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MDU Q2 2018 MDU Resources Group, Inc. Earnings Call

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PRESENTATION

Operator

Hello. My name is Shelby, and I'll be your conference facilitator. At this time, I would like to welcome everyone to the MDU Resources Group 2018 Second Quarter Conference Call. (Operator Instructions)

This call will be available for replay beginning at 5 p.m. Eastern Time today through 11:59 p.m. Eastern Time on August 15. The conference ID number for the replay is 2767248. The number to dial for the replay is 1 (855) 859-2056 or (404) 537-3406.

I would now like to turn the call over to Jason Vollmer, Vice President, Chief Financial Officer and Treasurer of MDU Resources Group. Thank you. Mr. Vollmer, you may begin your conference.

Jason L. Vollmer - *MDU Resources Group, Inc. - VP, CFO & Treasurer*

Thank you, Shelby, and welcome, everyone, to our second quarter 2018 earnings release conference call. This conference call is being broadcast live to the public over the Internet, and slides will accompany our remarks. If you'd like to view the slides, please go to our website at www.mdu.com and follow the link to the conference call. Our earnings release is also available on our website.

During the course of this presentation, we will make certain forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934. Although the company believes that its expectations and beliefs are based on reasonable assumptions, actual results may differ materially. For a discussion of factors that may cause actual results to differ, please refer to Item 1A, Risk Factors, in our most recent Form 10-K.

For our call today, I will discuss key financial highlights from the quarter and then turn the presentation over to Dave Goodin, President and CEO of MDU Resources, for his formal remarks. After Dave's remarks, we will open the line for questions.

In addition to Dave and myself, members of our management team who will be available to answer questions today are Dave Barney, President and CEO of Knife River Corporation; Jeff Thiede, President and CEO of MDU Construction Services Group; Nicole Kivisto, President and CEO of

Cascade Natural Gas, Great Plains Natural Gas, Intermountain Gas and Montana-Dakota Utilities; Trevor Hastings, President and CEO of WBI Energy; and Stephanie Barth, Vice President, Chief Accounting Officer and Controller of MDU Resources.

Yesterday, we announced our second quarter earnings from continuing operations of $44.1 million or $0.22 per share compared to $43.8 million or $0.22 per share in 2017. On a consolidated basis, earnings were $43.8 million or $0.22 per share compared to $40.6 million or $0.21 per share in 2017. Our construction services business reported earnings of $14.1 million compared to $12.4 million in 2017 with second quarter revenues of $323.6 million compared to second quarter 2017 revenues of $336.3 million. This increase in earnings was primarily the result of lower income tax expense due to the enactment of the Tax Cuts and Jobs Act. Higher gross margins were the result of increased outside specialty contracting workloads driven by customer demand for outside equipment sales and rentals, partially offset by lower inside specialty contracting workloads. Offsetting the increase in gross margins was higher selling, general and administrative expense, primarily from payroll-related costs, which resulted in a decrease to operating income.

Our construction materials business reported second quarter earnings of $24.3 million compared to $21.2 million for the same period in 2017 with revenues of $509.6 million, up from $501.6 million in the prior quarter. The increase in earnings was the result of lower income tax expense due to the enactment of Tax Cuts and Jobs Act. Lower overall material product margins, which negatively impacted our operating income, were partially offset by higher construction margins.

For the quarter, our combined utility business reported earnings of $2.3 million compared to $5 million in the second quarter of 2017. The electric utility segment earned $9.1 million for the quarter compared to $7.8 million in 2017. This increase in earnings reflects higher electric adjusted gross margins resulting from 5% higher retail sales volumes to all major customer classes. Partially offsetting the increase was higher operation and maintenance expense, largely from increased contract services and payroll-related costs as well as higher depreciation, depletion and amortization expense.

Our natural gas utility segment reported a seasonal loss of $6.8 million for the quarter compared to a loss of $2.8 million for the same period in 2017. The main driver behind this decrease in earnings was increased operation and maintenance expense, which reflect certain onetime adjustments related to the recent Washington Utilities and Transportation Commission's general rate case decision, which included the effects of federal tax reform as well as higher payroll-related costs.

Also contributing to the decrease was higher depreciation, depletion and amortization expense from increased plant additions.

At our pipeline and midstream business, earnings were $5.7 million in the second quarter compared to $5.3 million in 2017. This increase in earnings reflects lower income taxes due to the enactment of the Tax Cuts and Jobs Act and higher nonregulated project revenues. Increased transportation volumes from new organic growth projects were more than offset by decreased storage-related revenues and higher depreciation, depletion and amortization expense. Also offsetting the increase in earnings was higher operation and maintenance expense largely from increased costs on our nonregulated projects.

And now I'd like to turn the call over to Dave for his formal remarks. Dave?

David L. Goodin - *MDU Resources Group, Inc. - President, CEO & Director*

Well, thank you, Jason, and good afternoon, everyone. Thank you for your interest in MDU Resources and for taking the time to join us today to discuss our second quarter results.

We released our second quarter earnings after the stock market closed yesterday. All of our businesses continued to build off the momentum we saw in the first quarter this year, and I'm pleased with our solid execution during the second quarter and the progress we've made on multiple growth projects.

I'd like to start with our construction platform. At our Construction Services Group, they continue to deliver exceptional growth, reporting year-to-date earnings nearly 50% higher than last year. This business continued to see strong performance from its outside companies who provide electrical transmission, distribution, along with substation work, in addition to engineering and manufacturing equipment and tools for rentals and sales. Construction services continues to perform high volumes of specialty contracting work, particularly for high-tech health care and higher education customers. Backlog at this business is at a record level, up $888 million, which is 49% higher than just a year ago. As construction services continues to excel across its service territories, we are seeing a large increase in projects from all revenue streams, with the most noticeable pickup in the Northwest, the Southwest and Midwest markets.

At our construction materials business, we also reported a solid work backlog of $731 million compared to our backlog of $766 million one year ago. This is up from our March 31 backlog of $692 million.

Earlier this month, we announced our third construction materials acquisition of the year with the purchase of Molalla Redi-Mix and Rock Products. This acquisition will enhance and expand our strong construction materials position in the Portland metro market. Our business development teams continue to pursue opportunities for acquisitions in the construction materials, along with the construction service sectors.

We are anticipating our 2018 revenues for construction services to be in a range of $1.45 billion to $1.60 billion. This range is higher than the $1.36 billion of revenues that we saw in 2017, which was a record at that time. Revenues for construction materials are projected to be in the range of $1.8 billion to $1.9 billion. Both businesses are forecasting margins to be comparable to slightly higher than we saw in 2017. Combined, our construction companies ended the quarter with a record backlog of more than $1.6 billion, and we are excited about the opportunities for these businesses going forward.

Now turning to our regulated energy platform. At our combined utility companies, we had a good quarter in terms of higher electric and natural gas sales volumes as well as 1.8% overall customer growth. Over the next five years, our utility expects its 1.1 million customer base to grow by 1% to 2% annually and plans to invest approximately $1.5 billion across its 8 state service territory. We expect this to result in rate base growth of 6% compounded annually over the next five years. The natural gas utility continues to focus on pipeline projects that will enhance system reliability, safety, along with deliverability.

Our electric utility continues to work on several very much line of sight projects. The Thunder Spirit Wind farm expansion is on track to be completed this Fall. Nearly all major project materials, including wind turbine components, are on site and in fact, the first unit was installed just last month. In addition, construction at the Big Stone South to Ellendale 345-kV transmission line is also progressing quite nicely, with completion anticipated in 2019.

At our pipeline business, they continue to perform very well. For the fourth consecutive quarter, the company transported record volumes of natural gas through its system, particularly due to completing two expansion projects in 2017 that increased this capacity. Construction is currently underway on two significant pipeline projects that will be in service in 2018. Those are the 38-mile Valley Expansion Project, along with the 13-mile Line Section 27 expansion project. These projects, for which we have sufficient capacity commitments, are expected to be completed on time and on budget and will add more than 200 million cubic feet per day of natural gas transportation capacity, bringing our total capacity to that system to 1.8 Bcf per day.

In addition to the projects currently under construction, the pipeline business is finalizing construction plans for two additional organic growth projects that have also received sufficient customer commitments. Construction is expected to begin early next year on the Demicks Lake project, this being a 14-mile, 20-inch pipeline in McKenzie County of North Dakota; and the Line Section 22 Expansion project in Billings, Montana and both are expected to be in service by the fall of 2019. With natural gas production at record levels in the Bakken, this business continues to actively pursue additional growth projects to support this increasing demand.

While this completes our individual business unit discussion and as we look to the overall corporation, I would reiterate that we are on track with our current year expectations. After looking at the second quarter results, we are reaffirming our earnings per share range of $1.25 to $1.45 per share and a long-term compounded annual growth rate of 5% to 8%. Our focus at MDU Resources has been to produce significant long-term value as we execute our business plans, organic growth projects and targeted acquisitions. And we are doing just that. We continue to maintain a strong balance sheet with solid credit ratings, a good liquidity position and for 80 consecutive years, we have provided a competitive dividend for our shareholders while increasing it for the past 27 years. As always, MDU Resources is committed to operating with both integrity and a focus on safety while creating superior shareholder value as we continue to act on our tagline of "Building a Strong America".

I appreciate your interest in and commitment to MDU Resources and ask now that we open the line to questions. Operator?

QUESTIONS AND ANSWERS

Operator

(Operator Instructions)

Your first question comes from Chris Ellinghaus of Williams Capital.

Chris Ellinghaus - *The Williams Capital Group, L.P.*

First question, obviously, the market is a little disappointed in earnings today. With your guidance and with the backlog being so particularly strong, would it be fair to imply or infer from your guidance that the -- there's a pretty strong construction outlook for the third and fourth quarters?

David L. Goodin - *MDU Resources Group, Inc. - President, CEO & Director*

Yes, Chris. This is Dave. So, you've followed us for some time and know that you know the third quarter is a particularly strong quarter for us given our Northern tier exposure at our construction businesses especially and so yes, you're correct, absolutely spot on with a record $1.6 billion of backlog combined between the two construction companies, we certainly feel good about that. We also note, at the construction companies, margins year-over-year to be -- we expect them comparable to slightly increasing, notwithstanding any Tax Cuts and Jobs Act benefit that might be sought on the income statement. So, I think it's a valid point you raised so far as clearly, a lot of work is remaining in this year, as we see -- again, third quarter's historically been a very strong quarter for our Northern tier exposed construction companies and so I think you've accurately framed it up.

Chris Ellinghaus - *The Williams Capital Group, L.P.*

Okay. What -- in the second quarter, you said that the volumes were up on the gas side, but did weather have any positive or negative impact on the gas utilities?

David L. Goodin - *MDU Resources Group, Inc. - President, CEO & Director*

Yes. Chris, I'll turn that over - Nicole is in the room she can address that.

Nicole A. Kivisto - *CEO & President of Cascade Natural Gas Corp, Great Plains Natural Gas Co & Intermountain Gas Co.*

Yes. So, for the second quarter, Chris, our volumes were up just slightly, but weather does not have a material impact really, considering the fact that we do have weather normalization or decoupling in almost all of our states. Essentially, we're down to Montana and Idaho where we don't have those types of mechanisms and so weather was not a significant factor for the quarter on the gas side.

Chris Ellinghaus - *The Williams Capital Group, L.P.*

Okay. I'm not sure whether this should be for Dave or for Jeff. But in Vegas, there sure are a lot of projects that are in the works at the moment ongoing. Could you just talk about what successes you might be having, particularly on like the stadium? And there's a couple of significant projects on the strip.

David L. Goodin - *MDU Resources Group, Inc. - President, CEO & Director*

Yes. Thank you, Chris. Jeff will take that one. That's where we have the presence with the CSG companies.

Jeffrey S. Thiede - *President & CEO of MDU Construction Services Group, Inc*

Thanks for the question, Chris. Our Las Vegas construction market is building momentum, and we've seen a significant increase in our workloads. We picked up the fire protection contract for the large stadium project that you referred to. We've secured the electrical and mechanical work for a large hospitality gaming project that we've been focused on for years. And we're pleased to see it get underway. We're also involved in early stages of preconstruction for two more significant projects that we believe will turn into backlog. There are additional projects that we are evaluating on whether or not to pursue, depending upon the timing of our resources. If the timing is a fit, we'll capture that work, and we'll take on those opportunities as well. We're concerned about safety and labor availability, but we've got strong teams, and our businesses are growing in Las Vegas.

Chris Ellinghaus - *The Williams Capital Group, L.P.*

Okay. I assume that the second project you talked about is the one that's currently under construction.

Jeffrey S. Thiede - *President & CEO of MDU Construction Services Group, Inc*

That's correct. And we have Bombard Electric and Bombard Mechanical contracted for that work.

Chris Ellinghaus - *The Williams Capital Group, L.P.*

Okay, great. Thanks for the details – appreciate it.

Operator

Your next question comes from Sarah Akers of Wells Fargo.

Sarah Akers - *Wells Fargo Securities, LLC*

Can you quantify that one-time adjustment related to the Washington rate outcome?

David L. Goodin - *MDU Resources Group, Inc. - President, CEO & Director*

Yes. Nicole will touch on that.

Nicole A. Kivisto - *CEO & President of Cascade Natural Gas Corp, Great Plains Natural Gas Co & Intermountain Gas Co.*

Yes. Thanks, Sarah, for the question. During the quarter, we had about a $2 million out-of-period earnings reduction related to the Washington rate case settlement and order. If I were to quantify that in terms of the pieces, over half was related to our assumption on federal tax reform. So, in our original filing, we had assumed we could keep the interim benefit between January 1 and when rates would be implemented in August 1 due to the fact that our earnings are below our return. With the order reflecting return of that benefit to customers, we did reserve the year-to-date impact in the quarter. So that was a significant piece of the $2 million one-time adjustment. The remaining amount relates to O&M, with a settlement reflecting the expense -- the expensing of certain items that we had previously deferred. So that in total was about a $2 million impact for the quarter.

Sarah Akers - *Wells Fargo Securities, LLC*

Got it and then just sticking with the utility it looks like combined utility O&M is up over 7% in the first half of the year. Were you expecting this level of O&M growth and then how should we think about that cost trend going forward?

Nicole A. Kivisto - *CEO & President of Cascade Natural Gas Corp, Great Plains Natural Gas Co & Intermountain Gas Co.*

Yes. There's a couple of factors that are hitting our O&M year-over-year in total for our utility that really are outside of what I would consider normal run rate items. So, one of them would be what I just referenced, and that would be where we had to take a one-time expense to our O&M on costs we were previously deferring. In addition to that, due to a change in accounting treatment, we are expensing some conservation-type expenses, and then we're offsetting that in revenue, where previously the treatment of that was different. So last year's results would not have included that. So, when you look at a comparable period, it's really not a fair comparison because of the change in the accounting treatment. So, if you were to take those two items out, you would be looking at more of a normal run rate in total for our O&M, including items such as normal payroll increases year-over-year. So really, the 7% you're referencing includes two out of what I would call - one is out of period and one would be just a not comparable. So, we would anticipate more of a normal run rate in O&M.

Sarah Akers - *Wells Fargo Securities, LLC*

Great. And then lastly, on construction, can you just give more details on what's driving the lower material product margins in the quarter?

David L. Goodin - *MDU Resources Group, Inc. - President, CEO & Director*

Yes. Thanks for the question, Sarah. I'll turn this over to Dave Barney.

David C. Barney - *President & CEO of Knife River Corporation*

Sarah, yes, we're not really losing any pricing power. Year-to-date, the material margins are down due to product mix and difference in higher earlier season maintenance costs in most of our markets. So, we're really not losing margins. In fact, we're expecting margins to increase throughout the year.

Operator

Your next question comes from Paul Ridzon of KeyBanc.

Paul Ridzon - *KeyBanc Capital Markets Inc.*

How was weather in the second quarter with regards to the construction businesses, in particularly in materials?

David L. Goodin - *MDU Resources Group, Inc. - President, CEO & Director*

Thanks for the question, Paul. We'll start with Dave Barney, and then we'll move on to Jeff Thiede.

David C. Barney - *President & CEO of Knife River Corporation*

Hi Paul, you know construction in our Idaho, Oregon, California markets was better than last year, but we did have some issues in the Midwest market. Our Iowa had 18 -- our Iowa market had 18 days of rain that affected our construction companies there, affected our asphalt companies. Then when you look at the record snowfall that Montana had and with the melt, it slowed us down. We did have some rain in some of our Minnesota markets. We've got a lot of work built up for the next two quarters, and we expect a good second half of the year.

Paul Ridzon - *KeyBanc Capital Markets Inc.*

How did July treat you from a weather standpoint?

David C. Barney - *President & CEO of Knife River Corporation*

Well, it was good. I haven't got numbers on, so I can't tell you. But we're in the field. I can tell you, July, we're out there, we're busy. We're going to be busy the rest of the year.

Paul Ridzon - *KeyBanc Capital Markets Inc.*

And then just -- I always ask this question just looking for an update. Have your customers started to try to claw back the benefit of tax -- lower taxes?

David C. Barney - *President & CEO of Knife River Corporation*

Not at all. We haven't seen that anywhere, even on our private side.

David L. Goodin - *MDU Resources Group, Inc. - President, CEO & Director*

Yes, Paul, let's transfer over that same question over to Jeff Thiede as to customers and looking at their claw back, to use your phrase.

Jeffrey S. Thiede - *President & CEO of MDU Construction Services Group, Inc*

We haven't seen any claw backs from our customers as well, and we were impacted by some record snowpack in the Rocky Mountains and more impacted by some of the work that got pushed out in Northern California. Back to the weather, some mild impacts in the Midwest, but not significant and now that the weather is cooperating, we've got some good work levels in those areas.

Paul Ridzon - *KeyBanc Capital Markets Inc.*

What happened in California? Sorry, I missed that.

Jeffrey S. Thiede - *President & CEO of MDU Construction Services Group, Inc*

The work wasn't released that we were anticipating for one of our large utility contractors, but we're well positioned. We've got the resources, and we're ready and the work in this next quarter, in the fourth quarter will be much higher volumes than we've experienced in the first part of the year.

Operator

Your next question comes from Vedula Murti of Avon Capital.

Vedula Murti- *Avon Capital*

I want to focus on the capital program here in terms of just under around $2.4 billion. But looking at the basic consolidated balance sheet, it looks like you're obviously very well capitalized. I'm just wondering in terms of operating cash flows and everything like that, is the program that you have here internally funded just to operating cash and some incremental debt and pushes some zero equity even through DRIP or other plans to the forecast?

Jason L. Vollmer - *MDU Resources Group, Inc. - VP, CFO & Treasurer*

Yes. This is Jason. I can take that question. I think you're right on there as we look at our operating cash flows. You may have seen from the second quarter release here versus what we disclosed in the first quarter release, we are expecting a little bit higher operating cash flows than what we had originally forecast for the year. So that certainly helps with that. We have seen an uptick in our CapEx as well, which you note in the release here, as we saw some acquisition activity here, which if you followed us for a while, you'd understand we do not typically build in acquisitions into our CapEx forecast so those would be incremental to that. As far as equity, we haven't given guidance beyond 2018, but our expectations are for 2018, we would not issue any additional equity. That could, of course, be driven by acquisition activities so if we had some acquisitions where it made sense to issue some equity, we could do that. As a matter of fact, in the second quarter, when our Form 10-Q comes out, you'll see we issued a small amount of equity related to an acquisition here in the second quarter at Knife River due to the seller in that case looking for equity as a piece of the consideration.

Vedula Murti - *Avon Capital*

When you take a look at the utility, the pipeline midstream CapEx program over this period, it's fairly robust so I'm wondering how you consider that in relation to -- over your corporate history in terms of looking at acquisitions of various regulated utility properties, be it gas or electric or now as we think about pipeline and midstream. How do you think about that in relationship to the capital program opportunity you have in front of you?

David L. Goodin - *MDU Resources Group, Inc. - President, CEO & Director*

Yes. Great question, Vedula. So, as I think about our five-year capital program that we've outlined to the external world, you know I think of it roughly 80% is earmarked and geared towards both of our regulated businesses within that platform, about $1.5 billion to the regulated utility and about $400 million or so to the regulated pipeline and so your question is spot on. What we do not put in that forecast is any acquisition dollars that we would likely see as we've started to see this year related to our two construction businesses so any CapEx related to acquisitive activity will be incremental to the current five-year capital program. And so we envision looking at primarily organic-type growth opportunities at the regulated platform, and yet taking those two construction businesses within our construction platform that have been acquisitive, that's how we've grown those about 100 utilities since the early -- 100 different companies since the early '90s. We would envision continuing that as we've again started to see the three acquisitions that we've done at the materials this year.

Vedula Murti - *Avon Capital*

So it would seem like that in terms of any increases to the capital program over the horizon? It seems more likely to be within the construction business and that the foundation you have in terms of having a large base right now in terms of regulated, both utilities as well as pipeline and midstream and the organic growth there, would be where the focus is as opposed to external acquisitions within the utility and pipeline and midstream space today.

David L. Goodin - *MDU Resources Group, Inc. - President, CEO & Director*

Yes. I wouldn't take acquisitive activity on the regulated platform off the table. I would say it's very much line of sight, though, on an organic basis at both the pipeline and the utility sector and again, what we put in our five-year CapEx forecast, are those things that we see as greater than a 50% chance or probability of happening, in fact, often times, quite higher probability of that so we like to believe it's quite line of sight and that's in particular related to the two regulated businesses.

Vedula Murti - *Avon Capital*

And within the utility and the pipeline midstream area, given both the organic foundation you have, what would you be looking for -- or what would interest you or entice you in terms of potentially doing an external acquisition within those two businesses as opposed to the construction business?

David L. Goodin - *MDU Resources Group, Inc. - President, CEO & Director*

Yes. I think it certainly have to make shareholder sense. Would there be a means in which we could create shareholder value on a broader base of assets we certainly track markets in both the utility space and the pipeline space from a deal perspective. As we look at those over the last number of years, with the low interest rates that we've experienced, certainly, those price multiples have continued to climb and so I think some of that can be challenging in what we've seen at some of the recent deals. We've been acquisitive in particularly the utility space, you know three utilities back in the 2000, 2007, 2008 time frame. However, we do see that the deal multiples have climbed to levels that are quite challenging to make shareholder value sense.

Operator

Paul Ridzon of KeyBanc has another question.

Paul Ridzon - *KeyBanc Capital Markets Inc.*

I just had a follow-up for Nicole. I just wanted a clarification. The higher O&M, the accounting change has no impact on earnings because it's offset in revenues, is that what I heard?

Nicole A. Kivisto - *CEO & President of Cascade Natural Gas Corp, Great Plains Natural Gas Co & Intermountain Gas Co.*

That is correct. Let me clarify the O&M increase related to conservation. So there were two factors that I was explaining that caused the delta year-over-year that would make it a little bit different than our normal run rate. One was the Washington order clarifying the expensing of certain costs we had deferred. That would be a one-time hit that we took in the second quarter. But on conservation, you're absolutely right yet, we see the offset in revenue there, earnings neutral on conservation.

Operator

(Operator Instructions) This call will be available for replay beginning at 5 p.m. Eastern Time today through 11:59 p.m. Eastern Time on August 15. The conference ID number for the replay is 2767248.

And you do have a question from Carl Seligson of Utility Financial.

Carl Seligson - *Utility Financial Experts*

I was interested in your comments on acquisitions that it's getting harder or more expensive to do them and the like and I wonder if you could talk a little bit more about other than generality of saying what's in the shareholder interest. What specifically would you be looking at? What's your region? Are going to stay within your current platform? Are you going to expand that platform? And where are you going from here?

David L. Goodin - *MDU Resources Group, Inc. - President, CEO & Director*

Carl, appreciate the question. I -- when I think about our acquisitive past, it's grown our utility, for instance, to 1.1 million customers over the 8 states, certainly, that's been through some acquisitive activity. What I especially appreciate and think about is our utility today is through organic investment, we see over the next five years growing that utility rate base on a 6% compounded annual growth rate so I like the line of sight over the next five years in fact, that's quite front-end loaded as we think about the investments that we're making at the utility. I think your question is maybe a little speculative so far as what exactly we might be looking for. It would be ways in which we could find a way to create shareholder value that obviously was something that would be a fit for us as well and so I'm not going to be specific in my responses here because, again, I think it's somewhat speculative in nature.

Carl Seligson - *Utility Financial Experts*

That's it Dave. I agree with you. It is speculative, and I'm going to favor speculation in a conservative way.

Operator

At this time, there are no further questions. I would now like to turn the conference back over to management for any closing remarks.

David L. Goodin - *MDU Resources Group, Inc. - President, CEO & Director*

Thank you, Shelby. And again, appreciate everybody participating on the call here today. As we've noted earlier, we have solidly executed on the first half of 2018, along with having a number of growth projects underway. We are committed to Building a Strong America, along with being optimistic about our opportunities for the rest of the year and beyond. We appreciate your participation on the call today and thank you for your continued interest in MDU Resources. With that, we'll close the call, and I'll hand it back to the operator. Thank you.

Operator

This concludes today's MDU Resources Group conference call. Thank you for your participation. You may now disconnect.