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OVERVIEW:

Co. reported 2019 adjusted EPS of $3.11. Expects 2020 adjusted EPS to be $3.10-3.22 and 1Q20 adjusted EPS to be $0.72.

CORPORATE PARTICIPANTS

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PRESENTATION

Operator

Greetings, and welcome to The Southern Company Fourth Quarter 2019 Earnings Conference Call.

[Operator Instructions] As a reminder, this conference is being recorded, Thursday, February 20, 2020.

I would like to turn the conference over to Scott Gammill, Director of Investor Relations. Please go ahead.

Scott Gammill - *The Southern Company - Head of IR*

Thank you, Edison. Good afternoon, and welcome to The Southern Company's Year-End 2019 Earnings Call. Joining me today are Tom Fanning, Chairman, President and Chief Executive Officer of Southern Company; and Drew Evans, Chief Financial Officer.

Let me remind you we'll be making forward-looking statements today in addition to providing historical information. Various important factors could cause actual results to differ materially from those indicated in the forward-looking statements, including those discussed in our Form 10-K and subsequent filings.

In addition, we will present non-GAAP financial information on this call. Reconciliations to the applicable GAAP measure are included in the financial information we released this morning as well as the slides for this conference call, which are both available on our Investor Relations website at investor.southerncompany.com.

At this time, I'll turn the call over to Tom Fanning.

Thomas A. Fanning - *The Southern Company - Chairman, President & CEO*

Good afternoon, and thank you all for joining us. As you can see from the materials that we released this morning, we reported strong adjusted results for the full year that exceeded our original guidance expectations and we're in line with the updated year-end estimate we disclosed on the third quarter call. By all accounts, 2019 was an outstanding year for our company. We performed well across a broad range of metrics. We reached all 2019 major milestones at Vogtle Units 3 and 4. Operational performance at our state-regulated utilities was superb with record generation and transmission performance.

We concluded several key regulatory proceedings, including constructive base rate cases for Nicor Gas, Georgia Power, and Atlanta Gas Light. We took steps to further strengthen our balance sheet. We continued to economically decarbonize our generating fleet, decreasing our coal generating capacity by 2000 megawatts, and we expanded our portfolio of renewable energy sources, which is now over 12% of our generation mix. Our company is ranked in the top quartile nationally for customer satisfaction, and we were named Best Company to Work For in our industry and 14th overall in the United States. So overall, terrific performance.

Let's turn now to an update on Plant Vogtle Units 3 and 4. In April of 2019, we laid out an aggressive site work plan as a tool to achieve margin to meet the November 2021 and 2022 regulatory-approved in-service dates. Executing this strategy resulted in substantial progress at the site, and we reached all major milestones in 2019. The aggressive site work plan established last April set a goal of approaching 90% completion of Unit 3 direct construction by year-end. Today, Unit 3 direct construction is 85% complete. As we have discussed in the past, Southern nuclear evaluates projected cost and schedule forecasts on a regular basis. As part of this process, we completed a scheduled refinement for Units 3 and 4 earlier this month, which, in summary, produced 3 major conclusions.

First, we confirmed our ability to -- our expected ability to achieve the November '21 and November 2022 in-service dates. Second, we supported the site's strategy to continue to utilize an aggressive site work plan with no change to the May 2021 target in-service date for Unit 3 and a 2-month advancement of the target in-service date for Unit 4 to March 2022.

And third, we confirmed no change in the projected overall capital cost forecast.

Now I'll walk you through the details. Let's begin with some additional background on the schedule refinement. Over the past year, we continued to gain a greater understanding of the site capabilities for construction and testing, specifically for construction. In 2019, the site achieved sustained periods of 140,000 to 145,000 earned hour per week but built a backlog to the April 2019 aggressive site work plan. The schedule refinement process took into account our 2019 performance and also our progress on work packages, testing, and turnover. The resulting refined aggressive site work plan for 2020 relies on sustaining our current construction production levels and requires a reasonable increase in electrical commodity installation. On the refined aggressive site work plan, we have extended by about 6 weeks, 2 of our near-term milestones for Unit 3, starting cold hydro testing and hot functional testing. By extending these milestones, refining testing sequences between hot functional testing and fuel load and planning to complete noncritical electrical work later in the schedule, we now have more time to complete construction and work down the current backlog of construction hours. With these changes, the aggressive site work plan continues to target a Unit 3 fuel load by the end of this year, supporting a May 2021 in-service date. The aggressive site work plan reflects a continuation of our strategy to drive construction productivity, complete testing activities and ultimately meet the regulatory-approved in-service dates.

Next, to complement the aggressive site work plan for Unit 3, we have established a November benchmark that forecasts construction production levels and future milestone date necessary to support the regulatory-approved in-service date of November 2021. This benchmark provides a clear comparison to the refined aggressive site work plan. On the November benchmark, fuel load could occur as late as the summer of 2021, in support of a November 2021 in-service date. The November benchmark also supports our expectation that the aggressive site work plan is an appropriate strategy and provide sufficient flexibility to achieve the November 2021 regulatory-approved in-service date. The result of the schedule refinement and the November benchmark is illustrated on the key milestones chart for Unit 3. The blue line represents the aggressive site work plan and the orange represents the November benchmark with the milestone start date shown in the circles and the direct construction percent complete detailed on the lines near the top. As you can see on the green bars, recently, we have been averaging about 2% completion per month for direct construction for Unit 3. If we maintain construction completion of approximately 2% of direct construction from each month from now until hot functional testing, we would expect to be close to the blue line or the aggressive site work plan. To achieve the November benchmark, we estimate this metric would need to be approximately 1.3% each month.

Now let's focus on estimated costs. In conjunction with the refined schedule, in the fourth quarter, Georgia Power allocated an additional $110 million of its project contingency. Primary drivers for this allocation include a continuation of current cost and schedule productivity trends, which have been lower than planned. Through the fourth quarter of 2019, Georgia Power has allocated a total of $140 million. So approximately 60% of our initial total cost contingency remains. Looking at it another way, the scheduled cost margin and the remaining cost contingency combined represent approximately 20% of the remaining estimated cost to complete. Recall, the estimated cost of the time between the aggressive site work plan and the regulatory-approved November in-service dates or there our scheduled margin is embedded in Georgia Power's base capital forecast. As we have said, we expect to utilize the entirety of these funds as we progress towards completion of the project.

In summary, as I mentioned earlier, there is no change to the total estimated cost to complete the project.

Finally, from a regulatory perspective, Georgia Power continues its Vogtle Construction Monitoring or VCM process with the Georgia Public Service Commission. VCM 2021, recall it's 12 months, was unanimously approved by the PSC on Tuesday.

Georgia Power filed VCM '22 accounting for 6 months yesterday.

In summary, we continue to expect that we will meet the November regulatory-approved in-service dates, and there is no change to our estimated cost to complete. It is important to recognize the substantial progress made on Vogtle Units 3 and 4 both in 2019. And really, since the Southern nuclear team assumed leadership at the site nearly 3 years ago, it is equally important to recognize that there is much work ahead, particularly in 2020.

Our primary objective remains achievement of the regulatory-approved November 2021 and 2022 in-service dates for Vogtle Units 3 and 4, and we look forward to communicating progress on our major milestones in the month ahead.

Drew, I'll turn it over to you now for an update on the financials and our outlook.

Andrew William Evans - *The Southern Company - Executive VP & CFO*

Thanks, Tom, and good afternoon, everyone. First, I'd like to echo the -- Tom's comments on an incredible year. In 2019, we achieved earnings per share of $3.11 on an adjusted basis, above the guidance range that we established at the beginning of the year. We delivered this outstanding financial performance while also returning to customers the benefits of tax reform and regulatory sharing programs, including additional onetime refunds to customers as a result of the Georgia Power rate case settlement. A detailed reconciliation of our reported and adjusted results is included in the morning's release and in the earnings package.

2019 EPS was $0.04 higher compared to the prior year on an adjusted basis, primarily driven by higher earnings at our state-regulated utilities. Just to be clear, our performance is relative to year in 2008 -- 2018 that significantly exceeded the midpoint of our original guidance expectations, in part due to strong weather at our state-regulated utilities. And in 2019, we more than offset $0.31 of EPS from entities we divested in the prior year. With that backdrop, the $0.04 year-over-year increase reflects the impacts of tax reform and related to changes in capital structure and continued investment at state-regulated utilities in support of infrastructure modernization along with some customer growth.

Recognizing the industry trend that customer used is declining, we have also been successful in mitigating internationally related to O&M expense, as we always look to operate more efficiently.

Turning to some operational highlights. For 2019, our energy supply mix was comprised of 50% natural gas, 22% coal, 16% nuclear and 12% renewables. Notably, generation from coal decreased by almost 20% from 2018. This is consistent with our carbon reduction objectives and our commitment to deliver affordable energy to customers.

We continue to experience strong population and job growth in our Southeast service territory, particularly in Georgia, which is the fifth fastest-growing state in the U.S. Last year, we added over 41,000 new residential electric customers and nearly 30,000 residential natural gas customers across the state-regulated utilities, exceeding our full year expectation.

Over the past 5 years, on average, we've seen weather-adjusted retail electric sales remain essentially flat. We've seen annual customer growth of roughly 1%, offset by a decrease in customer usage of about the same percentage, reflecting continued energy efficiency in technology advancements.

For 2019, specifically, we saw a trend of weaker industrial sales. This resulted largely from global trade uncertainty as well as changes in production levels and customer responses to real-time pricing. However, we do see some modest improvements emerging, and we believe the Southeast is well-positioned to add customers as the industrial sector picks up. Overall usage remains consistent with our expectation, and we expect retail sales growth to be flat to 1% for the foreseeable future.

Turning now to our expectation for 2020. Our guidance range for the full year is $3.10 to $3.22. The $3.16 midpoint represents a compound annual growth rate of 5% from the midpoint of our 2018 guidance range. For the first quarter of 2020, we estimate that we'll earn $0.72 per year -- per share. Our expected long-term EPS growth rate remains 4% to 6%, using the same base that we established in 2018 of $2.87 per share. With over 90% of total projected earnings over the 5-year planning horizon coming from our state-regulated utilities, our EPS trajectory has a solid foundation. Likewise, our balance sheet improvements, recent constructive regulatory results and ongoing focus on cost control serve to strengthen our outlook over the next several years as the lower ROEs related to Vogtle 3 and 4 construction phase in and phase out.

Our long-term outlook also continues to be driven by capital investment in our state-regulated businesses. Our investment plan of $40 billion for the 2020 through 2024 time frame includes projected rate base growth at our state-regulated utilities of approximately 6%. This updated plan reflects a $2 billion increase over last year's 5-year forecast. The main driver of the increase is incremental investment related to new electric generation and additional safety-related gas pipeline replacement programs. Of the total, 95% is expected to be invested in our state-regulated utilities with a continued emphasis on transmission and distribution modernization.

For Southern Power, the cumulative 5-year investment plan is comprised entirely of previously announced projects and maintenance capital for the existing generation fleet, which supported by recent recontracting successes, is over 90% contracted for the next 10 years. Any incremental growth opportunities at Southern Power expected to enhance the long-term financial plan and be largely self-funded.

We currently forecast no equity need over our 5-year plan horizon as a result of strategic value-accretive transactions that we have executed over the past 2 years and our August 2019 equity units offering. Financial integrity and strong credit ratings provide significant benefit to both customers and investors and has always been a very top priority for us. We have taken significant steps over the past 2 years to deleverage our balance sheet decreasing our total company debt to capitalization by almost 8 percentage points and believe we're well-positioned to further strengthen our balance sheet and improve our credit metrics. As part of this focus, we've engaged in an effort over the past year to simplify our business. This effort has included identifying and divesting assets that are not sufficient -- not of sufficient scale to be meaningful to Southern's overall value proposition. The announced sale of our ownership interest in the Atlantic Coast pipeline and the pivotal LNG business to Dominion Energy is the most recent example of this business simplification effort. Additionally, on January 17, we closed on the sale of Southern Power's Plant Mankato to Xcel. And last year, we executed on the sale of LED lighting and utility infrastructure businesses that were originally acquired as part of the power secure transaction.

Lastly, in an effort to continue to improve our risk profile, we made a $1.1 billion voluntary contribution to our pension plan in the fourth quarter of 2019. This increased our funded status at year-end to 100%. Further, we did not expect any additional required pension contributions over the next 5 years.

Before I turn it over to Tom -- turn it back to Tom, I'd like to give you a brief update on our regulatory calendar. After a very full regulatory calendar agenda in 2019, we will return to a more normal base in 2020. Proceedings related to Alabama Power Certificate of need for new generation are ongoing and resolution of Mississippi Power's base rate cases expected in the coming months. In addition, the second quarter -- in the second quarter, Virginia natural gas expects to file a general rate case. We'll keep you posted on all of these proceedings as they evolve.

Thanks for your interest in Southern. And with that, I'll turn it back over to Tom.

Thomas A. Fanning - *The Southern Company - Chairman, President & CEO*

Thanks, Drew. Adding to your regulatory commentary, we started 2019 with a full slate of regulatory proceedings. The outcomes in these proceedings are once again representative of the constructive regulatory environments across our system that supports future investments in infrastructure to strengthen the reliability and resiliency of the state's electric and gas systems while maintaining competitive rates for our customers.

Drew briefly mentioned in his remarks that generation from coal-fired facilities decreased to 22% in 2019. And as a result, today, coal energy only represents about 14% of Southern Company's total revenue. Importantly, carbon emissions have also declined by 44% since 2007. Our high watermark for carbon emissions, which demonstrates that we are making good progress towards our 50% carbon reduction goal by 2030. I actually believe we'll meet that goal with years to spare. We also continue to increase our renewables footprint and expect to have over 15,000 megawatts of renewable resources by 2022 across our state-regulated utilities in Southern Power. These are meaningful shifts in a short -- in a relatively short time frame. As we assess pathways to further decarbonize our footprint and diversify our generating fleet, we remain mindful of potential economic, community and environmental impact to society. This effort will be a multi-decade transformation for our industry, and we look forward to engaging with our many stakeholders.

Now before we move to your questions, I want to mention a recent charitable commitment made by the charitable foundations of Southern Company and its state-regulated utility companies, one of the largest commitments in our company's history.

In January, we announced a $50 million multiyear initiative for students at historically black colleges and universities. The initiative aims to provide scholarships, internships, entrepreneurship training and leadership and career development to qualifying HBCU students. This investment is consistent with Southern Company's commitment to diversify in all forms. In making this commitment, we also hope to ignite giving from additional corporate partners to increase HBCU funding.

2019 was an excellent year by all accounts, and we believe we are well-positioned to carry our strong momentum into 2020. We have a solid financial outlook for 2020 and beyond, driven by continued investment in our state-regulated utility franchises that continue to be among the industry leaders for operational performance and customer satisfaction.

As I have said, 2020 will be a pivotal year for the Vogtle project. We are committed to keeping you informed of major milestones and key productivity measures as we progress through the year. And we remain focused on placing Units 3 and 4 in service by their regulatory approved dates of November 2021 and November 2022. This is certainly an exciting time to be in our industry. And at Southern Company, we have much to look forward to.

Thank you for joining us this afternoon. Operator, we are now ready to take questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) The first question comes from the line of Michael Weinstein with Crédit Suisse.

Michael Weinstein - *Crédit Suisse AG, Research Division - United States Utilities Analyst*

Does the financing plan include any additional significant divestitures going forward? Or is that pretty much done at this point? Or is there anything else that you might be considering going forward? And would that -- if so, would that be incremental to no equity needed and result maybe some kind of a additional action?

Thomas A. Fanning - *The Southern Company - Chairman, President & CEO*

I'll let Drew double team this one. I'll lead off with this. I think we've demonstrated as well as anybody in the industry that we're good buyers and sellers. We always look opportunistically, strategically to improve our return to shareholders on a risk-adjusted basis.

I think we've demonstrated that. So we're always kind of in the market. Does the plan assume any major activity in that regard? My answer is no.

Andrew William Evans - *The Southern Company - Executive VP & CFO*

Absolutely right. Nothing assumed in the plan. Nothing assumed about our growth, and our investment requires additional divestiture. And I would say that principally around the transactions that we've just discussed, ACP, in particular, our primary goal really has been -- our secondary goal behind credit quality has been business simplification. And I think that that's a major component of it. We just really wanted to select 2 assets that we thought would have a meaningful impact on Southern's prospective growth, and at 5% that simply didn't do it. And we think that was really just a good thing to execute around. Those same 2 principles will guide us through everything that we evaluate in the corporation in total, but there simply isn't any need for additional equity to fund the $40 billion investment.

Thomas A. Fanning - *The Southern Company - Chairman, President & CEO*

One of the things we like to say to ourselves, we remind ourselves all the time, don't do things that don't matter, and that asset didn't really matter to us.

Michael Weinstein - *Crédit Suisse AG, Research Division - United States Utilities Analyst*

Right. And another question would be the difference -- I guess, the compression and the schedule between Unit 3 and Unit 4. Is that -- are there any -- is there anything significant about that, that you can talk about that might lead to, for instance, maybe some acceleration on Unit 3 at some point?

Thomas A. Fanning - *The Southern Company - Chairman, President & CEO*

Well, sure. I mean it's all about lessons learned from Unit 3. When we think about -- I can even think of just some examples. We did initial energization of Unit 3, and we were very excited about that to achieve that milestone. In looking back, however, we think that delaying initial energization will allow us kind of more productivity improvement on Unit 4. We've always felt that as we adjust the schedule, which really moved us from the April 2019 to the February 2020 refinement, we always find that as we refine the schedule and move things forward and move things back we can improve our ultimate performance and delivering. And that's what you see in the schedule compression between 3 and 4. We picked up, we think, 2 months, and that's good on a risk-adjusted basis.

Michael Weinstein - *Crédit Suisse AG, Research Division - United States Utilities Analyst*

That's great to hear. One last question. The $2 billion you have in the long-term plan for Southern Power and the infrastructure -- contracted infrastructure business. Is that -- what does that say about -- what is your philosophy going forward about investment in the unregulated part of the company going forward and in particular, maybe solar and renewables going forward?

Thomas A. Fanning - *The Southern Company - Chairman, President & CEO*

But we want to fix both the solar and renewables. So that's important. The second is really that -- it's a recognition of a tougher marketplace. We have lots of opportunity to invest in our franchise businesses. I think Drew pointed out, 95% is kind of focused in that direction. We have seen the market on a risk-adjusted basis, just really tough and getting tougher. So we don't try to expand our market share. Rather, we have a rather disciplined kind of investment thesis where over the long-term we try to gain about 150 basis points relative to a franchise investment in that long-term contracted business. Those projects are getting fewer and far between. We still want to have exposure. We have $500 million allocated per year over the next 5 years. But it's a tougher market to do business.

Andrew William Evans - *The Southern Company - Executive VP & CFO*

Yes, I think if you look at the base -- sort of our base expectation of around $40 billion invested, almost $1 billion of that is in Southern Power over the time period, and the vast majority of those things are already committed.

We've got some very nice wind projects Skookumchuck, Riding Wild Horse, that rely on some wind turbines that we set aside prior to tax reform, and we're really pleased to complete those projects. We would love to do more.

It really is going to be dependent upon the return and attracting capital relative to that, that we can invest in state-regulated franchise.

Thomas A. Fanning - *The Southern Company - Chairman, President & CEO*

One other outcome is just kind of interesting, who knows how it will turn out. But certainly, there's been more solar approved in the state of Georgia. I will remind you those of you that have followed us for years, a couple 2, 3 years ago, Georgia Power was named, by the solar industry, as the investor energy utility of the year. You know that we don't have any renewable requirement in order to hit. It just makes good business sense. When you consider Alabama's integrated resource plan, there's new solar in there. There may be opportunities in the Southeast as well, but whether those are third parties or not we'll see.

Operator

The next question comes from the line of Sophie Karp with Keybank.

Sophie Ksenia Karp - *KeyBanc Capital Markets Inc., Research Division - Director and Senior Analyst of Electric Utilities & Power*

Congrats on a terrific year and all of the accomplishments.

Thomas A. Fanning - *The Southern Company - Chairman, President & CEO*

Yes, it's exciting.

Sophie Ksenia Karp - *KeyBanc Capital Markets Inc., Research Division - Director and Senior Analyst of Electric Utilities & Power*

Yes. Good stuff. Couple of questions that I have. So the divestiture of your stake in ACP to the extent earnings that you were booking on that or contemplated in the original guidance which remains unchanged. What are the offsets that you're seeing that would make up for that?

Thomas A. Fanning - *The Southern Company - Chairman, President & CEO*

Big investment in our franchise businesses.

Andrew William Evans - *The Southern Company - Executive VP & CFO*

Yes. No, I think that's right. Our investment was pretty small to date. Construction has not progressed as rapidly as our original expectations there, and so our capital deployment was not heavy. The 150 -- $175 million in aggregate in proceeds from the 2 businesses really allows us to sort of offset whatever we had expected and planned for EPS.

Thomas A. Fanning - *The Southern Company - Chairman, President & CEO*

Our trajectory on capital investment and what drives EPS growth in our gas businesses has exceeded our expectations. And recall that is really associated with safety-related pipeline replacement programs. And we got through regulatory processes, both in Illinois and in Georgia. And of course, Georgia Power went through an IRP last year. And then the result of that IRP was largely accounted for in its 3-year accounting order that was received at the end of the year.

So I think we filled in with franchise investments. We look forward to more in the future when we look to Mississippi, we look to Alabama and Virginia.

Sophie Ksenia Karp - *KeyBanc Capital Markets Inc., Research Division - Director and Senior Analyst of Electric Utilities & Power*

Got it. This is just super helpful. Thank you. And then just a broader, bigger picture question, I guess. So you're investing very heavily, obviously, in the zero-carbon generation being the Plant Vogtle. So with looking beyond that, is there a sense of needing to be more ESG-friendly, if I know if it's the right word, but this is an increase -- increasingly a focus in the space, right? And we see that the names who are making ESG-friendly investments are performing -- are getting the premium valuations and performing better. So is there internally a discussion of tailoring your strategy in alliance with this broader trend in the marketplace?

Thomas A. Fanning - *The Southern Company - Chairman, President & CEO*

Yes, and Sophie, thanks for that. Interestingly, we talked about that a lot at our Board, and we're having a special focus of just kind of global, what's going on in the ESG world in April in our next Board meeting. So this is a particular focus of ours. We view this as an "and" not an "or." This is something that I think we've had a lot of depth in, in the past, and it's really just kind of coming to fruition now. Before I became CEO of Southern, we were 70% coal, zero renewables. And you see the numbers now. The -- we gave you a new data point in our script today and that was 14% of our revenue -- total revenue is associated with coal generation. That was a data point that came from one of our ESG investors. They wanted to see that kind of data. So we provided it. It's absolutely an impact that I think any responsible company will take. And I think in the broadest sense, Southern Company has been doing this for 100 years.

We've talked about being citizens wherever we serve, making sure that the communities are better off because we're there. When we think about ESG, it isn't just what's going on with carbon or the environment. It really goes to the broadest sense of making sure that the communities are better off because we're there. And I think we demonstrate that as well as anybody. This is not a company run by as per ESG. We have always taken into account all of our stakeholders. And I think that's the right way to drive long-run performance.

Operator

The next question comes from the line of Ali Agha with STRH.

Ali Agha - *SunTrust Robinson Humphrey, Inc., Research Division - MD*

First question on Vogtle, Drew. Can you just remind us what was the net income contribution from Vogtle in 2019? And part 2 of that same question. Also, can you just remind us the main sort of difference between your view of the progress and the staff and the independent monitor's view? I mean, clearly, diametrically opposite in terms of their conclusions to where you are?

Andrew William Evans - *The Southern Company - Executive VP & CFO*

Well, yes, we can start with contribution and you could take the other.

It's a little bit of a complicated answer. We know that Vogtle in-service will produce something like $800 million worth of additional cash flow for the corporation and about $0.40 a share in aggregate. We have about half of that embedded in rates today as we collect as we construct a bit. There are some offsets like the ROE penalties that we incur as construction progresses. And those impacts could be $0.15 to $0.25 over the next couple of years since they're a bit of an offset. If you want to give us a call, later on, we can walk you through each of the individual years and how Vogtle contributes to income within Georgia.

Thomas A. Fanning - *The Southern Company - Chairman, President & CEO*

But I do want to hit the soft toss here.

Andrew William Evans - *The Southern Company - Executive VP & CFO*

Exactly.

Thomas A. Fanning - *The Southern Company - Chairman, President & CEO*

As we emerge from Vogtle, net income goes up.

Andrew William Evans - *The Southern Company - Executive VP & CFO*

An additional $0.20 a share, it's $40 million -- $0.40 worth of content.

Thomas A. Fanning - *The Southern Company - Chairman, President & CEO*

And I think I've said this before when you think about kind of in the -- I'm not giving guidance now, I'm just doing dumb math. But when you emerge from this kind of penalty rate period, we're kind of in the 2023 time frame, somewhere in the $3.75, even the $4 range just from EPS, just transitioning from this kind of return environment to a full return environment.

The other thing is it's a very interesting question, Ali. I really don't think we're diametrically opposed. Just yesterday, Drew and I were down at the site, and we sit there with all the co-owners, the independent monitors, everybody is there and members of the staff are there, the NRC there, DOE is there. So we're all hearing the same stuff. In some cases, it's a difference in philosophy. And we try to take a risk-adjusted approach to this very large and complex project. For example, we believe that accomplishing as much as we can as fast as we can is an enormous risk mitigator. You've heard us use the expression before, Fail Fast. We'd like to get our hands on major equipment and major systems and test them as early as we can, 2 big benefits. When we do that, we let in the opportunity for these systems when problems invariably occur that they don't impact our critical path, one; two, that we can minimize cost as a result of those things; and three, that we gain lessons learned that we can apply to other systems throughout the plant. And we have proven that over and over and over again. We think that is absolutely the right thing to do. You will have seen testimony from some of the staff, et cetera, that would say, "Oh, we think you're testing too early." We absolutely disagree with that. I wouldn't say we're diametrically opposed, the difference in philosophy. The other one would go to this, why are we driving so hard on achieving an aggressive site plan. Well, I think it's to incent the thousands of people that are there on the site to achieve -- to be the best they can be. Were we to relax our demands on the system at the site, we think we would just be giving up margin. And by giving up margin, we increase risk and our ability to handle unforeseen changes and to achieve ultimately the November '21 and November '22 milestones.

In other words, it may sound crazy, but I think it's true. If we were just to adopt a November pathway, we think that would be a much riskier approach in building the plant than what we're doing right now. The other thing that's fun to look at is, go to the chart we've given you, I guess, that's on Page 7. And what you can see is kind of our performance and how we see. I hate to take my foot off the accelerator on the plant. We've been achieving 2% on the average over the past. And you could see, December and January are a wee bit less, but that's holidays and kind of ramp up after the holiday. Otherwise, we're pretty confident we can hit 2%. The new aggressive site plan that's refined schedule assumes 2%. We could drop all the way down to 1.3% by hot functional test and still achieve the November schedule. And I love looking at the green line relative to the red and the blue lines. I think you can see the trajectory. Why slow down now. Let's do as much as we can, as efficiently as we can. And I think, overall, that's an enormous risk mitigator as a strategy to prosecute the construction of these plants.

Ali Agha - *SunTrust Robinson Humphrey, Inc., Research Division - MD*

Okay, got it. Makes sense. Second question, when you look at that $40 billion CapEx plan over the next several years, any of that CapEx or any of the functionality of that CapEx where you think you may get bigger pushback from regulators? Or is your sense, there's full buy-in on all the regulated CapEx that you're planning over that time period?

Andrew William Evans - *The Southern Company - Executive VP & CFO*

I think time will tell on these IRPs, especially, that's where the big hunk of it is. As you've just been through a rate case in Illinois and a rate case in Georgia with respect to Atlanta Gas Light. From the gas standpoint, that's the lion's share of it. From the electric standpoint, the lion's share of it is at Georgia. We just finished the IRP and then we just finished the rate case. Ahead of us this year, and we never get ahead of regulatory processes, is the IRP conclusion in Alabama.

Scott Gammill - *The Southern Company - Head of IR*

The other thing, Ali, I think, I would look at is so we're talking about the $40 billion worth of investment, our depreciation over that time period is something in the range of $20 billion. So our net additions to rate base, we think, is appropriate and prudent at about 5% a year in electric. So maybe closer -- a little more than 10% a year in the natural gas business. The vast majority of expenditure in both of those categories is for modernization of transmission and distribution systems, which brings higher reliability for customers. We will get to a more aggressive modernization of the generating fleet over time. But in the near term, I think these are very consistent with the priorities that the states have laid out individually for how capital should be deployed there.

Thomas A. Fanning - *The Southern Company - Chairman, President & CEO*

One more thing in this new concept of resilience really matters. I'm helping lead the industry on all the cyber and national security work. It is a national security interest for this industry to invest in resilience, which is how your system operates under abnormal conditions as opposed to the old traditional engineering economics concept of reliability. Resilience does matter, and we should put forth the effort to make sure that our electric grid is as safe as it can be.

Ali Agha - *SunTrust Robinson Humphrey, Inc., Research Division - MD*

I got it. I was just saying, one, just one clarity on that. You show the CapEx with and then without pool closures. Can you just remind us why you show it without pool closures as well?

Thomas A. Fanning - *The Southern Company - Chairman, President & CEO*

I'm sorry, pond closures. I think...

Ali Agha - *SunTrust Robinson Humphrey, Inc., Research Division - MD*

Pond closures, yes, I used the wrong word.

Thomas A. Fanning - *The Southern Company - Chairman, President & CEO*

I'm sorry -- okay, sorry about that.

Andrew William Evans - *The Southern Company - Executive VP & CFO*

Those are plans that we're working through today with commissioners. And I think we wanted to just demonstrate what they could be with or without that particular category or their relative contribution.

Operator

The next question comes from the line of Michael Lapides with Goldman Sachs.

Michael Jay Lapides - *Goldman Sachs Group Inc., Research Division - VP*

Actually, it's 2 questions. First of all, how are you thinking about, when you look across the electric utility subsidiaries, kind of the post Vogtle which ones are right for incremental fleet transformation? You obviously have the plan laid out in Alabama right now for the next couple of years. How are you thinking about what happens next in Georgia and what happens next in Mississippi?

Thomas A. Fanning - *The Southern Company - Chairman, President & CEO*

So we do a -- we do a system plan and then every individual operating company has an integrated resource plan, whatever flavor they have in their state, that essentially operationalizes in that state the overall system plan. And of course, every state commission has their own ability to modify the plan, however, they see fit. Although I think we've been generally successful showing the benefit of kind of -- the benefit of scale that we have and the benefit of everybody playing within that scale. And one of the things that is an obvious kind of determining factor is that The Southern Company Power Pool where everybody participates provides excellent outstanding economic value to all of our participants. So we get the benefit of a state-by-state solution, but we also get the benefit of an integrated long-term plan for generation and transmission, which is a benefit we have as an integrated system relative to the so-called organized markets.

So we have scale, we have the benefit of state-by-state input and we have the benefit of kind of a recognition that it's not just generation, it's generation and transmission, and we iterate around that.

Michael Jay Lapides - *Goldman Sachs Group Inc., Research Division - VP*

Got it. Okay. One other question, Tom. I know you're selling your stake in the Atlantic Coast pipeline, but the reality is it was a pretty small stake in what's been a pretty big project getting bigger. How are you thinking about the opportunity set for incremental gas pipeline investments, but kind of stuff that's more in your service territory or touching your service territory?

Thomas A. Fanning - *The Southern Company - Chairman, President & CEO*

Well, we did Southern Natural Gas pipeline with Kinder Morgan. Thought we got a really good outcome there. We've done a few things around the margin. Drew can speak to that probably better than me. We look at this stuff. My sense is there's 2 big factors that's just making pipeline investment tough these days. One is kind of the environmental pushback that really shows up as regulatory or permits or what have you. That's tough, that's a tough environment. The second one is the long-term question of natural gas in the system. Look, we absolutely believe -- I used to say when we bought AGL Resources that natural gas is a bridge to 2050. I really believe natural gas will go beyond 2050. I think in order to achieve low to no or net-zero concepts by 2050, given how plentiful and cheap natural gas is, we're just going to have to find a way to keep it in play, but deal with the carbon atom. You know that we, by far, lead the industry in investments in that regard with Wilsonville facility is our big research and development effort, where we run the national carbon capture research center -- we run the international carbon capture research center. And I think the next kind of generation, the first part of that was kind of focused at coal. We're going to start doing it on gas as well.

Michael Jay Lapides - *Goldman Sachs Group Inc., Research Division - VP*

Got it. Thank you, Tom. Much appreciated. Sorry.

Andrew William Evans - *The Southern Company - Executive VP & CFO*

Michael, I think the only thing I'd probably add is that we have been successful in smaller additions to our current infrastructure. We're really pleased with the investment in SONAT. We think that's a very important piece of infrastructure for the southeast for reliability, in particular, for generation. We have added things like the McDonald lateral. We've talked to FERC and filed an -- SONAT expansion to some degree. But I think longer term, this is just a piece of infrastructure, given the difficulty for building new infrastructure that we'll rely on and be very proud that we've owned for a long period of time.

Thomas A. Fanning - *The Southern Company - Chairman, President & CEO*

Yes, yes, I said another way. Looking back, boy, that was a great acquisition because it exists and it works and it serves a little over half of our system now. Hey, one other thing is just an exciting thing. I'm actually front-running and breaking a little move, but in the R&D realm, we are doing some direct air extraction of carbon. We're starting to plan that anyway. I'll be announcing that around the annual meeting, but I guess I already did. But it's some exciting work that will get us to net zero we hope by 2050.

Michael Jay Lapides - *Goldman Sachs Group Inc., Research Division - VP*

Got it. Thank you, Tom. One last one. What's intended in your growth rate for O&M? Just in terms of how should we think about kind of O&M growth at the consolidated entity over the next couple of years?

Andrew William Evans - *The Southern Company - Executive VP & CFO*

Our goal is to generally blade inflation throughout the planned period.

Operator

The next question comes from the line of Julien Dumoulin-Smith with Bank of America.

Julien Patrick Dumoulin-Smith - *BofA Merrill Lynch, Research Division - Director and Head of the US Power, Utilities & Alternative Energy Equity Research*

A quick question. Coming back to the Vogtle timeline here, can you talk a little bit about the Sanmen experience on the cold and hot functional testing? Just thinking about how long was their experience in each of those phases? And maybe any of the learnings that came out of that, that we should be sort of following and you guys start to move through that for Unit 3 here?

Thomas A. Fanning - *The Southern Company - Chairman, President & CEO*

Well, let's think about this for a minute. There were a lot of noise going on as they moved these plants into service. If you remember, there was a big celebration around premier ESG where a lot of activity just really slowed or came to a halt. And we have people on the site there.

There was nothing at the site that caused any discernible reason to slow down or stop what they were doing. Now their experience from fuel load to in-service is really pretty encouraging for us. So you may remember, we talked about these management windows, our flexibility period or what have you. In the February refined aggressive site plan. We have consumed about 2 months of our 4 months of total flex time if you will. So that allows us to move the start dates of some of our milestones 6 weeks and still maintain our schedule on fuel load and in-service. If you look at fuel load in-service, we still have 6 months. Now China averaged essentially 138 days, not 180 days. So we think we can beat the 180 days. China's debt was $112 million. We, frankly, think, and we've got plans in place to beat that. Now maybe its beat it by some margin. But in all, I think we've got kind of 2 months of flexibility from fuel load in-service as demonstrated from China. The other thing that I just want to point out that I forget which unit it was, but some of these units when they started up they ran like a Swiss watch. They went post to post, breaker to breaker.

So they performed beautifully. So we should have confidence that failing any equipment problems or anything else, which is why we do all the testing we do, we're going to get a good result. The only other thing I would just say, the regulation in the United States is way different than the regulation in China. So that may account for some differences from regime to regime.

Julien Patrick Dumoulin-Smith - *BofA Merrill Lynch, Research Division - Director and Head of the US Power, Utilities & Alternative Energy Equity Research*

Got it. And then can you just talk about the timelines here? I mean 2 months on cold functional, for instance. Are there any specific data points that you may be point us to and perhaps more critically, help would be probably [Audio Gap]

Thomas A. Fanning - *The Southern Company - Chairman, President & CEO*

Julien, you are breaking up. Could you be -- could you say that again?

Julien Patrick Dumoulin-Smith - *BofA Merrill Lynch, Research Division - Director and Head of the US Power, Utilities & Alternative Energy Equity Research*

Sorry. Hopefully, this is better. I'm thinking about the timelines here for the hot and cold functional testing. What are the public data points that we all should be looking for in the next, say, cumulatively 8 months here as you work your way through them, especially given how tight they are. For instance, in the coal -- a couple of months for the coal functional testing as a follow-up.

Thomas A. Fanning - *The Southern Company - Chairman, President & CEO*

Well, so let's -- yes, let's think about that. So we've just filed all this stuff in the VCM. So you could go into the Georgia process and get that material to all public. One of the things that we have heard some questions, I just want to clear that up. What we're showing here, so cold hydro testing, have the ability to begin in June and conclude -- or actually, as of the November schedule, you could start as late as kind of in the fall. We really don't mean to suggest that, that is the duration of the test. The cold hydro test, that is referring to the start of it. The cold hydro test itself has a duration of 19 or 20 days in total.

That includes mobilization and takedown. The test itself is only 7 days long, okay? The other thing -- let me just do high functional test too. So the hot functional test from beginning to end total duration, mobilization to take down, is like 2 months. The hot functional test itself is only a month. Now we show you just major milestones. I don't mean to suggest that when we finish hot functional test we go right to fuel load. There's a few other things we're going to have to do. We have -- between cold hydro and hot functional, there is some leak tests and a variety of other things we will be doing. If you want a more complete picture of the VCM, I think it's on Page 24 of the filing has a detailed list of all those matters.

Andrew William Evans - *The Southern Company - Executive VP & CFO*

Julien, we'll give you a couple of interim data points as well. You'll see at the end of the first quarter our release on percent complete, which will help us better define what the start of cold hydro will be. There will also be testimony, both from ourselves and from staff-related to VCM before these events occur. And so there are a couple of interim data points that will give you a little bit better handle on it as we proceed.

Thomas A. Fanning - *The Southern Company - Chairman, President & CEO*

Yes. Let me add just a couple of things. You didn't ask this, but I'm going to go ahead and offer it up in the spirit of this question. And it really goes to -- you guys have often asked before, what do we worry about? And I think we've been pretty consistent on productivity, particularly electrical. We said reasonable, I think, in the script here, a reasonable increase in productivity. We've been averaging kind of in the 28,000 hours per week. We expect to be able to achieve around 32,000. Remember -- and that's for Unit 3. And remember, we -- I think I've drawn for a lot of you all in one-on-one this graph. And I think we've included a similar graph somewhere in the appendix to the handouts, kind of how big the capital cost curve is right now, I guess, it's on Page 35, where we show that once we hit hot functional test, the exposure to cost variant logically should decrease pretty rapidly. If you go to Page 35, you'll see a reasonably quick slope and a really dramatic slope for Unit 4. That's because this graph shows both 3 and 4, all right?

So we would expect to see any major cost variances occur right now. What do we worry about? What are the kind of big variances? One is hitting this electrical productivity. Again, the increase for the next 6 months or so for Unit 3 from 28,000 hours a week to 32,000. We believe it's reasonable because, as we've said a lot and you look at this curve, again, we are in the toughest period right now for electrical work. We are in that reactor vessel, it's confined areas. It's a lot of material, and it's a lot of people.

And so you would expect the productivity to be the worst that it should be right now. As we move out of the containment vessel into other areas of the plant, we open up scope, we open up area. We should see productivity improve. That's kind of thing one.

Thing two that is on our mind right now, it's kind of next man up. Bechtel has a broad responsibility, and they've been doing a great job on this project. And I worked with Brendan Bechtel, he's a top guy. Jack Boucheron, Barban Brian and the people this side are really good folks. One of their other areas of responsibility is system subcontracts. And we talked about that 2 years ago, but now is the time where subcontractors under the management of Bechtel and some with us have to perform. And it's stuff that you -- it's not electrical and containment. It's things like coatings. It's the HVAC systems in the plant. It's insulation around the pipes where you have penetrations in walls. It's the ceiling of those penetrations. And then fire protection and others. There's actually a big laundry list of stuff. But this is the next thing that we have to perform on. So I know you didn't ask that. It's my executive caveat to answer a question that I asked. But I think it's important for everybody to understand, it's just a new phase in the project.

Operator

The next question comes from the line of [Audio Gap]

Unidentified Analyst

So you've already addressed -- you just in the last -- I just want to address my first question. My second one is about the outlook for demand. You were pretty clear that you've seen flat weather-normalized sales over the last 5 years. What gives you the optimism that it's going to be more like flat to up 1% going forward?

Andrew William Evans - *The Southern Company - Executive VP & CFO*

So I think the issue I was actually -- I wanted to be specific in addressing was that we did see a decline in use per customer this year that seemed a bit exaggerated in my mind. And I think it mirrors an exaggerate -- a positive exaggeration in 2018. And so when you put those 2 things together we're a lot closer to smooth in terms of total net growth in total than any one of those 2 years would indicate. There are a number of folks in our sector that are expressing the same issue, which is that we're doing linear regression of weather normalization. And we've seen 2 very extreme weather years that tend to kind of bend around the curves, not to get too statistical about it. But I think our precision with which we can measure in these 2 instances is not great. So your question was more around long term. As we do more long-term view of growth, we think it's quite strong in the southeast. We've seen a lot of in-migration into our area, particularly in Georgia. But we are seeing efficiency, and we're measuring the capacity for efficiency, particularly in our commercial segments. And so we do take some comfort that use per customer, although we'll be growing the customer count will be declining, but not with a full offset. That's a bit of a long-winded answer. We're also seeing industrial rebound. This is the third cycle within the last 12 years of growth cycle, and we really do think that momentum is positive in the industrial segment maybe stand to that.

Thomas A. Fanning - *The Southern Company - Chairman, President & CEO*

Yes. I'd like to geek out on all of it. The first derivative of all this is momentum. And in fact, we're seeing that. I've told you before, I think, that momentum showed us bottoming out a little bit, but the momentum signals were flat to negative. They've just turned a wee bit positive, 6 positive, 3 negative, 1 flat. And I think what you're saying in English is: Tax law change, good; reduced regulation, good; currency wars, country trade wars, bad. And now all of a sudden, we see some green shoots out of some agreements with us in Mexico, for example, North America, also with China, and there's still more to go.

Now countervailing that, and a little bit of headwind is the coronavirus. But as we have seen, and we've actually talked about this at the Fed before, with the kind of pandemic that we're seeing, assuming that we get control of it, those are reasonably shallow downturns. And the recovery is pretty good. So we'll see where this one takes us. But long term, we think the fundamentals are still good, certainly, relative sense for the Southeast as compared to other places.

Unidentified Analyst

I appreciate you putting that into words. I can understand. It's very simple. My next one -- next question and this is very, very minor. But you do have the comment that you'll have new shares for long-term equity options incentive comp. What's the outlook for that, either in dollars or shares per year?

Andrew William Evans - *The Southern Company - Executive VP & CFO*

We only have about $350 million worth of options outstanding. (inaudible) it's actually a little bit lower than that, probably closer to $200 million. And we don't control the exercise of those. But I know -- we know that the duration is no longer than I think 2024. And so we can't gauge the timing, but we know that it all happened sometime in that time frame.

About $200 million is the dollar denomination of it.

Operator

Thank you next question comes from the line of Andy Levi with ExodusPoint.

Andrew Levi - *ExodusPoint Capital Management, LP - Portfolio Manager*

Just a question on cash flows. You've talked about earnings as you get further out, the $3.75 to $4 range. Again, that's not guidance, thinking about it. But just what will cash flows look like? How will they change from like where they are today to the '23, '24 time frame as the plan, stood up and running and CapEx business.

Andrew William Evans - *The Southern Company - Executive VP & CFO*

Yes. So there are a bunch of different ways to think about this. In general, though, Vogtle adds about $850 million of cash flow once it's fully embedded in rates. All of the other business units are driving at general increase in cash flow that's consistent. But if I look at this with respect to couple of things, payout ratio or FFO to debt, we're very credit conscious here in total. And I would say that both of those measures indicate improvement over the 5-year plan period that's measurable and substantial. That's the way we plan.

Thomas A. Fanning - *The Southern Company - Chairman, President & CEO*

Here again, Andy, you didn't ask this, but I just feel compelled to say this too. When we show our CapEx plan and all that, it is what we think we know. We don't have a bunch of placeholders in there. It's not pie in the sky numbers. There's an asset underlying everything that we're projecting here. Our experience has been that we tend to spend more in outer years. But we're just showing you exactly what we know. No placeholders.

Andrew Levi - *ExodusPoint Capital Management, LP - Portfolio Manager*

So you're going to have $850 million of incremental net income or cash, right. Not Net income, I'm sorry, cash. And then depending on what the CapEx is maybe even a little bit more, let's call it, $1 billion, what do you do with that cash? Pay down debt? Do you -- or grow the dividend faster? I don't know what's the balance sheet is just going to look like?

Thomas A. Fanning - *The Southern Company - Chairman, President & CEO*

Yes, it's all that. I mean...

Andrew Levi - *ExodusPoint Capital Management, LP - Portfolio Manager*

It's coming like do you buy back stock? What do you do with that $1 billion and can you talk about longer-term, get it up to the board. But as far as once we get out of this building cycle, where would you envision the dividend growth rate to be once you get that pop in earnings and does the shareholder almost in a sense get a catch-up on the dividend?

Andrew William Evans - *The Southern Company - Executive VP & CFO*

First, Andy, as always, I appreciate your long-term perspective. It's very refreshing to think about the 2024s, '25s, and '26s. I would say that we will talk with our Board about the bookends of opportunity around free cash flow. And in general, we have been keeping the dividend growth slightly behind the expected growth of income in an effort to move our payout ratio down a little bit closer to the industry. We'll achieve that within this plan period. And at that point, we'll have a conversation about whether or not we grow dividends a pace with earnings. Or we -- on the other hand, pay down debt to improve the credit quality of the corporation. I think that the reality lies someplace in between and that we will emphasize both of those activities when we have the ability at the end of Vogtle construction.

Thomas A. Fanning - *The Southern Company - Chairman, President & CEO*

Yes. And the other thing I would just say, we say it all the time, value is a function of risk and return, improving your credit metrics as a lot of value to a value accretion as does increasing earnings. And so we'll keep our eye on both of those things. The wonderful news is you're looking at a company that's going to be spinning off a boatload more cash, have much greater earnings potential and have little to no event risk.

Operator

The next question comes from the line of Ashar Khan with Verition.

Ashar Khan

Congratulations. Tom, I'm hoping with the, I guess, this new phase, we can also return to the old phase when you were the CFO and when you gave guidance, you exceeded the -- always achieved the top end in the 2000 years when you were the CFO. Can I assume that under this new -- it's 2 years of good that we are back in that cycle? What whacked us that they followed you that you can be back in that cycle of as you project that you're losing towards the upper end of guidance every year going forward?

Thomas A. Fanning - *The Southern Company - Chairman, President & CEO*

Yes, those are all southern people up there. Yes, look, we always have a conservative bearing to our earnings. That's the way we like it. We think we're on a great trajectory, and we'll be able to address. We put this 4% to 6% thing in place some time ago. And we think it's good to -- it's fit to be faithful to that.

A lot of people have asked us, are you going to increase it. And certainly, if you look at a point estimate, 1 year going forward? Yes, sure. I mean, the math would show you that it would increase. Long term, we'll see. I think once we get out of the big project business, which I assumed when I got this job, we will be in a position where, as I just said, cash flow positive in a big way, earnings accretive in a big way, low event risk. We should be in a posture to continue to improve. Our recent performance, Ashar, first time, I think even when I was CFO, we never said on a third quarter earnings call, that we were going to exceed the range. We would always say something like, well, we expect to be at the very top of our range. We did exceed and we would have exceeded more, but for part of a settlement in the Georgia rate proceeding. Remember, we gave away some of the earnings above 12% as part of an overall really attractive global settlement. That was probably worth what, $0.04 or so this year. So I think, look, we're going to do the best we can to under-promise, over-deliver. Right now, our focus on getting Vogtle done. I'd love to get back to those days.

Andrew William Evans - *The Southern Company - Executive VP & CFO*

I would only reiterate that we do -- we are Ashar, under pressure this year because of penalty ROEs related to the construction of Vogtle which is a single-minded focus for us. And then the only thing -- other thing I would do is absolutely affirm the fact that Tom was the CFO 2000 years ago.

Operator

And there are no further questions. I'll turn the call back over to you.

Thomas A. Fanning - *The Southern Company - Chairman, President & CEO*

Thank you. Thanks, everybody. This is such an exciting time. And well, we said 2019 was such a heavy lift. You look back over that year, we had to scale up. Remember, we were all worried about getting people to the site and getting site productive. And we did hit numbers like a 160,000 hours in a month, and we did all that stuff.

I think we have refined the schedule going forward at somewhere between 140,000 and 145,000. We think we can do that. We are calling for a modest increase in electrical. We think we can do that. We've got to get subcontractors under Bechtel management to perform. We think we will do that. There's a long way to go here. But boy oh boy, we're starting to see the end of the tunnel. And I'm so proud of the folks that work at Vogtle 3 and 4, and our partners, Bechtel on the site, good folks. So we look forward and we're going to continue to work on that like crazy. But the other thing I don't want you to forget is that this company has been performing like champions outside of the major projects. This notion that now we're the best company to work for in the industry, 14th in the United States, that we do so many good works in the community like the help to historically black colleges, like the work we're doing on the ESG front, like the folks that don't do rhetoric, we do solutions on the environmental and technology front. We're really trying to invent our future beyond just performing on the major project we have in front of us. This is, I think, what makes this company great.

It's not a company run by a spreadsheet. Rather, it is a company run by a relentless focus on value as a function of risk and return, and we try to balance both those issues in doing the best we can for shareholders going forward. Man oh man, 2020 could be just a great year, and we're going through everything we can to make it that way. Thank you so much for being with us, and we'll talk to you soon. Operator, that's it.

Operator

That does conclude the conference call for today. We thank you for your participation and ask that you please disconnect your line.
