Q4 2017 Earnings Call

Company Participants

- Mark McGettrick, Chief Financial Officer and Executive Vice President
- Paul Koonce, Executive Vice President
- Thomas Farrell, Executive Chairman, Chief Executive Officer & President
- Thomas Hamlin, Vice President of Financial Planning and Investor Relations

Other Participants

- Angieszka Storozynski, Analyst, Macquarie Group
- Greg Gordon, Analyst, Evercore ISI
- Julien Dumoulin-Smith, Analyst, Bank of America Merrill Lynch
- Michael Weinstein, Analyst, Credit Suisse
- Stephen Byrd, Analyst, Morgan Stanley
- Steve Fleishman, Analyst, Wolfe Research

Presentation

Operator

Good morning and welcome to the Dominion Energy and Dominion Energy Midstream Partners Fourth Quarter Earnings Conference Call. At this time, each of your lines is in a listen-only mode. At the conclusion of today's presentation, we will open the floor for questions. Instructions will be given as to the procedure to follow if you would like to ask a question.

I would now like to turn the call over to Tom Hamlin, Vice President of Investor Relations and Financial Planning for the Safe Harbor statement.

Thomas Hamlin {BIO 1506669 <GO>}

Good morning and welcome to the fourth quarter 2017 earnings conference call for Dominion Energy and Dominion Energy Midstream Partners. During this call, we will refer to certain schedules included in this morning's earnings releases and pages from our earnings release kit. Schedules in the earnings release kit are intended to answer the more detailed questions pertaining to operating statistics and accounting. Investor Relations will be available after the call for any clarification of these schedules.

If you have not done so, I encourage you to visit our Investor Relations page on our websites, register for email alerts and view our fourth quarter and full year earnings documents. Our website addresses are www.dominionenergy.com and www.dominionenergymidstream.com. In addition to the earnings release kit, we have included a slide presentation on our website that will follow this morning's discussion.

And now for the usual cautionary language. The earnings releases and other matters that will be discussed on the call today may contain forward-looking statements and estimates that are subject to various risks and uncertainties. Please refer to our SEC filings, including our most recent Annual Reports on Form 10-K and our Quarterly Reports on Form 10-Q for a discussion of factors that may cause results to differ from management's projections, forecasts, estimates and expectations.

Also on this call, we will discuss some measures of our company's performance that differ from those recognized by GAAP. Reconciliation of our non-GAAP measures to the most directly comparable GAAP financial measures we are able to calculate and report are contained in the earnings release kit and Dominion Energy Midstream Partners' press release.

Joining us on the call this morning are our CEO, Tom Farrell; our CFO, Mark McGettrick; and other members of our management team. Mark will discuss our earnings results and Dominion Energy's earnings guidance. Tom will review our operating and regulatory activities, and review the progress we've made on our growth plans. I will now turn the call over to Mark McGettrick.

Mark McGettrick {BIO 2066297 <GO>}

Good morning. Dominion Energy reported operating earnings of $3.60 per share for 2017, which was in the middle of our guidance range. Mild weather conditions in our electric service territory, in both the winter and summer, had a $0.10 per share negative impact on our results. Adjusting for weather, our earning results were in the upper half of our range. Other negative factors impacting earnings were lower allowed rate of return on our Virginia Rider projects and lower margins from our merchant generation business. The positive factors for the year relative to our guidance include lower-than-expected generation capacity expenses, interest expenses and operating expenses.

EBITDA summaries of our operating segments for the fourth quarter and full-year 2017 are shown on slides four and five. Overall, we are very pleased with the performance of our operating segments in 2017. GAAP earnings were $4.93 per share for the year. The principal difference between GAAP and operating earnings was a $988 million gain due to tax reform, primarily driven by an adjustment to our deferred tax liability. The reconciliation of operating earnings to reported earnings can be found on Schedule II of the earnings release kit.

Dominion Energy Midstream Partners produced adjusted EBITDA of $299 million for 2017, which is more than double the level produced in 2016.

Distributable cash flow was $178 million, which was 68% higher than 2016. The acquisition of Questar Pipeline in December of 2016 was the principal driver of the increase. On January 25, Dominion Energy Midstream's Board of Directors declared a distribution of 31.8 cents per common unit payable on February 15. This distribution represents a 5% increase over last quarter's payment and is consistent with our 22% per year distribution growth rate plan. Our coverage ratio remained strong at 1.29 times. Also, we are in advanced stages of securing a

$500 million revolving credit facility for Dominion Midstream that will replace its existing credit line with the parent company. This should be in place in the next few weeks.

Moving to treasury activities at Dominion Energy, cash flow from operating activities was $4.6 billion for 2017. We have $5.5 billion of credit facilities and taking into account cash, short-term investments and commercial paper outstanding, we ended the year with available liquidity of $2.2 billion. We are also in the process of increasing Dominion's credit facilities by $500 million to a total of $6 billion, which will further improve our liquidity. For statements of cash flow and liquidity, please see pages 13 and 24 of the earnings release kit.

On slide eight, we outline a number of initiatives we have planned for 2018, which are in support of our balance sheet and credit profile. First, we issued $500 million of new common equity through our aftermarket program in January. This issuance was not related to our planned SCANA financing. Second, we have reviewed our capital spending plans and anticipate reducing our expenditures by $1 billion over the next two years. These reductions will have no impact on our previously disclosed growth capital estimate. Third, as I just mentioned, we are securing an extension in upsize of Dominion's credit facilities up to a total of $6 billion. This is in addition to the new $500 million credit facility planned at Dominion Energy Midstream Partners.

And finally, we are initiating the process of delevering the parent company and on a net basis we will reduce holding company debt by $800 million or more this year. These and other elements of our 2018 financing plan excluding our planned SCANA transaction are shown on slide nine. I want to assure everyone that we are committed to our investment grade ratings and we will strive to meet the associated credit metrics.

Moving to tax reform on slide 10, recently enacted changes to the Federal tax cut will have a significant impact on most utilities. Assessing the impact is a difficult process for a multifaceted company like Dominion, operating in seven different states. In estimating the ongoing impact from tax reform, we have assumed that the benefits of lower tax rates will be passed through to customers in all of our state-regulated businesses. On the plus side, lower tax rates will improve the profitability of our non-regulated and long-term contracted businesses.

Also, the normalization amortization of excess deferred income taxes will provide incremental growth to rate base in our regulated businesses. On the negative side, as highlighted by some of the recent comments from the rating agencies, tax reform creates some credit headwinds, particularly for companies like Dominion, who are currently not cash taxpayers. We estimate the 2018 impact of Federal tax reform will be a positive $0.10 to $0.15 per share.

Now to earnings guidance at Dominion Energy. Operating earnings for 2018 are expected to be between $3.80 and $4.25 per share. The midpoint of our range is 10% above the middle of last year's guidance range. Positive factors compared to last year, our earnings from Cove Point, a return to normal weather, one fewer refueling outage at Millstone and a lower effective tax rate due to tax reform. However, a large portion of the tax reform benefit will be offset by the delay in commercial operation for Cove Point. Tom Farrell will expand on the operational timing of Cove Point in a few minutes.

Negative factors for 2018 compared to last year include lower investment tax credits, higher financing costs and share dilution. Our earnings growth rate remains 6% to 8% for the 2017 through 2020 period. This compound growth rate could improve to 8 plus percent if we are successful in our efforts to combine with SCANA Corporation.

Our operating earnings guidance for the first quarter of this year is $0.95 to $1.15 per share compared to $0.97 for the first quarter of last year. Positive factors for the quarter compared to last year's first quarter are a return to normal weather, a contribution from Cove Point export, higher merchant generation margins and federal tax reform. Negative factors include lower solar investment tax credits, higher financing costs, higher capacity expenses and higher DD&A.

You will notice in our guidance documents that projected EBITDA for our operating segments and total company will show a decline compared to the prior period, even though net income and earnings per share are higher. This is due to the impact of the flow through benefits of tax reform in our state-regulated businesses.

So let me summarize my financial review. Operating earnings were $3.60 per share, ranging in the middle of our guidance range despite mild weather. Changes in Federal tax cuts are expected to be a net positive for Dominion's earnings. We are taking aggressive steps to strengthen our balance sheet to offset the credit impact of tax reform and 2018 operating earnings are expected to be at least 10% above the midpoint of our 2017 operating earnings guidance range, consistent with previous guidance.

I'll now turn the call over to Tom Farrell.

Thomas Farrell {BIO 1509384 <GO>}

Good morning. Strong operational and safety performance continued at Dominion Energy in 2017. All of our business units either met or exceeded their safety goals for the year. Our employees set an all-time low OSHA recordable rate of 0.66 in 2016. In 2017, they exceeded that record by an additional 10% to a new record low of 0.60. We are very proud of our company-wide commitment to improved safety performance.

Our nuclear fleet continues to operate well. The net capacity factor of our six units in 2017 was a record 95.1%, exceeding the previous record of 93.7% set in 2013. Weather normalized electric sales for the year were up 1.7% over 2016, led by growth in sales to data centers and residential customers. Total new customer connects were above our expectations with strong growth in both residential and commercial sectors. For the year, we connected 13 new data centers compared to 11 in 2016.

Now a few comments on Millstone Power Station. We're looking forward to the opportunity to compete with other non-emitting generating resources in a state-sponsored solicitation for zero carbon electricity. It provides a path forward to retain 1,500 well paying jobs and Millstone's substantial, environmental, energy and economic benefits for Connecticut.

Preliminary reports issued by DEEP and PURA in December and January highlighted the importance of Millstone to the region's power markets and the state's economy. We have worked with the regulatory agencies, including the sharing of confidential financial information to convey the actual costs of operating two dissimilar units in a high regional labor market. An updated report issued on January 22nd concluded that the solicitation should take place and that Millstone can participate. A recent report from ISO New England regarding the region's future fuel security and reliability risks also supports the need for Millstone. The final report from DEEP and PURA is expected this week and we look forward to continuing to work through this process with the Connecticut regulators.

Now for an update on our growth plans, construction of the 1,588 megawatt Greensville County combined cycle power station continues on time and on budget. As of December 31, the $1.3 billion project was 73% complete. All major equipment is set. Primary natural gas line and MNR station are completed and awaiting final commissioning. Greensville is on schedule to achieve first fire in the second quarter and is expected to achieve commercial operations late this year.

The upgrade of our electric transmission network continues. In 2017 we invested $806 million and placed $519 million of assets into service. We plan to invest $800 million on electric transmission business this year and every year for at least the next decade. Progress on our growth plan for gas infrastructure continues as well. Construction of our Cove Point Liquefaction project is complete and we are in the final stages of commissioning. While commissioning hasn't taken longer than we originally planned, we are progressing toward an in-service date in early March. This is an enormously complicated process. We and our contractors are ensuring that all the work is done safely, thoroughly and correctly.

We are currently in a process of cooling down to liquefying temperatures to make LNG and commence the final tuning and testing phase. The actual production of LNG at the facility is imminent. Once commercial, our contracts become effective and the project will produce the expected earnings we have previously discussed. However, as Mark mentioned, the absence of these earnings for the first two months of the year will offset some of the earnings benefits expected from lower income taxes. Nevertheless, we still expect 2018 earnings to be at least 10% above the midpoint of last year's guidance.

On January 19, FERC issued a Limited Notice to Proceed for the Atlantic Coast Pipeline and the related Supply Header Project, which allows us to begin felling trees. Tree-felling started for ACP in Virginia and West Virginia on January 20 and for the Supply Header on January 26. We are making excellent progress, particularly in the mountain areas. Last week we received our final North Carolina 401 water quality permit, as well as our final E&S permits from West Virginia.

We expect all remaining major permits, including our Army Corps 404 and Virginia E&S permits any day. These are the final major permits necessary to request FERC authorization to commence full construction. We remain on schedule for completion of the project in the second half of next year. It is noteworthy that during the cold weather earlier this month, power prices in Virginia and North Carolina increased substantially, surpassing the highest daily power price average in New England by 10% and underscoring the urgent need for the increased regional gas transportation that the Atlantic Coast Pipeline and Supply Header Project will provide.

Finally, a few comments on our offer to merge with SCANA Corporation. On January 3, we announced our agreement where Dominion would exchange 0.669 shares of its common stock for each SCANA share. Included in the offer was a proposal for upfront payments and ongoing bill reductions that would substantially reduce the cost to customers from the abandoned nuclear development project. We filed a regulatory proposal with South Carolina Public Service Commission on January 12. All of the other state regulatory filings and the application for Hart-Scott-Rodino clearance have been made.

We expect to receive approval from SCANA's shareholders in May. We have participated in legislative hearings to explain our proposals to lawmakers who are considering possible changes to the South Carolina's Base Load Review Act. We are optimistic that our proposal will be viewed favorably by lawmakers and regulators, and we can complete the transaction later this year.

So to summarize, our business has delivered record-setting operating and safety performance in 2017. Construction of the Greensville County project is on time and on budget. Commissioning of Cove Point is continuing and we expect it to be in service in early March. We received a Limited Notice to Proceed for Atlantic Coast Pipeline and the Supply Header Project, and have begun tree-felling along the route. Other permits are expected any day. We expect earnings growth of at least 10% in 2018, driven by completion of the Cove Point Liquefaction project and 6% to 8% growth from 2017 to 2020.

Success from our efforts to merge with SCANA could increase our growth rate to 8 plus percent. Because of our unique MLP structure, our superior cash flows will also allow a dividend growth rate at Dominion Energy of 10% per year through at least 2020. And finally, the programmatic investment plans across all of our business units we highlighted last fall, provide the foundation for earnings growth of at least 5% well into the next decade.

With that, we will be happy to take your questions.

Questions And Answers

Operator

At this time, we will open the floor for questions. (Operator Instructions) The first question will come from Greg Gordon with Evercore ISI. Please go ahead.

Q - Greg Gordon {BIO 1506687 <GO>}

Hi, good morning, guys.

A - Thomas Farrell {BIO 1509384 <GO>}

Good morning, Greg.

Q - Greg Gordon {BIO 1506687 <GO>}

Notwithstanding just the very short delay that you've got on Cove Point, when I think about the structural benefits of tax reform, the $0.10 to $0.15, because obviously being delayed a few months of Cove Point is just few months, doesn't really matter, in the long run. Is it fair to think about the steps you've taken in terms of issuing the 500 million of equity and reducing the CapEx budget about $1 billion and bringing -- starting the $800 million of targeted debt reduction at the parent early. Like all those things are sort of -- you're taking the earnings benefit of tax reform and utilizing that to get a jump-start on the deleveraging goals. So in other words, like your earnings targets are still on track because you were able to take the benefits of tax reform and use them to get a jump on the deleveraging that you've articulated you're looking to achieve. Is that the right way to think about this or am I not thinking about it correctly?

A - Mark McGettrick {BIO 2066297 <GO>}

Hi, Greg. This is Mark. I think you're right on track there. A large piece of that we're using to go ahead and aggressively support our credit. One reason we went ahead and issued equity aftermarket in January knowing where our position was going to be even with a slight delay in Cove. So we did take advantage of that and we're committed to the ratings that we have. We will take the steps necessary to support that and we took advantage of taxes to get a jump-start.

Q - Greg Gordon {BIO 1506687 <GO>}

Great. I just wanted to make sure I understood that, that was sort of the -- what you're doing. Other than that, I actually don't have any other questions. Congratulations on a good year.

A - Thomas Farrell {BIO 1509384 <GO>}

Thank you, Greg.

Operator

Thank you. The next question will come from Julien Dumoulin-Smith with Bank of America Merrill Lynch. Please go ahead.

Q - Julien Dumoulin-Smith {BIO 15955666 <GO>}

Hi, good morning.

A - Thomas Farrell {BIO 1509384 <GO>}

Good morning, Julien.

Q - Julien Dumoulin-Smith {BIO 15955666 <GO>}

So, a quick clarification actually. Just given the conversations of Moody's and other agencies of late, just things under which you've updated your plan at present, does this puts you in a position to get back on track and remove some of these outlooks. I mean, obviously, you've probably added some of the conversations you've shared with us this morning. Is this more of a question of timing and execution to get your effort both to debt metrics and a place that is consistent with the agencies for your current rating? Is that the right way to think about that at this point? And maybe you could even share just a little bit on how you see the FFO-to-debt profile of the lows you're progressing?

A - Mark McGettrick {BIO 2066297 <GO>}

Hi, Julien, this is Mark. We have shared with the agency our plans and this is obviously an industry wide issue for regulated utilities in terms of FFO pressure because of tax reform. We think this gives us a very strong start to support our FFO metrics going forward, but there's probably more work to be done in the future. The approach I think -- we believe the agency is going to take are for all the companies that are impacted by the FFO, is to make sure they can execute the plans that they outlined for the agencies and for investors, and that's what we're committed to do, to get our FFO metrics where all the agencies are comfortable with them and very strong investment grade. That's our commitment and will remain our commitment.

Q - Julien Dumoulin-Smith {BIO 15955666 <GO>}

Got it. And then I wanted to just come back to earnings growth. Obviously, you've got a number of moving pieces in the update, not least of which is the $0.10 to $0.15 in tax reform. I know you -- in the key takeaways reaffirmed this 8% plus trajectory, but can you talk about ex-SCANA just how this might shift your standalone prospects for the earnings outlook, if it does at all?

A - Mark McGettrick {BIO 2066297 <GO>}

Julien, I hope we've been clear on that. Our 2017-2020 growth rate is 6% to 8% without SCANA on a compound annual rate. And I think as Tom mentioned, 5 plus percent post 2020. If we're successful in the SCANA transaction, that growth rate from '17 to '20 could move to 8 plus percent. So with or without SCANA, we're in terrific position with one of the best growth rates we believe in the industry and one of the highest dividend growth rates as well. But certainly, SCANA would be a positive result for us.

Operator

Thank you for the question. The next question will come from Steve Fleishman with Wolfe Research. Please go ahead.

Q - Steve Fleishman {BIO 1512318 <GO>}

Hi, thank you. Same question in a different way. Assuming that $0.10 to $0.15 net benefit continue through 2020, why wouldn't you be a little bit higher in your 6% to 8% growth or is it -- does that $0.10 to $0.15 change over the period?

A - Mark McGettrick {BIO 2066297 <GO>}

I think -- Steve, I think it's going to change a little bit over the period, but again, I think the 6% to 8% range we feel really comfortable with. And there's a lot of moving parts on tax reform still in terms of how states might handle it, how FERC might handle it, and the timing of the cash impacts on that. So, we bait our best assumptions here and we think that 6% to 8% is the right range without SCANA. Could it move us up a little bit? It's possible. I don't think it'll move us down at all. But I think taxes could move around a little bit post '18.

Q - Steve Fleishman {BIO 1512318 <GO>}

Okay. And then just to clarify, could you remind us if you are including any Millstone kind of the benefits of the potential contract here or not in your plan?

A - Mark McGettrick {BIO 2066297 <GO>}

We are not. Again, our range that could move us within our range depending on the success at Millstone, but we do not put a specific number in when we came out with our 6% to 8% growth range prior to the Millstone legislative work.

Q - Steve Fleishman {BIO 1512318 <GO>}

Okay. Could you maybe also just talk a little bit about the Virginia legislation that was recently proposed and then what's Dominion's view on that and potential impacts?

A - Thomas Farrell {BIO 1509384 <GO>}

Good morning, Steve. This is Tom. There is a comprehensive piece of legislation that has been developed by a variety of leaders in the General Assembly, both in the Senate and the House that deals with lots of issues in the state energy policy. It's moving through. Virginia moves legislation through in a very rapid pace, normally, and I don't think this will be an exception. They have to adjourn by the end of the first week in March. So, we are working with a variety of stakeholders on it. We think there are some very good things in it, there are some things that we'll have to accommodate ourselves to. But overall, we think it's constructive piece of legislation for our state and our customers.

Operator

Thank you for the question. The next question will come from Michael Weinstein with Credit Suisse. Please go ahead.

Q - Michael Weinstein {BIO 19894768 <GO>}

Hi, good morning guys. I was wondering if maybe you could just discuss some of the opportunities that you see from the legislation for both investors and customers. I know in the past we've talked about (inaudible) and Riders, and some other possible benefits.

A - Thomas Farrell {BIO 1509384 <GO>}

I don't -- I think it's premature to talk about it. We've still lots of work to be done on it. Maybe a little bit later when we see the final product, you know, committee hearings will be coming up in the next couple of weeks and we'll see how it goes from here. We'll be in a position to talk about it, I think, more thoroughly on the next call.

Q - Michael Weinstein {BIO 19894768 <GO>}

Okay. And on Dominion Midstream, you know in the past you use to talk about the 7 billion to 8 billion of cash from 2016 to 2020. Is there any update for that as well post tax reform?

A - Mark McGettrick {BIO 2066297 <GO>}

No update on that, Michael. We still expect that cash to come back to Dominion and that is the one of the main levers we're going to have to delever the parent, that story has been consistent in terms of the drop of Cove Point into Dominion Midstream and the benefit back to Dominion shareholders since day one and we fully expect to execute on that beginning in this year.

Q - Michael Weinstein {BIO 19894768 <GO>}

And just one last question, on -- in New England, can you talk about whether you plan to bid in the forward capacity auction at Millstone or is that dependent on the outcome on February 1st of the start of the year review?

A - Mark McGettrick {BIO 2066297 <GO>}

Go ahead, Paul.

A - Paul Koonce {BIO 3892592 <GO>}

Michael, this is Paul Koonce. So, we are not prepared to discuss what we're going to bid. I mean, that's obviously competitively sensitive. So, we are working very well with both DEEP and PURA to kind of get through that process. They're going to issue their final report, as Tom said, later this week. That will, we believe, lead to an RFP being issued in the May time frame. And so we'll be working with DEEP and PURA between the final report in May to understand the structure of a bid and then we will submit our bid as any others.

Operator

Thank you for your question. The next question will come Angie Storozynski with Macquarie Group. Please go ahead.

Q - Angieszka Storozynski

Thank you. So my question is, okay, so the $1 billion reduction in your CapEx doesn't impact your growth CapEx, so what is this? Is this maintenance CapEx that is getting reduced?

A - Mark McGettrick {BIO 2066297 <GO>}

Hi, Angie, this is Mark. It's going to be a number of things. The largest component of that $1 billion is associated with an announcement we've made recently to go ahead and put nine of our generating facilities in Virginia into coal storage based on current market economics. The timing of that over the next 12 months or so would require a lot of maintenance at all those units and that will be a lower portion of the reduction. But there will also be reductions in other non-core maintenance activities over the next couple of years to come up with the $1 billion over the two-year period, but we have very good line of sight on that.

Q - Angieszka Storozynski

Okay. Second question on the credit negative outlook -- credit outlook and okay, so the negative outlook was issued in January, and if I understand it correctly, the credit agencies were already aware of the equity financing and the lower CapEx that you are proposing? Does it mean that you need to step-up some of the credit improvement initiatives i.e., do I need to account for more equity come in '19 and '20?

A - Mark McGettrick {BIO 2066297 <GO>}

Angie, when we shared with the agencies our plans over the next three years, it was associated with the SCANA transaction. We had not adjusted for the equity that we've talked about today or the $1 billion adjustment. They were not advised of that until very recently and that was a decision that we made internally here to make sure that we are focused on the metrics and they know we're focused on the metrics and are making quick headway to improve that based on the tax reform impact. So, they weren't in their original numbers and we think this is a big step forward as we go ahead and complete the SCANA transaction.

Operator

Thank you. Our final question will come from Stephen Byrd with Morgan Stanley. Please go ahead.

Q - Stephen Byrd {BIO 15172739 <GO>}

Hi, good morning.

A - Mark McGettrick {BIO 2066297 <GO>}

Good morning.

Q - Stephen Byrd {BIO 15172739 <GO>}

Just wanted to check in on the overall goals in terms of leverage, you've given a lot of helpful commentary this morning on targeted credit metrics. But just -- you'd mentioned in the past, the desire to reduce the holdco debt as a percentage of total debt moving from 50% down to a lower level by the end of the decade, I believe 30% to 40%. Is that still we should be thinking in terms of how you think about your total holdco leverage?

A - Mark McGettrick {BIO 2066297 <GO>}

Yes, sure, that's the same range. We may get there a little quicker with some of the changes that we talk about today, but that is the range that we're targeting by 2020, 30% to 40% at the holdco as a percentage of total family debt.

Q - Stephen Byrd {BIO 15172739 <GO>}

Okay. Great. And then shifting, this is I know a little broader and off the beaten path, but I couldn't help notice the Amazon shortlist locations, three of them are in or near your territories. Have you all thought through what might be required in terms of infrastructure if one of those selections took place. Is this something that could be material in terms of infrastructure or is it more likely you can probably utilize the existing infrastructure that you have?

A - Thomas Farrell {BIO 1509384 <GO>}

Well, there is talking about a lot of jobs and lot of -- that means a lot of homes and residences and businesses, a spin-off of that, 50,000 jobs over a decade I think. And obviously, depending upon where it is, they want mass transportation. You're referring, I'm sure -- what you're referring to I think obviously is the District of Columbia, Suburban Maryland and Suburban Virginia were all -- Suburbs of Washington were all included on that shortlist. There will be a lot to deal with over a decade and we're hopeful that they see the wisdom of coming to the right state.

Operator

Thank you. This does conclude this morning's conference call. You may disconnect your lines and enjoy your day.