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+++ presentation

Operator^ Good day, and thank you for standing by. Welcome to the Fourth Quarter 2022 Black Hills Corporation's Earnings Conference Call. (Operator Instructions) Please be advised that today's conference is being recorded. I would now like to hand the conference over to your speaker today, Jerome Nichols, Director of Investor Relations.

Jerome E. Nichols^ Thank you. Good morning, everyone. Welcome to Black Hills Corporation's Fourth Quarter and Full Year 2022 Earnings Conference Call. You can find our earnings release and materials for our call this morning at 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; Rich Kinzley, Senior Vice President and Chief Financial Officer; and Kimberly Nooney, Vice President and Treasurer.

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. As we announced last quarter, Rich will be retiring midyear, so he gets one final opportunity this morning to provide the

year-end financial review. Kimberly is our incoming CFO, and will provide the financial outlook for 2023 and beyond.

I'll start on Slide 4 with some key takeaways. While we successfully offset the impacts of the rapid macroeconomic shift through most of 2022, the increased carrying costs driven by natural gas prices and current interest rates are weighing on our expectations for 2023 and into 2024.

We'll dive into those details shortly, but before I do that, I want to recognize our team's strong execution on what was within our control in 2022. Once again, our team delivered exceptional operational results and we delivered earnings within our guidance range. This was no small feat considering the challenging macroeconomic and business conditions that impacted fourth quarter financial performance.

I'm very proud of what our team accomplished as we executed our regulatory strategy and advanced our strategic initiatives for system-wide resiliency, growth and a successful energy future.

We also made strides towards strengthening our balance sheet, which remains a key focus for us in 2023. To our Black Hills team listening today, thank you for your dedication to excellence in serving our customers. I'm very proud of what we achieved together in 2022 with more wins than we can adequately cover on this call.

To that point, Slide 5 highlights the excellent operational performance of our team and our electric and natural gas assets. I'm particularly pleased with the continued industry-leading electric reliability we provide our customers.

All 3 of our electric utilities maintain top quartile for reliability for the fourth consecutive year by the latest EEI survey for SAIDI reliability. And 2 of the 3 performed in the upper half of the top quartile, that's solid work by our team.

We continue to serve growing customer demand for our products and services which is reflected in the 11 new all-time or winter peak loads at our electric utilities last year. These peaks continue to affirm the population and business migration we're witnessing into our service territories.

Notably, at our Wyoming Electric utility, we have served a remarkable 9 consecutive years of increase in peak customer demand. To put this in perspective, this past year's new peak of 294 megawatts represents a 53% increase over the 192-megawatt peak we served 10 years ago.

In December, we also served new winter peak loads at all 3 of our electric utilities during winter storm Elliott while avoiding rolling blackouts experienced by others in some regions of the country.

The reliability and resiliency of our infrastructure is perhaps more critical than ever, given growing demand, the ongoing energy transition and a more interconnected energy network. In our cold weather climate resiliency and reliability go hand-in-hand with safety and our absolute

priority of keeping our customers comfortable and safe during dangerously cold weather.

Our excellent performance through the bitter cold of winter storm Elliott in December, highlights once again the critical need for immediately dispatchable generation capacity and resilient electric and natural gas infrastructure.

During our summer and winter peak load days, our electric utilities typically receive minimal contributions from our renewable resources. For example, our wind assets serving Colorado Electric include 3 wind farms that totaled about 150 megawatts.

On December 22, we experienced a winter peak load of 334 megawatts. During that peak, our wind farm was producing only 17 of its potential 150 megawatts. This highlights the need for a balanced mix of generation resources until such time that technology can provide more economic and reliable battery storage or other similar energy capacity.

And finally, on this slide, we continue to make progress with enhancing our customer experience. During the year, we implemented voice response and live chat enhancements, and we were recognized by JD Power for our effective communications with customers.

Moving to financial and regulatory execution on Slide 6, where we delivered a 6% year-over-year increase in EPS. We also increased the annual dividend by 5%, extending our track record to 52 consecutive years of increased dividends to shareholders. Our team managed through supply chain challenges and successfully executed our $600 million capital program.

On the regulatory front, negotiating effective solutions for customers and shareholders remains a core strategic strength of our team. Over the last year, we reached constructive settlements and approvals for rate reviews and investment rider request for both Arkansas Gas and Wyoming Electric.

Our Wyoming Electric settlement was recently approved by the commission and includes an electric transmission investment rider. That rider will support transmission expansion to enhance resiliency for our customers.

We filed a rate review last October for our Rocky Mountain natural gas pipeline in Colorado, which is advancing through the regulatory process as planned. We anticipate new rates in the third quarter of this year.

In addition to our rate review activity, we finalized approvals for all remaining applications for the recovery of $546 million of incremental fuel costs incurred during winter storm Uri, and we have recovered more than 1/3 of those costs to date.

Moving to Slide 7. We advanced our strategy to enhance resiliency to support customer growth and comply with emissions legislation. For our electric utilities, we made progress with our ongoing resource plans in Colorado and for our jointly operated system in South Dakota and Wyoming.

We expect these plans to provide investment opportunities in renewable resources to reduce greenhouse gas emissions intensity 70% by 2040 off a 2005 base year. The economic incentives for renewable energy from the Inflation Reduction Act will help make these resources more accessible and more economic for our customers while helping us achieve our emissions goals.

We had a hearing last week before the Colorado Commission regarding our constructive unanimous settlement agreement for our Clean Energy Plan. The settlement includes the addition of 400 megawatts of renewable generation needed to achieve an 80% reduction in greenhouse gas emissions by 2030.

Half of the 400 megawatts will be owned by our utility. This would result in approximately 70% of our Colorado customers' annual electricity being generated by renewable resources. If the settlement agreement is approved as presented to the commission last week, a competitive bidding process for the new resources is expected to commence in the second quarter again, with the utility owning half of the 400 megawatts of resources we will seek.

We also advanced our 2021 integrated resource plan that we submitted for South Dakota, which proposes the addition of 100 megawatts of renewable resources and the ~~expiration~~ exploration of 10 megawatts of battery storage. We're planning to issue an RFP for those resources later this quarter.

With respect to transmission opportunities, we received approval from the Wyoming Commission last October to construct our Ready Wyoming transmission line, a 260-mile project in Southeastern Wyoming. Construction is planned to start this year with final completion by the end of 2025.

We're pursuing additional growth opportunities in our renewable natural gas business. We've already placed into service a number of RNG interconnects across our agriculture rich territories and we're developing a variety of investment possibilities to expand our RNG offerings and business. We also continue to pursue additional opportunities to serve hyperscale data centers and blockchain customers. We're upbeat about our first blockchain customer in Cheyenne going into service shortly and other prospects we're developing in the region.

We also continue to make progress on our sustainability vision for the energy future. I already mentioned our electric emissions goals. And during the year, we enhanced our gas utility emission goals to net zero by 2035.

We will achieve this goal through ongoing infrastructure investment, enhanced processes and advanced leak detection, reducing third-party line hits and integrating low-carbon fuels such as RNG and perhaps hydrogen.

Our published sustainability report includes details about our emissions goals. It also includes our initial TCFD disclosure and other relevant information.

Our financial outlook is summarized on Slide 8. Rich and Kimberly will cover the details in their remarks, and I'll share my perspective. Taking a step back, solid execution is reflected in our 2022 earnings. When we issued 2022 earnings guidance 2 years ago, it was before winter storm Uri, inflation was less than 2%, and before 425 basis points of interest rate hikes and elevated natural gas prices.

Through this volatile economic environment, our experienced team managed our business to achieve our guidance range, a significant accomplishment.

Since early 2020, we successfully managed through COVID. We absorbed and financed significant costs for customers related to storm Uri and from elevated interest rates and energy pricing. We executed multiple years of financial discipline and cost control measures. We've navigated supply chain constraints and successfully executed on our capital plan, and we completed numerous regulatory recovery request all with constructive results.

I could go on, but I believe you get the idea. It was a great team effort. That said, I know you share our frustration that a solid 2022 is overshadowed by the near-term macroeconomic environment. We're addressing increased carrying costs and inflationary impacts on expenses necessary to serve our customers. Although we expect these pressures to ease over the next 12 to 18 months, the near-term earnings impact is beyond what can be fully offset through short-term financial discipline and cost control measures.

Importantly, our business strategy remains strong and intact. We remain optimistic about our future growth profile as we work through 2023 and 2024 and expect to achieve 4% to 6% long-term EPS growth off a 2023 base year. As we will discuss in more detail, we revised our long-term EPS growth target primarily due to 3 general factors: first, increases in our working capital and interest rates, which are driving increased interest expense.

Second, inflationary pressures and expenses not yet included in our rate structures. And finally, the equity we intend to issue to capitalize our business, support the regulatory construct and maintain our solid credit rating as we improve our balance sheet.

Slide 9 summarizes our strategic growth plan. We rolled our capital plan forward by 1 year, maintaining our 5-year forecast total of $3.5 billion. This translates to a run rate of approximately $700 million per year. We've kept our 2023 capital forecast at approximately $600 million to help strengthen our balance sheet while prudently investing capital to maintain a safe system.

Our forecast for 2024 is approximately $800 million, reflecting Ready Wyoming and our intentional deferral of some projects. I'll note the base plan does not include any renewable generation assets resulting from our

Colorado Clean Energy Plan or our South Dakota and Wyoming Resource Plan, which are examples of incremental investment opportunities.

Other incremental investments could arise from transmission projects beyond Ready Wyoming, and we're always evaluating our capital needs, including natural gas pipeline and storage projects and additional programmatic investment.

We're also pursuing other earnings drivers, especially those that require little to no capital investment. As I mentioned already, population migration across our service territories continues to drive organic growth with 5% growth in customer counts since 2018. This has translated into increased customer usage with the electric utilities total retail megawatt hour sold since 2018 up over 6%, and our natural gas utilities usage also increasing by more than 4%.

We're also fostering ongoing sustainable cost savings through innovation and continuous improvement in how we do business, and how we serve our customers.

I'll complete my prepared comments by once again welcoming Kimberly to our call, who many of you have already had the pleasure to interact with in recent years. Kimberly has 26 years of deep experience with Black Hills and was appointed to be Rich's successor as CFO effective April 1. It's just like her to already be working ahead of the curve and joining us today.

I'm confident she is the right CFO to help lead our success going forward. But before we hear from Kimberly, Rich is still on the clock, and he's finishing with his knees high, and he will provide a review of our 2022 results. Rich?

Richard W. Kinzley^ Thanks, Linn, and good morning, everyone. Since this is my last earnings update, I want to thank all the investors and analysts I have had the privilege to work with over the last 8 years as CFO. It's been an honor to represent the Black Hills Corporation team and I've appreciated the conversations and friendships developed over the many years. As I transition to retirement, I want to assure you that you're in good hands with Kimberly.

I'll start my comments on Slide 11 where we've laid out earnings per share for the full year and by quarter for 2022 compared to 2021. We delivered EPS for the full year of $3.97 compared to $3.74 last year, a 6% increase and $1.11 for the quarter, consistent with Q4 2021.

Slide 12 and 13 illustrate the detailed drivers of change in net income year-over-year for the fourth quarter and full year. All amounts listed on these slides are after tax. I'll focus on the full year on Slide 13.

Higher margin was driven by $32 million from new rates and investment riders, $3.8 million of increased margin from customer growth and higher usage per customer, especially at our electric utilities and $5.9 million of wholesale energy sales.

Results for the year benefited from warm summer weather and higher than normal heating degree days in early Q1 and late Q4. Compared to normal, weather benefited earnings by $0.05 per share for the fourth quarter and $0.19 per share for the full year. Compared to 2021 and the record-breaking warm weather in Q4 2021, weather benefited earnings by $0.21 per share for the fourth quarter and $0.26 for the full year.

O&M expenses increased 9% year-over-year, driven generally by the inflationary environment. O&M increased due to higher fuel and materials costs and higher expenses for outside services, bad debt, labor, cloud computing and property taxes.

DD&A increased due to our capital investment program. Interest expense increased due to higher short-term debt balances, which were driven by volatile natural gas prices and increased short-term rates.

Additional details on quarter-over-quarter and year-over-year changes in margin and operating expenses are available in yesterday's earnings release and in our 10-K to be filed early next week.

Slide 14 reflects our long-term track record. These charts show our strong rate base and earnings growth with EPS growth being tempered by equity issuances to strengthen our balance sheet after the 2016 SourceGas acquisition. I'll now turn the call over to Kimberly for our financial outlook.

Kimberly F. Nooney^ Thank you, Rich. Before I dive into the details, I would like to revisit what Linn said earlier. During the last 3 years, we've managed through some extraordinary times, including COVID, winter storm Uri and more recently, decades-high inflation, aggressive monetary policy and geopolitical turmoil resulting in higher interest rates and volatile energy markets.

The charts on Slide 16 reflect the macroeconomic environment we operate in today. Specifically, we experienced volatile and higher natural gas spot prices and basis differentials in our service territories at the end of the year. This contributed to a significant increase in working capital needs which we fund through our commercial paper program. We had approximately $200 million more short-term debt at year-end 2022 than we had anticipated only a couple of months earlier.

Our higher short-term debt balance coupled with higher short-term borrowing rates, increased our interest expense in the fourth quarter. As we recover deferred gas costs and pay down these balances, we expect elevated interest expense in the near term.

Slide 17 presents the revised outlook for our 2023 earnings guidance range of $3.65 to $3.85 per share. This bridge identifies the major drivers leading to our revised guidance.

Moving from left to right on the slide, we expect increased margins on new investments and ongoing customer growth, which offset nonrecurring 2022 margin benefits. Although inflation continues to impact expenses, we expect to manage O&M to a level below 2022. Additionally, as a

predominantly pure-play utility, higher deferred gas costs are magnifying regulatory lag within our gas cost recovery mechanisms. This, combined with higher short-term interest rates has resulted in rapidly increase in interest expense. We expect recovery of these deferred costs over the next 12 to 18 months which are impacting our financing activities this year. We now expect 2 debt issuances in 2023 instead of 1 as previously planned.

You'll find our updated guidance assumptions in the appendix in our earnings release issued yesterday.

Slide 18 outlines our financial position through the lens of credit quality, capital structure and liquidity. We're committed to maintaining our solid investment-grade credit ratings and we continue to maintain adequate liquidity and a manageable debt maturity schedule. We are targeting a debt to total capitalization ratio of mid-50s by late 2023 or early '24. Our progress toward this goal was interrupted by winter storm Uri in early 2021, driven by deferred fuel costs and the associated debt.

We made progress in 2022 by reducing this ratio even with the upward pressure on short-term borrowings I discussed earlier.

In the fourth quarter, Moody's and Fitch affirmed our credit ratings with a stable outlook. We're also providing our leverage ratio targets of 14% to 15% for FFO to debt and 5x FFO adjusted leverage which we expect to achieve by year-end.

We are very intentional about strengthening our balance sheet and maintaining our credit ratings as we leverage strong future cash flows to repay short-term debt, continue to exercise financial discipline and issue equity. We are also maintaining our capital expenditures at approximately $600 million for a second consecutive year, while prudently investing for our customers.

Regarding equity, we issued $90 million through our aftermarket equity program in 2022 and expect to issue $140 million to $160 million in 2023.

In our last quarterly call, we discussed options to strengthen our balance sheet, including a minority investment in our gas utilities. After extensive due diligence and rapidly changing market conditions, we elected not to pursue a transaction at this time.

We're always evaluating tools to manage our capital and businesses, and this will remain an alternative for ongoing consideration. Our gas utilities continue to be a valuable long-term business that is essential to the safety of those who live and work in our cold weather service territories.

Slide 19 lays out our long-term growth outlook. We remain confident in our strategy and the long-term growth opportunities, particularly around renewable generation and transmission, ongoing population migration and hyperscale data centers and blockchain which are upside to our base capital forecast.

Most of these incremental investment opportunities benefit earnings in the latter part of our 5-year plan and beyond and we assume a more normalized macroeconomic environment beyond 2024. As a result, we are targeting long-term EPS growth of 4% to 6% off 2023 as a base year.

Also, a dependable and increasing dividend is a critical component of our strategy for growing long-term value for our shareholders. We expect to continue our 52-year track record of dividend increases and we're targeting a long-term payout ratio of 55% to 65%.

In closing, I'm confident in our strategy. When I look at our experienced and agile team, our strategic position, and the pipeline of opportunities we are developing, I'm optimistic that we are well positioned for sustainable and long-term success. With that, I'll turn it back over to Linn for some final comments. Linn?

Linden R. Evans^ Thank you, Kimberly. Once again, I'm very pleased with what our team accomplished in 2022, including safe and reliable service for our customers, solid financial results, regulatory execution and advancing resiliency and supporting our customers' growth. We successfully adapted to overcome a variety of challenges while maintaining our long-term focus and financial discipline, and we will continue to do so as we migrate to a dynamic financial landscape and leverage the long-term opportunities in front of us.

With that, we'll take your questions.

+++ q-and-a

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

Julien Patrick Dumoulin-Smith^ Congratulations again, Rich. Listen, I just wanted to come back to the core update here, if we can. Can you talk first maybe about the updated dividend payout ratio. The midpoint of the guidance implies slightly above the top end of the new pay ratio. Why not change your target to some of the other lines with the updated '23? I get that you wanted to move things. Why not aligned it there? And then secondly, I think more critical question here. How do you think about your earned returns and the structural nature of the reset lower here from 5 to 7 to 4 to 6 considering many of the dynamics that you point to, while obviously, interest rates are more structural, gas prices seem more transient, for instance, that you can speak about -- how you're thinking about the longer-dated '25, '26 earnings trajectory?

Kimberly F. Nooney^ Yes. Julien, this is Kimberly. So regarding your dividend payout ratio question, we're really confident in our long-term strategy. As we noted there, we believe that our 52-year growth target is -- growth track record is pretty evident of how we think about our dividend payout ratio. We felt the increase of the 55% to 65%, given some of the other changes was warranted. And as we talk about and think about the longer-term vision for the company, 55% to 65% made sense to us.

Linden R. Evans^ Julien, this is Linn. I would go to the latter part of your question. We feel confident in our business strategy and the growth projects and prospects we have in front of you -- in front of us, but what we've got is some of these early headwinds are going to last for a while. You mentioned that gas prices are moderating, that is true at places like Henry Hub, et cetera, but we have price differential with our basis differentials we're watching.

We incurred some pretty significant gas price costs, expenses in December, especially during winter storm, Elliott. The El Paso pipeline, for example, not being at full capacity, et cetera, caused some extraordinary prices that we had to absorb in December alone which, of course, we did not forecast. Otherwise, things like winter storm Elliott would be a good thing for us in terms of gas that we sold, et cetera.

But in that particular circumstance, we had to spend a lot more money than we anticipated. And now we have significant debt that we are financing. And then you think about as a predominantly pure-play utility, we do have good gas cost adjustments in our states. However, when we have this extraordinary basis differential ~~hub~~ blowout, if you will, it's going to take us 12 to 18 months before we really recoup those costs. So again, that's debt that we're financing, et cetera.

So with these headwinds, especially that came up in December for us are going to linger into the next year or 2. And then we have just general inflation that we're managing as well. We hope you know and recognize, we've done a nice job of controlling O&M. And we were able to absorb general inflation, higher employee costs and things of that nature through programs that we had in place to help us with our expenses.

However, after what we experienced late fourth quarter, that just piles onto the challenge that we have before us. But I wanted to once again comment, the structure of the business is sound. We've got some great growth opportunities. We have things crystallizing with respect to our clean energy plan in Colorado, our IRP in South Dakota. So we've got some good opportunities ahead of us that are not reflected currently for example, in our capital program.

Julien Patrick Dumoulin-Smith^ Yes. Understood. I mean -- and maybe this becomes a little bit more of a specific state level type of question. How do you think about the recovery of those associated costs, right, i.e. the elevated interest cost here, the elevated gas costs incurred as a function of Elliott? And then ultimately, how does that make its way through cost recovery? I understand that inflation is here to stay or at least some of them should be structural. But as you think about maybe moving beyond the near-term '23,'24 in the, say, '25 and '26, how do you think about the specifics of going back in for recovery here and ultimately being able to get closer to your authorized returns, if you will, if these are great lag item.

Linden R. Evans^ Sorry to interrupt your question there, Julien. Good question. Again, this is Linn. We recognize that our regulatory strategy will have to be adjusted. We've often said we would always have 2 or 3 rate reviews going on at any one time. We still see those 3 rate reviews

per year, if not more. We'll also, as we go for those rate reviews, be looking very close to lie out our riders that we have, what could be amended, change, tweaked, if you -- with respect to those.

So we recognize and understand, and we will be adjusting our regulatory frequency, our regulatory cadence, if you will, going forward. And of course, we'll have different kinds of requests in those as we go forward.

We're also very sensitive to customer bill pressures. Our customers are seeing general inflation across the economy, not just with their energy bill. So we recognize that fact. We're sensitive to that fact, and we will be as innovative as we possibly can be as we strive to reduce our own expenses. I'm glad that for more than a year now, we've had our program that we call Energy Forward going on within our organization as we focus on innovative and less expensive and efficient ways that we can serve our customers and recognizing the bills that they have.

So to summarize, the 2-year point, we do recognize we'll have a different cadence for regulatory reviews going forward.

Operator^ Our next question comes from Chris Ellinghaus with Siebert Williams, Shank & Company.

Christopher Ronald Ellinghaus^ Rich, good luck with the retirement. I hope it goes as you had hoped. The supply chain issues that you referenced, is that more on the cost side or really the supply side and since the third quarter have sort of cost of equipment risen faster than you anticipated?

Kimberly F. Nooney^ Chris, yes, I would generally say that the same pressures that we're feeling, our vendors are feeling and they're working to try to determine how to pass on some of those elevated costs to our company as well. So yes, it's both from an availability perspective. We're starting to see some ease but yet the timing of being able to receive the materials is still delayed, but we are continuing to see those elevated prices from our vendors being pushed through. I would say it's trying to stabilize. But overall, it's still a real issue.

Linden R. Evans^ Yes, it's a great question, Chris, and this is Linn, and I would really complement our team and how they've been on top of all of our projects, analyzing them as a bulk, analyzing them individually, and we have been able to push some out, which will help us with respect to our overall capital expense and the impact on our customers. So real pleased with how our team has managed through that and we'll continue to.

Christopher Ronald Ellinghaus^ Okay. You could sort of see in your interest expense guidance, the storm Elliott impact to a degree. But was some of the increase in your interest expense expectations a change in your interest rate outlook since the third quarter?

Kimberly F. Nooney^ Yes, that's a great question, Chris. So we finance all of this through our commercial paper program. If you look at the A2/P2 rates over the last couple of months, right, it elevated 100 basis points alone. And so when you think about that, with the inverted curve.

We're just paying more from an interest perspective -- interest rate perspective on short-term rates. And so that was higher than we had originally forecasted.

Christopher Ronald Ellinghaus^ Okay. So you have some things that are not in the growth guidance, the Colorado, South Dakota, clearly, there's a lot of transmission, let's call them, events or opportunities. Do you have a chance to get back into that 5% to 7% former growth rate with some of the upside opportunities?

Linden R. Evans^ Good question, Chris. This is Linn. I'll be cautious, I suppose. We put out a 4% to 6% because that's what we will achieve, can achieve. You're right. I will recognize and we recognize that the clean energy plan in Colorado is crystallizing. We have a unanimous settlement that would allow our utilities to own 50% of 400 megawatts of new generation to achieve that plan of 80% reduction in our greenhouse gas emissions.

So yes, that's not in our program, our plan. But it's going to take a little bit of time for that to get done. In other words, we'll issue RFPs, I believe, next quarter and we're looking forward to getting that out there and done. So that will be an opportunity for us but, yes, will begin to impact our outer years. We've got the integrated resource plan in South Dakota. We have been meeting with our stakeholders with respect to that one, and we're starting to crystallize around what we think we can perhaps build and own there. We're not yet ready to make that public quite yet, but we'll issue RFPs on that this quarter. So those are both exciting.

Of course, we've got the Wyoming Ready, and you mentioned transmission as part of our approved rate review in Wyoming this past year, recently approved in January. We do have a transmission rider that will be effective for us as well.

So there are several opportunities as you indicated and intimated in your question that are beginning to crystallize for us. We're very excited about them, and it's going to be some great opportunity for us in our company.

Christopher Ronald Ellinghaus^ Lastly, you didn't really address dividend growth, but given the payout range, does this sort of suggests we should assume slightly lower than in a recent dividend growth rate?

Kimberly F. Nooney^ So Chris, from a dividend growth rate perspective, we view this from a long-term perspective, just given our history. Obviously, we've noted here in the short term from a 2023 and 2024 perspective that it may be a slower growth rate. But overall, as Linn just mentioned, as we think about the long-term growth of the company, we're very confident in where we're going, and we think that the dividend is a crucial component of the overall return for shareholders. So that's just how we're viewing it.

Linden R. Evans^ Yes. Again, this is Linn. Kimberly did a nice job answering that, but we value the dividend. We understand how our

shareholders' perspective on that, increasing it for 52 straight years is a record that we intend to keep and to maintain, of course, subject to our Board approval. As we migrate these -- navigate these waters in front of us, flexibility for a bit might be very important to us, but we can anticipate that we'll continue to increase the dividend.

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

Andrew Marc Weisel^ I want to follow up on a couple of questions that have been asked. So first, on the 4% to 6%, you call it long term. In the past, you had it defined a little bit more clearly. So I guess my question is, given the macro headwinds going into '24, should we expect growth to accelerate in '25 plus? And you also clarified it's an average annual compound growth rate. Does that mean that 2024 growth might be at or below that 4% at the low end?

Linden R. Evans^ Andrew, this is Linn. Great question. Thanks for bringing it forward. We anticipate the headwinds that we're seeing in 2023 may go into 2024. We don't know that, but that's how we're planning for that. We're planning for the worst, if you will, with respect to what we will continue to see into next year. So I think your observation, I'll say, is right, yes. We do see more growth on the back end of this 5-year plan but we're going to focus on being sure we're growing each year, including off of 2023. Hopefully, that's responsive to your question, Andrew.

Andrew Marc Weisel^ Yes. And you said it's a 5-year plan, so that goes through '27.

Linden R. Evans^ Yes.

Andrew Marc Weisel^ Okay. Great. Next question on the gas price recovery. How often do you reset your rates in your biggest jurisdiction? So obviously, the volatility, up and down, means you're always kind of playing catch-up, but how often are they reset? And is this one of the potential changes you might pursue in some states?

Linden R. Evans^ Yes. Thank you for that question, Andrew. This is Linn again. It varies by state, that's where I'll start. Some states, we get fairly quick immediate recovery, some states we have a full year lag, some are more than that. Sometimes we're based off of a forecast. And frankly, some of our recent gas cost adjustments were based on forecast that turned out not to be accurate in hindsight. So it varies by state, and that's what we will evaluate as we go forward, is what is the most fair to customers and fair to shareholders with respect to timeliness so that we're sending price signals appropriately and things of that nature.

So again, probably for the third time, it really varies by state.

Andrew Marc Weisel^ Okay. Fair enough. Then lastly, you mentioned potentially accelerating the regulatory calendar. Where specifically might we see the next filings? Is it beyond what's currently underway?

Linden R. Evans^ Yes. Thank you for that question, Andrew. This is Linn again. We're not quite prepared to announce that. We will probably do that relatively soon, maybe the next quarter. Our regulatory team does a fantastic job of managing relationships and expectations. And of course, we want to make sure we're sitting down talking to our stakeholders in that regard before we make public announcements, and we're just not quite ready to do that. But you can anticipate we'll probably still have the 3 typical rate reviews in 2023 that we will file.

Operator^ Our next question comes from Brandon Lee with Mizuho.

Wayne Lee^ A quick question. For your 4% to 6% range, I guess, where does the capital plan currently put~~s~~ you?~~ like?~~ Are you in the middle and what gets you to 6% and what gets you to 4%?

Linden R. Evans^ Thank you for that question, Brandon. This is Linn again. We'll stay silent on that. It's important to just know that, that EPS growth rate is out there, and it will -- our capital program is going to be a foundation fundamental part of that. And then I also -- we've got other growth opportunities with respect to continuing to serve our expanding hyperscale data centers, blockchain mining, our first blockchain miner turns on here very soon. We're very excited about that. We've got incoming migration into our service territories, more business is coming. So all those fundamentals are strong. So it's a combination of all the things that we have in our current plan and our current forecast that would put us in the next growth range target.

Operator^ Thank you. And this concludes the Q&A session. I'd now like to turn it back to Linn Evans for any closing remarks.

Linden R. Evans^ Thank you very much. Well, we look forward to providing our customers and shareholders value as we migrate through these current interest rates and macro environment, I'm more confident than ever in our team and what we can do and these headwinds that we're facing today are going to make us a better and stronger company. I hope you hear the optimism of our voices about the future despite the short-term and near-term challenges that we will migrate through and will migrate through successfully.

In closing, I again extend my sincere gratitude to each one of my co-workers for their dedication to safety, their dedication to serving our customers. I'm very privileged to work alongside each of you every day. So best wishes to all of you for Black Hills Energy Safe Day and a very productive day, and we appreciate the questions this morning. Thank you.

Operator^ Thank you. This concludes today's conference call. Thank you for participating. You may now disconnect.