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Q2 2019 ALLETE Inc Earnings Call

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PRESENTATION

Operator

Good day, and welcome to the ALLETE Second Quarter 2019 Financial Results Call. Today's call is being recorded.

Certain statements contained in this conference call that are not descriptions of historical facts are forward-looking statements, such as terms defined in the Private Securities Litigation Reform Act of 1995. Because such statements can include risks and uncertainties, actual results may differ materially from those expressed or implied by such forward-looking statements. Factors that could cause results to differ materially from those expressed or implied by such forward-looking statements include, but are not limited to, these discussed in filings made by the company with the Securities and Exchange Commission. Many of these factors that will determine the company's future results are beyond the ability of management to control or predict. Listeners should not place undue reliance on forward-looking statements, which reflect management's views only as the date hereof. The company undertakes no obligation to revise or update any forward-looking statements or to make any other forward-looking statements, whether as a result of new information, future events or otherwise.

For opening remarks and introductions, I'd now like to turn the conference call over to ALLETE Chairman and Chief Executive Officer, Alan R. Hodnik. Please go ahead.

Alan R. Hodnik ***ALLETE, Inc.***

Good morning, everyone, and thanks for joining us today. With me are ALLETE's President, Bethany Owen; Senior Vice President and Chief Financial Officer, Bob Adams; and ALLETE's Vice President, Controller and Chief Accounting Officer, Steve Morris.

Today, we reported second quarter 2019 financial results of $0.66 per share on net income of $34.2 million. These results are generally in line with our expectations. As with many in the wind energy business, ALLETE Clean Energy has experienced lower-than-expected wind resources on a year-to-date basis. This will have an impact on our guidance, which Bob Adams will share additional details on in a moment.

Meanwhile, ALLETE Clean Energy continues to fire on all cylinders, including its recent Diamond Spring announcement. Diamond Spring is slated to serve large commercial and industrial, or C&I, customers with over 300 megawatts of carbon-free wind energy. Diamond Spring, which will be operational in late 2020, will be first of what we believe will be several more ALLETE Clean Energy initiatives with C&I customers.

The C&I segment is growing rapidly as companies embrace even more aggressive sustainability goals. The American Wind Energy Association, a widely published authority on wind trends, reports that almost 1/2 of renewable power sales agreements in 2018 were signed by C&I customers. Just as important, the Southern Oklahoma location is strategic in that it further diversifies the ALLETE Clean Energy geographic footprint while expanding its presence in the highly attractive Southwest Power Pool. We believe the SPP region provides significant potential for further ALLETE Clean Energy growth in the commercial, industrial and regulated utility segments.

ALLETE remains very much on track and on budget while effectively managing high levels of construction. Between this year and 2020

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alone, ALLETE has plans to invest approximately $1.3 billion of CapEx, the majority of which advances clean energy initiatives. We are excited about our future here at ALLETE and relative to continuing to deliver on our shared purpose of answering the call to transform the nation's energy landscape while delivering shareholder value.

Bethany Owen will now provide further color and commentary on ALLETE's growth initiative, its execution and strategic outlook.

Bethany?

Bethany M. Owen *ALLETE, Inc. - President & Director*

Thanks, Al. Good morning, everyone. ALLETE's vision and strategy continue to be highly focused on the nation's accelerating need for cleaner and more efficient energy resources. Sustainability is the very foundation of our strategy, and we're proud to say that we have a strong track record on all dimensions of sustainability: the environment, the communities we serve and our employees and our best practice governance. We're confident that this strategy will continue to drive significant growth across ALLETE's businesses, all while creating opportunities for our employees, building shareholder value for ALLETE and delivering the affordable, reliable and safe energy future our customers expect. Our capabilities and geographic positioning are differentiators of ALLETE. We've developed strong relationships with landowners and policymakers, we possess valuable land rights, and we have strategic optionality with our transmission assets. We have not only the ability to add significantly more renewable generation but also the means to move this generation to key markets with our unique transmission assets.

As excited as we are about additional opportunities in the Midwest, we're continuing to expand our presence in other areas of the country. Growth and diversity in our renewable energy portfolio will enable us to fulfill our goal of delivering sustainable, cleaner energy for all of ALLETE's customers.

I'd like to update you on some of our major growth initiatives, beginning with our Regulated business segment. Minnesota Power is continuing to execute its EnergyForward strategy. In fact, the company will provide at least 45% renewable energy to its customers by 2025, significantly exceeding the current Minnesota requirement of 25% by 2025. So Minnesota Power is moving farther and faster, but renewable energy sources are not without some challenges, as evidenced by the significant wind variability experienced throughout our industry this year.

In our conversation with Minnesota Governor, Tim Walz, a few months ago, we were pleased that he understands and acknowledges the importance of ensuring reliability and affordability even as he calls for a state policy of carbon-free energy by 2050. The wind variability experienced so far this year further supports Minnesota Power's view that natural gas is a necessary and enabling component in the renewable energy mix to ensure reliability and affordability for Minnesota Power's customers.

To that end, the Nemadji Trail Energy Center, or NTEC, gas project is advancing well with final approvals expected from the Public Service Commission of Wisconsin during the second quarter of next year. As we previously shared, this $700 million 550-megawatt plant will be co-owned with Dairyland Power Cooperative.

Also advancing is the 250-megawatt Nobles 2 project, which is scheduled to be operational in 2020. This exciting project not only provides least-cost renewable energy to Minnesota Power's customers, it also provides ALLETE with a unique $190 million investment opportunity through a partnership with Tenaska Energy.

Another significant Minnesota Power EnergyForward initiative, the Great Northern Transmission Line, or GNTL, is on budget and on schedule. The GNTL will support delivery of 250 megawatts of carbon-free hydro energy from Canada with completion of the line targeted in 2020. Minnesota Power's total investment in this project is approximately $345 million and is already contributing to our financial results through recurrent cost recovery rider.

So we at ALLETE are continuing to lead the transformation to a clean energy future, and it's important to understand that the clean energy future also requires the responsible use of natural resources. The wind turbines, solar panels, electric vehicles, battery storage and other technologies that are driving our nation's sustainable transformation all contain steel and precious metals. Minnesota Power's

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environmentally responsible natural resource-based mining customers not only support the nation's clean energy transformation, they also provide a unique opportunity for long-term organic growth, clearly a differentiator among utilities where top line load growth is unique.

Minnesota Power's taconite customers are running at full production, and U.S. Steel, Cleveland-Cliffs and ArcelorMittal are investing capital into their facilities and developing new products to advance increasingly cleaner steelmaking. In addition, PolyMet continues to advance its financing after receiving final permits earlier this year.

Finally, as we mentioned in our last quarterly update, Minnesota Power anticipates filing for a general rate review later this year. We continue to work closely with our regulators, our customers and other stakeholders to help ensure a constructive rate review environment, which is so critical to Minnesota Power's continued energy transformation. We're on track with internal preparations and anticipate filing in early November with a 2020 test year.

Turning to ALLETE Clean Energy, it is now our second largest company and has outpaced our original growth expectations while achieving our highly disciplined underwriting criteria. We launched this business just 8 years ago, and we are proud to say that it has already evolved into one of the nation's largest players in the clean energy field with a goal to own and operate 1,500 megawatts of renewable energy by the end of 2022.

With approximately 555 megawatts of carbon-free wind generation already in operation, ALLETE Clean Energy is on schedule with its planned construction of several new wind facilities that upon completion will roughly double its wind energy fleet, adding almost 500 megawatts in total generation capability. The company is currently ramping up activities for a record year of renewable construction. The Glen Ullin and South Peak wind projects, totaling approximately 186 megawatts and $290 million of capital, will be in service by the end of this year and will generate material earnings and growth beginning in early 2020, backed by long-term sales contracts with Northern States Power and NorthWestern Energy.

The recently announced Diamond Spring wind energy project will serve Walmart, Starbucks and Smithfield Foods through long-term sales agreements. ALLETE Clean Energy will begin construction this year with the project expected to come online in the second half of 2020. Diamond Spring will be the largest wind facility owned by ALLETE Clean Energy, producing enough power for 114,000 homes and increasing ALLETE Clean Energy's total wind capacity to approximately 1,000 megawatts at 9 sites.

We expect continued strong execution of ALLETE Clean Energy's strategy in the coming quarters. The company is entering a new and exciting phase of growth and scale, which will generate value for customers, opportunities for employees and growth for ALLETE's shareholders for years to come.

I'll now ask Steve and Bob to go through the second quarter financial details and provide additional information on our 2019 earnings guidance. Steve?

Steven Wayne Morris ***ALLETE, Inc. - VP, Controller & CAO***

Thanks, Bethany, and good morning, everyone. I would like to remind you that we filed our 10-Q this morning and encourage you to refer to it for more details on our second quarter results.

For the second quarter of 2019, ALLETE reported earnings of $0.66 per share on net income of $34.2 million. Earnings for the same quarter in 2018 were $0.61 per share on net income of $31.3 million. Please note that the results for the second quarter of 2018 reflected production tax credits of approximately $0.05 per share due to the retrospective qualification of additional wind turbines in 2016 and 2017 at ALLETE Clean Energy.

A few details from our business segments. ALLETE's Regulated Operations segment, which includes Minnesota Power, Superior Water, Light and Power and the company's investment in the American Transmission Company, recorded net income of $30.3 million, an increase of $4.3 million over the second quarter of 2018. Net income at Minnesota Power was higher primarily due to the timing of fuel adjustment clause recoveries, lower operating and maintenance expense and increased cost recovery rider revenue. These increases were

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partially offset by lower kilowatt hour sales and associated margins from retail and municipal customers. Cooler weather than expected impacted results by approximately $0.02 per share for the quarter.

Net income at Superior Water, Light and Power increased over last year due to higher rates implemented in the first quarter of this year, and ALLETE's earnings in the American Transmission Company were higher than in 2018 primarily due to additional equity investments.

Earnings at ALLETE Clean Energy decreased $4.9 million from 2018 primarily due to production tax credits of $2.6 million recorded in the second quarter of 2018 that resulted from the retrospective qualification of additional wind turbines in 2016 and 2017. Also, lower revenue resulted from a decrease in noncash amortization related to the expiration of power sales agreements and increased depreciation expense impacted the second quarter of 2019. These decreases were partially offset by higher production tax credits generated during the quarter. Lower-than-expected wind availability impacted the quarter's results by approximately $0.03 per share.

Corporate and Other, which includes BNI Energy and ALLETE Properties, recorded net income of $2 million for the quarter compared to a net loss of $1.7 million in 2018. Net income in the second quarter of 2019 included an additional gain on the sale of U.S. Water Services of $1.2 million after tax as the working capital true up was finalized.

ALLETE's financial position is supported by a strong balance sheet that includes a significant cash balance of $203 million due to the proceeds from the sale of U.S. Water Services, and our debt-to-capital ratio was 41% as of June 30, 2019.

I'll now hand it off to Bob for additional comments on our financial outlook. Bob?

Robert J. Adams *ALLETE, Inc. - Senior VP & CFO*

Thanks, Steve, and good morning, everyone. As Al mentioned, our year-to-date financial results through the second quarter were generally in line with our expectations, and I'm proud of the accomplishments of our team which include, among other things, significant progress on planned business efficiency improvement initiatives at Minnesota Power. ALLETE Clean Energy continued to execute upon all aspects of its heavy construction and refurbishment plans, which is critical to future performance, especially when one considers the added impact of PTC income generation once assets are placed into service.

Taken as a whole, each of our business units are performing very well with each of our business teams highly focused on the fundamentals: safety, customer satisfaction and discipline around operations and deployment of capital. I expect this positive momentum to accelerate as we move into 2020.

In terms of overall 2019 guidance for ALLETE, we now expect to be in the lower half of the original $3.50 to $3.80 range. There are 3 drivers behind this updated view. The first, which Al expressed earlier, involves lower-than-expected wind resources about 20% below plan on a year-to-date basis and our assumption that the wind resource will not return to normal levels for the remainder of the year. The second and third drivers, which actually bode very well for future growth positioning, reflect the expensing of business development expenses for the recently announced Diamond Spring project and the revised assumption that we will not be using any of the U.S. Water sale proceeds to effectuate a buyback of ALLETE stock. You may recall, our original guidance for the year assumed we may use up to 1/2 of the proceeds to repurchase stock, depending upon the extent of new capital investment opportunities at ALLETE Clean Energy. We are now bullish that in addition to the Diamond Spring project, we will have additional opportunities to redeploy all of the $265 million in U.S. Water proceeds.

As I stated, I expect our objective of adding 1 to 2 projects per year at ACE to be conservative, especially as demand for renewables continues to accelerate on a national, regional and state level, and our track record supports that assertion. It is also important to recognize ALLETE Clean Energy's growing scale and solid reputation in the market as well as expanded entrants into the C&I market will drive even more opportunities to deploy capital.

As we continue to grow this segment, we will not waver from our disciplined approach in making new investments as the quality of the earnings in our view is even more important than the absolute growth it will provide. This stance will assure the risks and returns of our business are in line with stakeholder expectations, driving superior value creation and supporting strong credit rating.

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From a capital standpoint, our balance sheet is strong with a 41% debt-to-capital ratio, and we continue to expect minimum equity issuance needs over the next couple of years. Remaining U.S. Water proceeds of about $130 million, for example, would be sufficient to support at least 2 additional 100-megawatt wind development projects.

As you know, we are relying on the tax equity market for financing our new PTC-qualified projects including Nobles, South Peak, Glen Ullin and Diamond Spring. I am pleased to report that we have recently completed a competitive bid process for some of our 2019/2020 projects and have found the tax equity market to be very attractive for high-quality projects, such as ours.

The bottom line is that we are executing very well, all attributable to our greatest asset, our employees. This performance, in addition to accelerating demand trends directly in our wheelhouse around clean energy, will drive substantial growth over the next 5-year planning horizon, enabling us now to potentially exceed our stated 5% to 7% annual average earnings growth objective.

Al?

Alan R. Hodnik *ALLETE, Inc.*

Bethany, Steve and Bob, thank you for the strategic and financial updates. This is a truly exciting time for ALLETE. We have enjoyed many successes this past while and certainly anticipate even greater prospects for success in the future. During this journey, ALLETE has maintained its financial discipline, discipline with the mix of our businesses and discipline within specific business units. Our ALLETE team remains focused on what matters most: maintaining our execution edge, providing exceptional customer service and overall performance for our stakeholders.

ALLETE is an energy company, and its family of businesses are well positioned to remain a premier energy supplier in our region and across the country. Our 5-year CapEx plan in excess of $2 billion is predominantly positioned for investment growth at both our regulated and nonregulated businesses. This is in full support of the increasing demand for clean energy infrastructure with potential for further upside.

Already on the rise, ALLETE's growth is expected to materially increase beginning in 2020. As evidenced in the details of our strategy, ALLETE's opportunities are not limited to our unique geography in the Midwest. Our well-established and differentiated businesses are positioned to grow, whether through a natural resource-based economy in the Midwest or through the accelerating demand for cleaner energy across the country.

We have set a strong stage for the next 5 years and beyond and are excited about continuing to answer the call to transform our nation's energy landscape while balancing the many and at times divergent interests of our customers, business partners, employees, communities and you, our valued investors.

At this time, I will ask the operator to open up the line for your questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Our first question comes from the line of David Emami from Verition.

David Emami

Yes. Hello. Can you hear me?

Alan R. Hodnik *ALLETE, Inc.*

Good Morning.

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David Emami

You said that you don't expect the wind to return to normal for the rest of the year. I was just wondering why is that. If you could give us some incremental commentary on just what you guys are seeing?

Robert J. Adams ***ALLETE, Inc. - Senior VP & CFO***

Sure. David, this is Bob Adams. We -- I would say two things about that. We are -- we like to think about our guidance in the sense of a conservative stance on things as we go forward. We did see continued weakness in July. So the combination of those two led us to conclude that we wanted to guide toward less-than-expected wind performance.

David Emami

Okay. That makes sense. So it isn't -- it's more of a function of what you've already seen than taking some kind of meteorological forecast based on like El Niño probability or anything like that?

Robert J. Adams ***ALLETE, Inc. - Senior VP & CFO***

Yes. That's right. I mean, overall, what we're experiencing, a lot of this is in the Midwest, we would consider to be an anomaly with regard to what's going on in that area.

David Emami

Okay. That makes sense. And then I guess if I could just ask one more question. You guys had mentioned I think at the JPMorgan conference that you guys were engaged with advisers and exploring options as the ACE business continues to be stronger than expected and just different options you guys had to address the business mix. Just is there any update on those efforts?

Robert J. Adams ***ALLETE, Inc. - Senior VP & CFO***

Nothing to update you on at this point other than we're continuing to explore some of the options. We think there are real options, even short of actually growing on the regulated side, acquiring a regulated entity, for example. There are some other things that we think are available to us, which I don't want to get into right now. But we see some other industry participants who are wrestling with the same issue or making good progress on.

David Emami

Okay. And is there any kind of time line to provide an update on that? Or is this just a fluid process?

Robert J. Adams ***ALLETE, Inc. - Senior VP & CFO***

I don't have a time line at this point.

Operator

Our next question comes from the line of Vedula Murti from Avon Capital

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

A couple of things here. One, in terms of the factors that you laid out in terms of the adjustment, you mentioned how much the wind cost you in terms of this quarter and the reason for being conservative, but I guess for the year, when you have the -- how much would you attribute on an EPS basis within the earnings range adjustment for the lower wind? And also secondarily, the same metric for the combination of business development costs associated with Diamond Spring and the elimination of the buyback from your assumptions?

Steven Wayne Morris ***ALLETE, Inc. - VP, Controller & CAO***

This is Steve. So from ALLETE Clean Energy, we would expect the lower wind from our guidance and our expectation, it's about $0.10. The development expenses are about $0.02. So then on the buyback assumption, what we had in our original guidance to where we expect now, it's a $0.06 difference, but we're going to make that up. And that's primarily going to impact Regulated Operations. Of course, that's where the majority of our net income is. We're going to make that up in Regulated Operations through expense reduction efforts and lower expenses overall. So net-net-net, that's -- I would call that covered.

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

That expense reduction is over and above the expense reduction that has been contemplated for this year?

Steven Wayne Morris ***ALLETE, Inc. - VP, Controller & CAO***

That's correct.

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

Okay. Can you update us in terms of your turbine status and how you're thinking about, as you look at the opportunities, the deployment of your turbine inventory versus potential acquisition of existing assets whose tax attributes may have concluded or about to conclude, what you alluded to in the press release?

Robert J. Adams ***ALLETE, Inc. - Senior VP & CFO***

Yes. So we have safe harbor turbines. We still have some turbines that would have 100% PTC qualification. We also have -- and that's about 100 megawatts of potential there that would have to be built by the end of 2020 to qualify. We have about 400 megawatts of potential projects in the 80% PTC safe harbor category. And we actually have about another 100 megawatts in the 60% category. So taking as a -- in sum total, we have about approximately 600 megawatts in total project potential that could be backed by the positioning on the PTC safe harbor turbines.

I would say broadly beyond that, we are -- continue to be active and are redoubling our efforts around the traditional M&A around existing assets, and we think there's a lot of opportunity there. Part of our pipeline, which by the way, our pipeline overall of opportunities is up to about 1.8 gigawatts of projects we're assessing right now, some of those are a mix of both the acquisition of existing assets, some of them are new development opportunities.

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

Okay. I guess in terms of the earlier question regarding the evaluation in the business mix, it's my recollection that you've -- your conversations with the agencies and their concerns about the appropriate business mix to maintain the BBB+ rating that you seek is -- had some favorable developments. Can you just remind me again kind of how -- what happened there, and what type of incremental flexibility that provides?

Robert J. Adams ***ALLETE, Inc. - Senior VP & CFO***

Sure. Well, we -- traditionally, Standard & Poor's when they look at business mix, they're -- that mix calculation is driven on net income. And the progress we have made is to get them to appreciate the fact that a good amount of our net income is being driven by, if you will, tax -- the tax benefits of the PTC program. So we've gotten them to refocus a bit on EBITDA when they look at that overall mix, and the net result of that would be that the EBITDA that's coming from our nonregulated segment is actually less. That provides, in turn, more headroom for the potential of about a couple of more projects on the nonregulated side. So we're pretty excited about that. And that was not just sort of an automatic conversation. A good part of the direction that they shifted there, I think, is a function of confidence in the nature of the assets we're buying, the cash flow characteristics, the PPA length, et cetera. So we're happy about it.

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

You also alluded to the idea that you're looking at things that would help address this, in addition -- that is outside of regulated will property acquisition or incremental property investment. At what point do you feel like you'll be able to give us a sense of what -- some of the characteristics of those things that you're evaluating? And do you anticipate that any of those would perhaps come to fruition during this year? Or is this something that's going to be evolved more over the next couple of years?

Robert J. Adams ***ALLETE, Inc. - Senior VP & CFO***

Yes. Good question, Vedula. So I would expect to be able to tell you guys more about that next year, probably even at our analyst meeting in March as we're getting through some of these things with some assistance from advisers. So I will just leave it there. I think -- I don't expect anything to be done this year. We have plenty of headroom currently to continue to develop projects, in part what -- based on what I just said with S&P, et cetera. So we're not desperate in any way. This is a longer-term positioning thing.

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

Okay. And I guess one last thing. In terms of the pipeline you're assessing, which includes, I guess, your turbine inventory as well as third-party existing projects, should we -- is it more of a priority to utilize the turbines that you have, particularly with the 180% PTC attributes in terms of priorities? Or is -- or it simply depends on the characteristics of the third-party assets that are involved?

Robert J. Adams ***ALLETE, Inc. - Senior VP & CFO***

Well, I would tell you this that particularly now with the 80% PTC-qualified turbines, we have a strategic advantage. There were not as many industry participants that bought those turbines. And so that's a strategic advantage that we intend on taking advantage of. And so from a priority perspective, we're certainly -- have those at the top of the list.

Operator

Our next question is a follow-up from the line of David Emami from Verition.

David Emami

I just had a quick follow-up. You guys have spoken about your intention to file a rate case, and that was partially motivated by the disappointing ROE from the last case. So I was just wondering, given the fed actions and the potential for lower rates, coupled with the success that you guys are having in cost reductions, are you reconsidering the timing of a rate case filing at all?

Steven Wayne Morris ***ALLETE, Inc. - VP, Controller & CAO***

Yes. David, it's Steve Morris. No, we're -- we still expect to file early November, most likely around November 1. But -- so the ROE is just one of many factors of why we will file. And we'll have more discussion on that in our third quarter conference call.

Operator

Our next question comes from the line of Chris Ellinghaus from Williams Capital.

Christopher Ronald Ellinghaus ***The Williams Capital Group, L.P., Research Division - Senior Equity Research Analyst of Power and Natural Gas***

Just a couple of things. Steve, you were mentioning the wind being $0.10. Can we presume that, that $0.10 is versus normal? That's what was in your plan?

Steven Wayne Morris ***ALLETE, Inc. - VP, Controller & CAO***

That's correct, Chris.

Christopher Ronald Ellinghaus ***The Williams Capital Group, L.P., Research Division - Senior Equity Research Analyst of Power and Natural Gas***

And is there any -- typically the first and fourth quarters are more windy. Is there a shape to that $0.10 that we can think about for next year?

Steven Wayne Morris ***ALLETE, Inc. - VP, Controller & CAO***

Yes. So you're right, it's -- the third quarter is the lowest wind months that we have. So it's highly unlikely we would -- we'd be able to either make up significant progress or slide back materially. So the fourth quarter is the biggest wind months, so we would expect to see it then.

Christopher Ronald Ellinghaus ***The Williams Capital Group, L.P., Research Division - Senior Equity Research Analyst of Power and Natural Gas***

Okay. And lastly, the -- you were talking about the $0.06 making it up at Minnesota Power on costs. Are those cost reductions that you have engaged to make up that buyback differences, are those permanent cost reductions and that'll be reflected in the test year as well?

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Steven Wayne Morris ***ALLETE, Inc. - VP, Controller & CAO***

Yes. I would say that's true. And some of them, it's not all O&M related. It's all types of expenses and other items, other income. Property taxes are going to be down substantially. So it's not all O&M. We've had some favorable rulings from property tax recently that's material. So that'll be a chunk of that as well.

Operator

And this does conclude the question-and-answer session of today's program. I'd like to hand the program back to Alan Hodnik for any further remarks.

Alan R. Hodnik ***ALLETE, Inc.***

Well, we look forward to sharing more with you in the coming quarters and at EEI Financial in the fall as we continue to advance our growth initiatives here at ALLETE. Bethany, Steve and Bob and I thank you for being with us this morning and for your questions and for your investment in ALLETE. Have a good day.

Operator

Thank you, ladies and gentlemen, for your participation in today's conference. This does conclude the program. You may now disconnect. Good day.

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