations and maintaining credit quality. Looking ahead to 2025, we have established

an earnings guidance range of \$4 to \$4.20 per share, which reflects approximately 5% growth over 2024.

Our earnings guidance assumes normal weather, no unplanned generation outages, constructive and timely outcomes of regulatory dockets and excludes mark-to-market adjustments.

We project O&M expense to be in line with a compounded annual growth rate of approximately 3.5% ~~of~~ off 2023's expense, which was \$552 million.

We also expect to issue between \$215 million and \$235 million of additional equity to finance our \$1 billion capital investment plan for 2025. Finally, we estimate an effective tax rate of 13% for the full year.

Please see the appendix and forward-looking statements in this presentation for our full list of earnings guidance assumptions and risks. Slide 11 depicts our solid financial position through the lens of credit quality, capital structure and liquidity.

During 2024, we achieved our net debt to capitalization ratio and maintained other key credit metrics in our commitment to maintain our solid investment-grade credit ratings. The chart on the lower left illustrates the success of our multiyear effort to strengthen our balance sheet.

We reached our net debt to total capitalization target of 55% in 2024 and are close to achieving our 14% to 15% FFO to debt target.

Looking forward, new equity issued will be in support of capital investments made on behalf of our customers as we continue to maintain our credit metrics and liquidity. Consistent with our recent history of efficient issuance of new shares, we expect to utilize our at-the-market equity program and will consider other available equity financing instruments.

Our liquidity remains strong at year-end with over \$600 million of availability under our revolving credit facility, and short-term borrowings of approximately \$130 million.

We are evaluating timing and refinancing options for our next debt maturity of \$300 million in early 2026. Slide 12 illustrates our industry-leading dividend track record of 55 consecutive years.

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. Starting on Slide 14, I'm proud of our operational execution in 2024 as we delivered excellent electric and natural gas service to our 1.35 million customers across our eight states.

We delivered on key operational objectives including providing top quartile reliability. Linn mentioned earlier that our customer count is growing at a robust pace across our service territories.

In Wyoming, we have served nearly two decades of consecutive annual increases in our electric system peak load. As we serve this increasing demand, the expectations of our customers are also expanding.

We are listening and working to be ready for the future by advancing our strategic initiatives, which in the near term includes our Ready Wyoming Electric transmission project, our Colorado Clean Energy Plan renewable generation additions and our Lange two project, which will add 99 megawatts of dispatchable generation for South Dakota Electric.

I will also provide an update on our regulatory progress and wildfire management and mitigation plans. Slide 15 highlights our success in managing over a decade of growth in data center load.

Our anchor customers are respected leaders in the technology industry, and have recognized Cheyenne, Wyoming's ideal attributes for data center operations and future expansion opportunities.

Collectively, our existing data center customers project a total load exceeding 1 gigawatt. We take pride in our track record as a trusted energy partner, delivering customized and innovative solutions to meet our customers' unique needs.

Our distinctive market energy procurement model provides utility-like returns without the need for material capital investment while providing benefits for our other customers. Consequently, our current service model generally requires minimal capital investment as compared to traditional utility rate base projects.

It's important to note that our data center customers are served through approved tariffs, with the earnings separated from our retail customers for ratemaking purposes.

This model also provides access to market energy including renewables and speed to market to support their expansion plans. Based on current projected market conditions, we're positioned to serve approximately 500 megawatts of data center demand by the end of 2029.

As Linn mentioned, meeting demand beyond this forecast will drive incremental infrastructure investment opportunities and new generation and expanded transmission. Moving to Slide 16, which describes our 260-mile, \$350 million Ready Wyoming Electric transmission project. The project will reduce dependence on third-party transmission systems and enhance system resiliency through increased market access including renewables.

A more interconnected and expanded electric system helps maintain long-term price stability for our customers while also enabling ongoing growth in energy demand. Construction is progressing well and the initial phase representing approximately \$40 million was placed in service and included in our 2024 Wyoming Electric transmission rider filing. When placed in service, the remainder of the project cost will be recovered in our 2025 annual filing in Q4 of this year.

Our Colorado Clean Energy Plan update is on Slide 17. During the fourth quarter, we received final approval for 350 megawatts of renewable resources to reduce emissions for our Colorado customers by 80%.

The approved portfolio includes a utility-owned 100-megawatt solar project, a utility-owned 50-megawatt battery storage project and a 200-megawatt solar power purchase agreement.

We are in contract negotiations and when finalized, will determine project costs and timing. Our refreshed capital plan includes updated assumptions for these projects with timing anticipated between 2026 and 2028. As final contracts are signed, we will update our capital plan for material shifts in timing or costs.

Slide 18 outlines our South Dakota Electric Resource Plan. We continue to pursue our Lange two project, a 99-megawatt utility-owned natural gas-fired generation facility that will cost effectively and reliably serve our customers.

With an in-service date targeted in the second half of 2026, we plan to file a certificate of public convenience and necessity with the Wyoming Public Service Commission during the first quarter.

Slide 19 summarizes our regulatory progress on rate reviews during the year. We continue to focus on maintaining proactive, constructive relationships with our regulators.

We are pleased to have obtained commission-approved settlements in two of our rate reviews in 2024. In Arkansas, we received approval for new rates effective in October.

In Iowa, our rate review settlement was approved, allowing for \$15 million of new annual revenues with new rates effective in January, replacing interim rates from last May.

Our Colorado Electric rate review was filed in June.

With the hearing completed in December, we expect commission deliberations a final decision and new rates in late Q1. Earlier this week, we filed a request for new rates for Arkansas Gas.

The application requests new annual revenue of \$17.2 million based on a 10.5% ROE and a 50.4% equity capital structure.

We are seeking new rates in the second half of this year, which will also allow for the renewal of our five-year capital reliability rider. Slide 20 outlines our wildfire management and risk mitigation plans.

We have been successful in reducing operational risk with our multilayered approach through asset programs, integrity programs and operational response, which is detailed in our wildfire mitigation plan available on our website.

We continue to engage stakeholders including community and local agencies, regulators, legislative bodies and our entry peers to define, review and advance our welfare management and mitigation plans.

This includes our Public Safety Power Shutoff program or PSPS, which we expect to formalize in mid-2025. To further mitigate our wildfire exposure, we are actively engaged in the legislative process across our three electric states.

In South Dakota and Wyoming, we are strongly supporting newly introduced wildfire liability legislation and we are working with legislators and stakeholders on a similar bill in Colorado.

With that, I will now turn the call back to Linn.

Linden Evans^ Thank you, Marne. We had an excellent year delivering on our strategy. We continue to cost effectively serve customers with industry-leading reliability. We demonstrated success and constructive rate reviews.

We achieved our financial objectives including earnings guidance, our long-term EPS growth target and a strengthened balance sheet.

We have confidence in our earnings growth potential given a 10% increase in our capital plan to \$4.7 billion, and over 1 gigawatt of total data center demand from existing customers.

Our team's focus continues to be to provide safe, reliable and cost-effective energy for our customers. And finally, I want to express my sincere appreciation to the Black Hills team for safely, effectively and efficiently serving our customers while managing through unexpected challenges throughout the year. And with that, we're happy to take your questions.

QUESTIONS AND ANSWERS

Operator^ (Operator Instructions) Our first question comes from Anthony Crowdell with Mizuho.

Anthony Crowdell^ I appreciate the disclosures. If I could just -- two, hopefully, quick ones on Slide 5. The company gives the CapEx forecast. When I compare that to the CapEx forecast on the third quarter call there was previously a spike in CapEx in 2026 that has since come down. Just want to know if you can give some clarity on the changing of the CapEx spread.

Kimberly Nooney^ Yes. This is Kimberly. A few different things going on here.

Originally, when we set our previous capital forecast last year, we had some significant projects that were assumed to go into service in 2026.

Since then, we've had some updated outcomes that have redistributed those costs within the plan.

And so that's why you'll see maybe higher capital expense or capital investments in 2025 versus some of the other years. The other comment I'd like to make is we have added \$400 million to the overall plan from last year. There's a combination of things going on there.

We continue to see a lot of really good organic growth within our service territories. We're continuing to invest in safety and reliability investments on behalf of our customers.

And then some of the large projects that we have going on, specifically, we have Ready Wyoming, we're focused on the Lange two that Marne mentioned.

We've seen increases in inflation and financing costs related to those projects. Those are components that help drive the additional \$400 million of capital investments that you're seeing in the plan.

Anthony Crowdell^ Great. And then I don't mean to -- just maybe I'm looking too deep into it, I'm curious.

On Slide 6, you guys talk about the expect no more than, I guess, 10% plus of contribution from the data center load, the capital-light opportunities.

In this updated slide deck, can you say that 10% plus by 2029.

In your previous disclosures, we actually were getting 10% plus by 2028.

Is there a delay in the plan? Or I'm just reading too far into the plus sign there?

Kimberly Nooney^ No, Anthony, great question.

So maybe just a couple of thoughts around that.

We have a compounded annual growth rate of 4% to 6% and what we've said is we're extremely confident in that growth rate, and we expect to grow to the higher end of that range in the latter part of the plan. When you think about that growth rate and then you specifically think about our 10-plus percent related to the data centers, we still have great organic growth within our business model.

So it's not a static or linear calculation.

So as you think about our EPS continuing to grow over the long term, the component of the data center growth based on our current customers and their projected growth will be that 10-plus percent.

So I think it's a combination of both our continued organic growth combined with our data center growth that still gets you to that relative 10-plus percent.

But just think about that as an increasing percentage over the long term and getting us to the higher end of that 4% to 6% growth rate.

Anthony Crowell^ Got it. And I just want to make sure I'm understanding correctly.

So when I think about the growth rate really hasn't changed? Or is there a material change between 2028 and 2029? And if it's taken up to which, I could pick it up offline.

Kimberly Nooney^ No. Anthony, it's a great question.

I think others may have it, so thank you for asking.

We set our base year as off of 2023.

So that's how we think about that 4% to 6% growth.

We think about it long term.

So we've always said at the front end of the plan, that was in 2023 that we were going to grow a little bit slower just because of some things going on.

We've also indicated that the back end of the plan, we'd be growing faster and at the higher end of that rate. And so as you think about '28 and '29, with the addition of the 2029 year, you can think about us growing at the higher end, if not exceeding that rate on an annual year-over-year basis. That's how we think about it.

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

Andrew Weisel^ First, I just want to clarify, one, you removed the comment in the slides that you're committed to BBB+ equivalent credit ratings.

Can I just clarify, are you trying to indicate any change in messaging there?

Kimberly Nooney^ Absolutely not. We are very focused on solid investment-grade credit ratings. Our targets have not changed. You heard Linn mention that we achieved our debt to total cap of 55%, which was our target. We are very close to maintaining our 14% to 15% FFO to debt. So nothing has changed. It's still part of our core assumptions as we devise our financial objectives.

Andrew Weisel^ Very good. I thought that would be the case. I just wanted to clarify. Just one thing -- forgive me if I missed this, but in 2024, your actual CapEx was a hair under \$800 million. I think you were targeting \$840 million. Can you explain the shortfall? Was it just timing? Or was there something else going on there?

Marne Jones^ Andrew, this is Marne. Yes. Thanks for the question. You're spot on.

It's just a little bit of timing in major projects between the two years.

So nothing changed materially besides some timing.

Andrew Weisel^ Would it be fair to assume that just spilled into early 2025 then?

Marne Jones^ That's correct. Those dollars will be spent in 2025.

Andrew Weisel^ Okay.

So that's part of the roll forward then into the new '25 to '29 plan?

Marne Jones^ Correct.

Andrew Weisel^ Okay. Got it. Then lastly, just maybe I'm being too looking for something that's not there, but the Clean Energy Plan in Colorado, the timing of new resources entering service now looks like 2027 to 2028.

It was previously '26 through '28. And I believe the key is to have them in service by 2030.

But is there anything to look into as far as the slight slippage in timing there?

Marne Jones^ So Andrew, this is Marne again.

So when we initiated the Clean Energy Plan really unknown on what we would get for bids and associated timing.

As we talked over the course of 2024 and those bids have come through and we're now negotiating contracts, we have deeper insight into that timing, and that's really what's driven that change in movement.

When we initially talked about 2026, we knew that likely was not going to be the case, but that's kind of the best information we had at the time. And as again, as we work through those -- through the process and through the bids, that's where we're seeing some change in that timing.

Operator^ Our next question comes from Julien Dumoulin-Smith with Jefferies.

Brian Russo^ It's Brian Russo on for Julien. I'm just curious, how actively you're involved in Colorado wildfire risk mitigation legislation? What would you characterize as the top priorities? Have there been any bills proposed yet?

Marne Jones^ Brian, yes, we are working through wildfire legislation in each of our electric utilities. Specific to your question on Colorado, we have not yet had a bill taken up by the legislation.

We are working with our peers in the state, obviously focused on how do we mitigate risk on the back end at the utility level, how do we mitigate noneconomic damages, also focused on, can we create standard of care.

So those are all of the conversations that are ongoing at this time. Unfortunately, we don't have anything introduced, but continue to work that, educate our stakeholders and legislators and we'll continue working through that and progressing through the system.

I will say though, however, in South Dakota and Wyoming, we have had legislation introduced and it is stepping through the process most aggressively in Wyoming.

So I feel really good about where we're headed there.

Brian Russo^ Okay. Great. And then the 1 gigawatts of data center load with your two existing customers, are you -- what states are -- is that in? I mean is there a way to specify that?

Linden Evans^ Right now most of that is in Wyoming, Brian. We're talking to other potential customers in South Dakota and Colorado, but we feel very good about the 1 gigawatt forecast we have in Wyoming alone.

Operator^ (Operator Instructions) Our next question comes from Chris Ellinghaus with Siebert Williams.

Christopher Ellinghaus^ The data center growth sort of post 2029, where you talked about needing some incremental resources or CapEx there.

Have you got any sense of what kind of magnitude that might be? And are you talking about dispatchable resources there?

Linden Evans^ Good question, Chris. This is Linn. Yes. We're talking potentially dispatchable resources and transmission assets as well.

We're constantly evaluating what capacity is out there for these customers to take advantage of through the energy market program that we have with them.

We believe as we get closer to 2029, these loads continue to grow.

There could be opportunity for us to serve them in different ways beyond the tariff that we have in place today and be more of a traditional model, if you will.

Kimberly Nooney^ Chris, this is Kimberly. The other thing I'd add to that is, you mentioned that it's beyond 2029.

Some of the efforts that we're looking at could also potentially positively impact the capital investments that we have within the 5-year plan, those are not incorporated in there today.

Christopher Ellinghaus^ Got you. Given that these might be dispatchable resources. Does that also maybe suggest some clean energy to sort of balance the portfolio might also be required?

Linden Evans^ Chris, good question again. This is Linn.

I'd say very much so these customers are highly interested in renewables and clean energy. And so yes, I think that's the beauty of how we've been able to work with these customers. They have certain needs.

And we've been able, as an agile organization, to find ways to serve them effectively. And I think that's why they're continuing to grow.

Christopher Ellinghaus^ Okay. That's helpful. So this could really be something rather consequential from a capital perspective in that 29-plus time period?

Linden Evans^ It may be, yes.

Christopher Ellinghaus^ Okay. Vis-a-vis your sort of state conversation about the wildfire mitigation legislation, given the changes in Washington, it would seem like this is maybe a fortuitous time for some national legislation. Do you guys foresee any potential there?

Linden Evans^ Chris again, yes. A good question. This is Linn again. The short answer is yes.

In fact, some legislation has been introduced at the House of Representatives at the federal level. That's coming primarily through partnerships, I would say, through EEI,

Edison Electric Institute. And so yes, we believe we can have some success at the federal level as well.

Christopher Ellinghaus^ Okay. And lastly, also, given the executive orders that we've seen so far, there's sort of some positives and negatives in terms of thinking about new infrastructure, one being helpful in terms of dispatchable permitting and things like that, sort of somewhat nebulous details at this point.

But do you feel like there's anything material from the federal side that would help you on permitting there? And also, like, say, the Colorado Clean Energy Plan, there's some roadblocks for clean energy at this point also. So does that give you some concern about the timelines you have for your capital there?

Linden Evans^ Good questions, Chris. A lot to unpack there again. This is Linn. I would start by suggesting we're very early into the administration, as you indicated in your question. We'll see where these executive orders actually take us.

I would suggest that in the prior Trump administration, we thrived as an organization, and I would believe in this administration, we could as well. With respect to permitting, I think it can be very helpful to us, especially around transmission building here in the West, so much of our land is owned by the Feds, if you will.

It's federal land and therefore, any kind of permitting that allow us to be more efficient and streamlined on federal land would be very helpful. You mentioned the Clean Energy Plan in Colorado.

We'll watch that closely. Right now Colorado is very clear about the plan they want to take. They've been on this road for a decade or more. I don't think there'll be huge changes there.

However there could be something that happens to some of the bids we might receive as an example, things of that nature based on tax credits, et cetera. So that's why we're continuing to negotiate those contracts. We'll see where they take us. But I think it's a little too early to tell for sure.

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

Linden Evans^ Well thank you, everyone, for joining us today. Thank you very much for your interest in Black Hills.

Once again, I want to thank our team for a fantastic year and what they delivered for 2024 on behalf of customers and for shareholders. We appreciate your interest in our company, I encourage you to have a Black Hills Energy safe day.

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