NorthWestern Energy Group, Inc.

First Quarter 2026 Earnings Call

Presentation

Operator

Good afternoon, and welcome, everyone, to the NorthWestern Energy first quarter 2026 financial results webinar. Today's conference is being recorded. [Operator Instructions]

At this time, I'd like to turn the conference over to Travis Meyer.

Travis Meyer
Director of Corporate Finance & Investor Relations Officer

Thank you, Audra. Good afternoon, and thank you for joining NorthWestern Energy Group's financial results webcast for the quarter ended March 31st, 2026. My name is Travis Meyer, and I'm the Director of Corporate Development and Investor Relations Officer for NorthWestern.

Joining us on the call today are Brian Bird, President and Chief Executive Officer; and Crystal Lail, Chief Financial Officer. They'll walk you through our financial results and provide an overall update on what great progress we've had this quarter.

NorthWestern's results have been released and the release is available on our website at northwesternenergy.com. We also released our 10-Q pre-market this morning. Please note that the company's press release, this presentation, comments by presenters and responses to your questions may contain forward-looking statements.

As such, I'll direct you to the disclosures contained within our SEC filings and the safe harbor provisions included in the second slide of this presentation.

Also note that, this presentation includes non-GAAP financial measures and information regarding the pending merger transaction. Please note these non-GAAP disclosures, definitions and reconciliations and the merger-related disclosures included in the appendix of today's presentation materials. This webcast is being recorded. The archived replay will be available shortly after the event and will remain active for 1 year. Please visit the Financial Results section on the website to access the replay.

With those details behind us, I'll hand over the presentation to Brian Bird for his opening remarks.

Brian Bird
CEO, President & Director

Thanks, Travis. On our recent highlights for the quarter, we reported GAAP earnings -- diluted EPS of $1.03 and a non-GAAP diluted EPS of $1.31. We're affirming our 2026 earnings guidance range of $3.68 to $3.83. And we're also affirming our long-term rate base EPS growth rate targets of 4% to 6%.

From a merger progress perspective, I'm sure all of you listening have noted that we received shareholder approval of our pending merger with Black Hills and received approval of all proposals. And we've also put in place constructive settlements with each of our key interveners in Montana, Nebraska, and South Dakota associated with the merger dockets. From a regulatory and legislative standpoint, we've had constructive wildfire legislation passed in South Dakota, and we recently submitted a Large New Load tariff proposal with the MPSC.

Regarding data centers, we're happy to announce we've signed another development agreement, this time with Quantica Infrastructure, now for a total of 3 development agreements associated with data centers. And lastly, for dividend, we declared a dividend of $0.67 per share payable June 30th, 2026, the June 15 record date.

And with that, I'm going to pass it over to Crystal for our first quarter financial review.

Crystal Lail
VP & CFO

Thank you, Brian. In my comments today, I will cover our first quarter results, our 2026 earnings outlook and our capital plan, and then I will turn it back to Brian to give you some of the exciting updates that he mentioned as we started the call.

I will begin my comments on Slide 7. We delivered GAAP earnings of $1.03, which includes impacts of a historically warm first quarter, merger-related costs and costs related to incremental Colstrip ownership. On an adjusted basis, we delivered $1.31 or 7.4% increase off of our 2025 first quarter results.

Slide 8 provides a bit of detail on these key drivers for the quarter. That includes improved margin, albeit net of the weather I just mentioned, offset by higher operating costs, depreciation and interest expense.

With regards to those operating costs, that includes $0.12 of an increase from the prior quarter due to our incremental ownership of Colstrip and $0.04 driven by labor and benefits. We've talked many times about the rationale for owning additional Colstrip and the importance of that facility to serving our customers in Montana, and we expect the annual operating costs to be approximately $48 million related to that incremental ownership.

So on a quarterly basis, you can think about that generally running about $12 million a quarter, and you will see that we have offset approximately $8 million of those costs here in Q1. The recovery of these costs was certainly impacted by low market power prices, impacted by overall conditions, driving power pricing lower than our expectations.

Moving to Slide 9 to give you more detail with regards to margin. Margins for the first quarter reflect new rates in Montana. You'll recall the timing of our rate filing last year and not having interim rate recovery in the first quarter, you'll see that increase here. Also noted are the sales from the Puget Colstrip interest, and also continued growth in our transmission revenues in the Bulk Electric System. This was offset by weather as Montana experienced the warmest winter in over 100 years.

Moving to Slide 10. That warm weather impacted us as an unfavorable $0.17 versus what we would expect as normal volumetric loads. As I mentioned, very mild weather in Montana and that continued off of our fourth quarter results as well. The quarter also included $0.05 of merger costs and $0.05 of operating expenses from Colstrip that were not recovered that I just mentioned. Those adjustments result in on an adjusted basis, $1.31 of earnings again for the first quarter of 2026 as compared with $1.22 in the prior quarter.

Moving to Slide 11. Brian noted that we are reaffirming our guidance for 2026. Looking ahead to the timing of our next rate reviews, which you all typically would expect us to announce our timing of rate reviews here in Q1. The settlement agreement that Brian will give you more detail on related to the merger do include some stay-out provisions both in Nebraska and South Dakota. For Montana, we have not determined the timing of our next rate review as the 2024k still remains under reconsideration.

In addition, critical to our long-term earnings profile, as we've talked about where we want to be from a 4% to 6% earnings growth perspective are the developments that Brian referred to with relation to development agreements with Quantica and also the large load care filing, all underpinning our ability to reaffirm our guidance both for 2026 and beyond.

Slide 12 gives you more detail on our capital plan. This remains unchanged from our fourth quarter call of $3.2 billion from 2026 through 2030. And I'll remind you that, that is driven by essential investments to meet our customers' needs. It does not include incremental investments that may be driven by additional regional transmission opportunities that we are very excited about or serving any of these large loads. It does include, however, what we adjusted for at Q4, which is to include the incremental generating capacity in South Dakota related to the SPP Expedited Resource Adequacy Study.

We are delivering on our base capital plan without issuing new common equity and have no equity needs in 2026. As we updated you on our Q4 call, incremental capital in 2027 related to the generation capacity in South Dakota will require some equity needs in 2027 and beyond.

And with that, I will turn it back to Brian for the rest of the update.

Brian Bird
CEO, President & Director

Thanks, Crystal. On Page 14, we've got good news in terms of South Dakota wildfire bill. Senate Bill 36 was passed to the South Dakota legislature with broad bipartisan support and has been signed into law. And I would just say, first and foremost, no strict liability. Strict liability cannot be applied to utility operations unless to have caused wildfire-related damage. In fact, the legal protections for providers and damages also shown on Page 14, you will find it's extremely similar to what we have in our Montana legislation.

As a matter of fact, if you want to go back and compare this page to our Montana page, it's very, very similar. So we're very excited about the protection that we have in our 2 electric states from a wildfire perspective, some of the best wildfire protection in the United States at the state level.

We plan to submit our wildfire mitigation plan for the South Dakota PUC approval in the second half of 2026, and we expect to update that plan every 2 years going forward.

Last thing I would say here from a wildfire perspective, I look back 3 years ago and what we've been able to do from a legislative standpoint and an operational standpoint and a situational awareness standpoint, we feel much better about how we will mitigate wildfire risk in our states, but also acknowledge there are -- it is going to be a difficult fire season in front of us, and we need to be cognizant of that as we continue to monitor our systems in those 2 states.

Regarding the merger with Black Hills and how that benefits stakeholders, I think certainly, we spent a lot of time talking to shareholders about this. Obviously, the increased scale and our ability to go from a 4% to 6% EPS grower to 5% to 7% and being able to putting these 2 companies together, double our rate base on a going-forward basis.

Expanding investment opportunity, having more resources, not only from the financial standpoint, but from a personnel standpoint, putting the right amount of resources at these opportunities.

A stronger balance sheet, 2 strong companies coming together to even have a stronger balance sheet on the other end. and obviously enhanced business diversity in terms of an expanded footprint and a much larger company for both entities. That's certainly a benefit to shareholders, and that combination represents a highly attractive value creation opportunity. And I think that's been supported by our shareholders, approximately 86% of our shareholders voted. And of those that did, 99.7% voted in support of the merger. So obviously, trying to do the right thing from a shareholder perspective, but this merger will benefit many stakeholders and certainly customers.

What I want to say about customers, not just taking 2 companies that provide great service and do it in a reliable and a cost-effective manner. But on a going-forward basis, any cost savings that these 2 companies will achieve ultimately accrue back to customers in future rate reviews. And so we're excited in this time period when the affordability is front and center in front of all of our customers, doing the things that we need to do to help in that regard. And the merger is certainly one of those. And so we hope as we move forward with each of the 3 states we're working with, we ultimately can get those approvals.

And with that, on Slide 16, talking about the time line itself, we did acknowledge here earlier in the call, reaching settlements in each of the 3 states that we have filed applications for approval. And we actually had a hearing already in Nebraska, and we'll have hearings in Montana and South Dakota in the May and June timetable, respectively. So continued good progress there. And again, having key intervener settlements are key at this point in time.

In addition to from a state perspective, we certainly filed back with FERC way back in December. And if you look at the 180-day approval time line, hope to hear back from FERC by the end of June. From a FERC perspective. In terms of the S-4 and joint proxy, obviously, the shareholder approvals were received here not too long ago. And the Hart-Scott-Rodino, we've satisfied that based upon the waiting period expiring for that. So really a lot of green checks on this page and this time line, that's fantastic. But we're still certainly waiting on not only FERC, but the 3 states to ultimately make a decision. And obviously, we have to have hearings in 2 of those states.

So lots of green checks. We'd like to think we could get something sooner rather than later, but we still believe that an outcome will finally be achieved here. And obviously, getting the approvals we need, we expect to have that in the second half of 2026.

Regarding data center process and progress, I would say we continue to quite a bit of demand. We actually increased our data center request queue from 6 to 8 since the last time you've seen this page. High-level assessments actually come down. I think as people go through the process and understand what they need to do in essence to put forward a deposit and think about the costs associated with moving forward. We had one of those fall away down to 4 in that high-level assessment. Hopefully, we can continue to move folks there to a development agreement.

And by the way, speaking of that, you can notice on Slide 17, we've kind of grayed out letters of intent. When Quantica signed the development agreement, we no longer have any LOIs per se, we've moved those to the development agreement stage. And as we move forward with folks in the high-level assessment, we would want to move them directly to a development agreement, and so that's the hope there.

And of the 3 in the development agreement phase, we'd like to move all of those to an ESA or an Energy Service Agreement. And I would say this, instead of guaranteeing a timing of any ESAs, I would put it in this context. All 3 of those parties, those developers, would like to have an ESA done by the end of 2026. We on our end we're doing everything we possibly can to deliver that we're ready from a 2026 perspective, but we'd also point out that they need to do certain things on their aspects as well.

So the hope is we could bring some of these development agreements to ESA by the end of the year, but certain things certainly must get done, and we will work with them and all of us desire to make that happen by the end of the year.

On Slide 18, from the regulatory front in terms of large load customers, the big news in this quarter is we did submit our Large New Load tariff with the MPSC in March 2026. Certainly, a lot of questions about data centers and protecting customers. If you take a look at our Large New Load tariff, that is definitely what the intent is, not only protect customers and the company, but also just give the guidelines in terms of where we're going to go if, in fact, we can serve large load.

So that was a significant development during the quarter. And I think the rest is relatively the same in Montana and South Dakota. We're ready to move forward if, in fact, we get the large load tariff in Montana, but we're ready today with an ability to serve large load in South Dakota.

Regarding that, I mentioned earlier, we're seeing some demand. We were disappointed. We were not able to achieve any sales tax relief from a data center perspective in South Dakota, but we're still seeing quite a bit of interest in South Dakota, nonetheless. And so we'll continue to be -- work with folks to see if we can come to any agreements there anytime soon.

In terms of the 3 parties that we're working with, I'm sure many of you read Sabey has had some issues procuring the land necessary for their data center. They continue to work through that issue, and we're certainly being patient with them in that process. Atlas continues to move along the process necessary to get from development agreement to ESA. And then Quantica, of course, the big news as of late is our development agreement with Quantica for their load, which goes from 25 megawatts ramping up to 1.1 gig with a targeted start date of early 2029.

As is common in these transactions and particularly at this phase of the process, a customer has not been named at this point and will certainly be named at the point in time that if, in fact, we do enter into an ESA with that customer.

Colstrip on Slide 19. The reason I want to cover this slide, just to make sure there's no confusion about our intent with our 2 pieces of incremental Colstrip. I think everyone is aware, we acquired the Avista portion of Colstrip to get to resource adequacy with that particular level, 222 megawatts. And we procured the Puget 370 megawatts to go from 30% with Avista to 55% to make sure we have control over the Colstrip and the future of Colstrip and is in our hands instead of at the hands of some others who may not think about Colstrip on a long-term basis.

And so that's really important for the state. I think you also know the Puget piece is currently in a FERC-regulated entity and will be there until we have an indication on our Large New Load tariff. And if, in fact, that Large New Load tariff is actually put in place, it would be our desire to move that asset into our Montana state regulated business. But until we have an outcome on the Large New Load tariff, we will continue to have that as a FERC-regulated asset.

I think many are aware of the NorthWestern value proposition as a stand-alone business with a 4% dividend yield and our 4% to 6% EPS growth based upon a $3.21 billion capital program, which is divided relatively evenly between our transmission distribution and supply businesses, but executable and low-risk critical capital to our customers, we could still that investment, that growth rate can achieve an 8% to 10% total return.

We do have incremental opportunities, we believe that can help us grow faster than 6%, but we have to deliver on those. And none of these opportunities, I'm going to talk to you about today are in our current plan. There's no data center in our current plan and off to the left in terms of capital investment, there's no FERC regional transmission. There's no incremental generating capacity other than the South Dakota capacity that we've talked about. This will be incremental above and beyond that. Those are not in our plans today. But if, in fact, we were to deliver on that, we could see total returns greater than 10%.

The other thing I would say here is back to the merger conversation, we believe we can execute on this plan even better, better together with our friends at Black Hills. And so obviously, the merger continues to be important to even maximize more so that value proposition.
And with that, that concludes our presentation, and we'll take any questions at this point in time.

Question and Answer

Operator

[Operator Instructions] We'll take our first question from Shahriar Pourreza at Wells Fargo.

Whitney Mutalemwa
Wells Fargo Securities, LLC, Research Division

This is Whitney Mutalemwa on for Shar. Congratulations on the quarter. You stated that there's a need for large loads to get things done on their end before getting to the ESA stage. Does the recent Sabey land situation reinforce the need for stricter milestones just around site control, permitting before NorthWestern really begins to treat a project as part of a planning baseline? And then I have a follow-up.

Brian Bird
CEO, President & Director

I think I would say in this context, initially, when we wanted to file the large load tariff, the intent was for us to take an ESA with one of these large load customers and jointly go in and talk about the large load tariff. One of the things we want to do is to make sure that we continue to work with these parties in -- it's going to take a while, I believe, to get ultimately a resolution of the large load tariff. In the meantime, we'll be able to continue to work with these 3 developers on all the necessary things they need to do and we need to do to ultimately bring us to an ESA position.

Whitney Mutalemwa
Wells Fargo Securities, LLC, Research Division

That's actually sounds pretty good. And then just to move on to just thinking about large load numbers. Today's update was notably stronger just on the aggregate level with demand tied to the 3 large load customers now scaling to 1,500 by 2030 versus the prior 1.1 gigawatt framing. Can you help bridge what's actually driving the increase from the prior outlook? I understand that it's mostly Quantica, but is it better visibility on existing counterparts or just a broader change in how you're underwriting the pipeline?

Brian Bird
CEO, President & Director

Yes. The primary change here was specifically to Quantica. I think you might see prior, I think we had something in the 500 range for them, obviously, 1.1 gig from them today. So I think the change is primarily associated with Quantica.

Operator

We'll move next to Aidan Kelly at JPMorgan.

Aidan Kelly
JPMorgan Chase & Co, Research Division

Maybe just going back to the large load front. Clearly, you've demonstrated some good progress on getting your third development agreement this quarter. I guess ahead of ESAs, I'd be curious to hear what the latest resource planning assumptions are for each of these projects. And if like you could comment on what NorthWestern's ability is to participate in generation opportunities. I think in the past, Brian, you mentioned like build-own transfer as an opportunity, but I would appreciate if you could just tee up where we are today and kind of walk through the playbook of what utility participation looks like at this time.

Brian Bird
CEO, President & Director

Aidan, it's a great question, and I could talk about this for about half an hour. So I will try to keep it as brief as I can. We definitely would like to participate. I think one of the things I've talked about in the past is concerns about the procurement rules in Montana in terms of IRPs, RFPs and pre-approval, it's a long process. And our data center partners certainly would like to move faster than that. So one of the things that we're looking to do with them is to say is their ability to participate in some form or fashion through a build on transfer process.

And they obviously want to be working, I think you heard data centers say, we'd rather be served by the utility through a portfolio than stand-alone behind the meter resources. And so that's ultimately what we'd like to do, but our procurement rules and their desire to move quicker is going to be tough. So I think we're going to have to work together and try and necessarily find a way to do that. Obviously, the Puget interests are available, if you will, for large load tariffs. So that's certainly helpful. Our existing portfolio is really there to serve our existing customers, but the Puget 370 portion certainly can help.

And our long-term IRP does have some cases associated with data center build-out, but it would have to be in the back half of some of these opportunities. And so we will work with each of these developers in their resource planning and ultimately come together where we can participate together, but certainly on a lesser interest maybe than some utilities who have procurement rules that allow them to actually provide all of these resources.

So again, we want to participate certainly as much as we can from a generation perspective, and we'll plan to do as much as we can there with the timing we have. But remember, there's going to also be a tremendous amount of transmission opportunities associated with this as well. So we're excited about our ability to invest along with our development partners from a data center perspective.

Aidan Kelly
JPMorgan Chase & Co, Research Division

And then just one more question on my end. I wanted to pivot to the regulatory front. Just any thoughts on the upcoming Montana Commissioner elections and how this might influence your strategy in the state?

Brian Bird
CEO, President & Director

Well, in terms of our strategy in the state, I would put it this way. We don't have a strategy in the state in terms of what commission is ultimately elected. We're obviously going to work with whoever gets elected and want to, obviously, with the commission to do the right things for our customers in Montana. If you have a question regarding what the races are looking like, I can certainly go there, but I'm not necessarily sure specifically what your question is there.

Aidan Kelly
JPMorgan Chase & Co, Research Division

I guess just like the filing cadence, how you kind of think about that as the election kind of some momentum into this fall and just thoughts on that.

Crystal Lail
VP & CFO

Yes, Aidan. I think there's always lots of things that go into our filing cadence. And we've been very clear with -- and obviously, being a state with elected commissioners, all 3 of ours actually that regardless of when elected commissioners may come or go, we're going to need to recover our costs. We're investing significantly to serve our customers in Montana. So those are going to be fairly frequent cadences. And while there is an election, there's 2 seats up for this year, one with one terming out and the other with a commissioner running for reelection.

Either way, we're going to continue our cadence of needing to recover our costs at historic rate making and I alluded to the fact that '23 test period, '24, no measurable filing and its 2026 end of April, I think, and we still don't have the final outcome. So we're going to need to work within that historic rate-making context and keep filing. So while the elections may come and go, it doesn't necessarily change our broader strategy of recovery.

Operator

We'll go next to Chris Ellinghaus at Siebert Williams Shank.

Christopher Ellinghaus
Siebert Williams Shank & Co., L.L.C., Research Division

Crystal, was that the largest weather deviation from normal you've ever had?

Crystal Lail
VP & CFO

Funny you asked that question, Chris. We're actually prepared for that one. I think first quarter of 2019, we actually had a slightly larger deviation, and that one happened to be a colder weather event. So we actually saw incredibly cold weather that winter. So we did go back and take a look. So it isn't the most material weather impact, but its overall average warmth, I would tell you, between both Q4 and Q1, I would suggest that was probably the most significant we've seen.

Christopher Ellinghaus
Siebert Williams Shank & Co., L.L.C., Research Division

Brian, you said you would discuss how the races are going. So how are they going?

Brian Bird
CEO, President & Director

Well, I think I would say that we have a commission up for election in both South Dakota and Nebraska. And in terms of primaries there relatively quiet, what I can see in Montana, I know commission Dr. Bukacek has got 2 Republicans running against her in the primary there and I think an unchallenged Democrat. It's early innings here in terms of what we can say there. The Panoche seat is open, and there are a couple of Democrats running for that seat and I think an unchallenged Democrat.

And again, regardless, Chris, obviously, whoever gets elected, we're comfortable working with, and we'll continue to watch. But as we sit here today, I think the primary, I think you know are coming up in the June timetable and the time period for others to get into those races in Montana, I think, is passed. So stay tuned.

Christopher Ellinghaus
Siebert Williams Shank & Co., L.L.C., Research Division

So given the speed that Montana sort of operates at, I think when I look at your sort of diagram of merger approval expectations, certainly, the other states operate in sort of a more normal kind of timeline for decisions. But Montana is particularly slow. And given that the hearings start the middle of next month, if you just took a rate case, for instance, as an example, it could be many, many months following the hearing before you get orders. So is there any reason you have some confidence in getting approvals in Montana by the end of the year?

Brian Bird
CEO, President & Director

Thanks, Chris. It's a good question. Obviously, we say the latter half of 2026. I'd say I'm confident, first of all, we don't know what the outcome is, and we hope to acquire certainly the appropriate amount of votes in order to get a good outcome. The reason, I think the speed of that outcome should be relatively quickly. For 2 reasons, one, the important interveners, if you will, large customer group, obviously, the Montana Consumer Council. And obviously, you saw a handful of other interveners have agreed and settled here.

And so in essence, we've gotten to a point where people are comfortable with the merger such to be in settlement with us. That's the first reason. So I think we've taken a lot of the issues, if you will, off the table. And we have 2 interveners that really remain that we need to have a hearing with and have a contested issue. So I think the fact that we've got a lot of progress from these settlements should help in the speed.

The second thing I'd say is there's a $10 million benefit that will accrue to customers shortly after the merger. And I think if that benefit... I would expect that the commission would want that benefit to get to customers as quickly as it possibly can. So I would think taking those things into consideration, I'd like to think this would move faster than slower.

Christopher Ellinghaus
Siebert Williams Shank & Co., L.L.C., Research Division

You were talking about wanting to take an ESA with you to the commission to talk about the large load filing, is there not enough precedent in other states? There have been some really good mechanisms built into particularly Southern states and some of the Midwest [Technical Difficulty] for adding new resources. So is that not enough to be able to take some of that presidential evidence to the commission good enough relative to being able to take a customer specifically?

Brian Bird
CEO, President & Director

Yes. 2 things, Chris. First and foremost, the nice thing about the utility space is we do see what our neighbors do, and we think we've taken really the best of all of the large load tariffs that we've seen out there. And I think you've seen kind of a middle of the fairway proposal that's in line with what you've seen elsewhere in the industry and one that's in such a position that it protects customers.

The second thing I'd say is that we were at a point in time, I believe that we would have an ESA some time ago. As you know, Sabey run into some land issues that were not... we were not aware of until here most recently. So I think the timing of a large load tariff and that ESA, we thought they would be about the same time. And why not bring with it into that large load tariff. From our perspective, we want and there's a lot of questions out there, Chris, about how we're thinking about data centers and how we're going to protect customers. We felt it was in the best interest of everybody for that dialogue to make this Large New Load tariff filing.

And you're right, it does... if you think about it, it's very, very similar to the other protections utilities are seeking for their customers. And so we certainly have an opportunity to look at what others are doing.

Crystal Lail
VP & CFO

And Chris, I would just add on our filing for those who don't read the devil in detail of the filings, it is a good spot to be in because you can reference all these others states that have already found a path to making sure there's not cost shifting, reasonable stranded asset protection. Our framework does exactly that and does specifically benchmark all those other tariff filings that have gotten there. So I think brings us to a point that there's a great basis to your question there that the commission can consider without having a specific customer contract to look at.

And hopefully, we will have one of those soon, but they can consider that, that tariff framework provides adequate protections for customers in the state while allowing for the great benefits that you could see on needed system investment that large load customers pay for that.

Christopher Ellinghaus
Siebert Williams Shank & Co., L.L.C., Research Division

Maybe I could rephrase the question a little bit. So obviously, you guys see what everybody else is doing. But sort of the rhetoric that you've heard throughout certainly last year quite a bit was seem to suggests that maybe some of the commissioners in Montana had not sort of been filing how these other jurisdictions were going and the protections that are provided and the customer benefits provided. So do you think they're watching?

Brian Bird
CEO, President & Director

Yes, I can't speak for the commissioners. My expectation they and the staff are following what's happening in other states. I certainly would hope so. I just like them to understand that what we're trying to do, and as Crystal also pointed out, we're trying to do something similar protections that have already been done and accepted in various states. And I think testimony has certainly provided to give examples of that.

Christopher Ellinghaus
Siebert Williams Shank & Co., L.L.C., Research Division

Sure. And like you said, with the settlement in Montana for the merger has benefits, it's not just protections, there's customer benefits that come from these as well that you would think they would want to speed along to customers. Anyway.

Brian Bird
CEO, President & Director

Yes. Chris, I'd argue in all 3 states, obviously, it's credit in Montana, but even the moratorium in South Dakota, Nebraska provides protections for customers in all 3 of those states.

Operator

We'll take our next question from Paul Fremont with Ladenburg.

Paul Fremont
Ladenburg Thalmann & Co. Inc., Research Division

Congratulations on the good quarter. Starting with sort of Quantica over, what period of time would it take for them to reach 1,100 megawatts?

Brian Bird
CEO, President & Director

That's a good question, Paul. From a ramping perspective, I think about 2 years, starting in '29 and about 2 years.

Crystal Lail
VP & CFO

Yes. I think our materials is around 2031, they be a full ramp.

Paul Fremont
Ladenburg Thalmann & Co. Inc., Research Division

And then when I think about your 4% to 6% and the fact that no data centers are included in the current 4% to 6%, would Sabey and Atlas keep you within the 4% to 6%? Or would you expect that Sabey and Atlas could put you above sort of the 4% to 6% EPS growth?

Crystal Lail
VP & CFO

Paul, the way I would answer that is each of these deals are going to be specific to the needs of the customer and what's the needed investment that will be driven by where that customer is located, where they want to be. So we've consistently said, A, we can't specifically quantify it until we get to an agreement with them and can then clarify what that impact is to earnings. But all things considered equal, certainly pushes us upwards in the range.

Paul Fremont
Ladenburg Thalmann & Co. Inc., Research Division

And then should we assume that the Avista portion of Colstrip would likely be the source of generation that would serve Sabey and Atlas?

Brian Bird
CEO, President & Director

No, you shouldn't assume that. The Avista portion is -- I think you may recall, and Paul, we talked about this for some time at this company, we certainly did not have the appropriate reserve margin in our business. We're not resource adequate. The Avista piece got us to resource adequate to serve our existing customer needs. The Puget piece, remember that, as I described earlier in the call, that got us from an ownership perspective at Colstrip that made us more comfortable that we had control certainly over the future Colstrip.

But that 370 megawatts is not necessary for customers today and nor did we want to burden our customers with $30 million of operating costs that for assets they don't need today. But that 370 megawatts is available to serve large customers.

Paul Fremont
Ladenburg Thalmann & Co. Inc., Research Division

So then if the Puget piece serves those customers, what potential other spending would you see that would be associated with Sabey and Atlas if they were to come online?

Brian Bird
CEO, President & Director

Yes. You're speaking specifically here from a generation perspective. Obviously, there's going to be transmission investment and other investment necessary to support that. And I think as Crystal pointed out, when we have an ESA, we'll be able to talk a little bit more about that.

Crystal Lail
VP & CFO

Paul, I would also add that our large load filing in that framework, the premise is that each customer would pay the current embedded rate in the large load tariff and that you would surcharge for any incremental investments such as transmission or generation. So the other way to think about that is they would come on paying the rate that is set in each base rate case, and that sets the floor of rates they would pay and contribute to the systems.

And then beyond that, we would be able to surcharge based off each individual's customer needs, and that's where you get to the question you're going to of how do you think about this and model the opportunity, which is when we are able to sign a specific ESA, we'll know what that needed incremental investment might be.

Paul Fremont
Ladenburg Thalmann & Co. Inc., Research Division

And then how realistically would you serve the Quantica load if it were to ramp beyond sort of what's available out of the Puget piece of Colstrip?

Brian Bird
CEO, President & Director

Yes. I think in that timetable that they're talking about, as we talked about in our current IRP, we talked about the ability to serve in a base load, our base plan didn't talk about serving data centers, but we had scenarios where data centers are included. But I think in essence for them to for us to participate on the back end of that, we're going to have to maybe catch the back half of that 2031 with some generation. But I think in our discussions with them, they're going to have to bring their own generation and particularly for the 29 and 30, and I'm going to guess from their needs, all of that load, certainly a good portion of the 31 as well.

We'd like to participate, but it's going to be in the back end. And we like to make sure in what they do build, we would like to have the opportunity from a build on transfer in anything they build.

Paul Fremont
Ladenburg Thalmann & Co. Inc., Research Division

Great. And my last question has to do with, I think the large customers suggested that they wanted to see you pursue greater integration of your system with Black Hills post-merger, can you maybe give us an idea of the type of integration work that you think would make sense to better serve the customers of both systems?

Brian Bird
CEO, President & Director

Yes. I would think from the generation needs to serve our customers, I think the generation closest to our customers are likely to continue to be built in our service territory. The biggest opportunity out of the blocks would be looking at Path 80 from a transmission interconnection perspective. I shared that in the past as one of those paths. But I think as we continue to look at North Plains Connector and other opportunities for regional transmission, being able to be combined with Black Hills certainly, I think, gives us better opportunities to participate in all of the regional opportunities we're looking at.

Paul Fremont
Ladenburg Thalmann & Co. Inc., Research Division

And like the KV size of that line and how many miles roughly would that be in terms of construction?

Brian Bird
CEO, President & Director

Well, North Plains Connector, we're talking about a 10% or a 300-megawatt interest. And I'm not sure what's publicly stated in terms of the dollar amount associated with that project as we sit here today. It was a pretty sizable investment for us. We're evaluating that. We're evaluating, of course, continue to invest in the Colstrip transmission line and the upgrades associated there. Paul, we're looking at our Montana, Idaho opportunity in terms of investment there and also Path 80, obviously, being able to connect ourselves between Black Hills and our system.

We have a slide associated with that regional transmission we shared in the past. In terms of the dollars associated with that, we're still in relatively early phases of development. And until we get to certain stages there, we're going to probably stay away from sharing what dollar amounts would be. We think those investments would be.

Operator

And that concludes our Q&A session. I will now turn the conference back over to Brian Bird for closing remarks.

Brian Bird
CEO, President & Director

I appreciate the comment earlier about a great quarter. I just want to say this. I think you think of the progress thus far on the merger, the shareholder vote, the 3 settlements. I just wanted to thank my team. I want to thank the Black Hills team, great coordination to make that happen and the timetable that we have.

Great work here at NorthWestern to not only be able to make progress on the merger, but to deliver all the things that we're -- all the other things we're talking about here on this quarter and to continue to serve our customers as well as we do each and every day. So really, really proud of our group and the great quarter we've had. So thank you very much.

Operator
And this concludes today's conference call. Thank you for your participation. You may now disconnect.