



Southwest Gas™
HOLDINGS

2021 3rd Quarter Earnings Conference Call

November 9, 2021

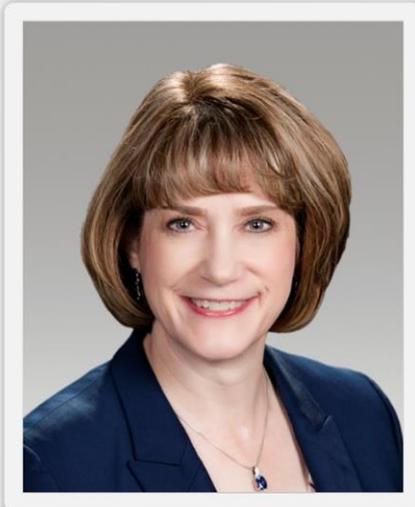


PARTICIPANTS



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SAFE HARBOR STATEMENT

This presentation includes “forward-looking statements” as defined by the Securities and Exchange Commission (“SEC”). We make these forward-looking statements in reliance on the safe harbor protections provided under the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical facts, included in this presentation that address activities, events or developments that we expect, believe or anticipate will or may occur in the future are forward-looking statements. These include, without limitation, our 2021 expectations for our utility infrastructure services and natural gas operations segments, estimated natural gas operations capital expenditures through 2025, projected rate base at December 31, 2025, our 2021 adjusted EPS guidance and expected long-term value drivers, as well as statements regarding our expansion projects and other investment opportunities. Our adjusted EPS guidance excludes any impacts of the planned acquisition of Questar Pipelines, activism response, and the partial-year results (and associated transaction and interest costs) in connection with the Riggs Distler acquisition.

Forward-looking statements are based on assumptions which we believe are reasonable, based on current expectations and projections about future events and industry conditions and trends affecting our business. However, whether actual results and developments will conform to our expectations and predictions are subject to a number of risks and uncertainties that, among other things, could cause actual results to differ materially from those contained in the forward-looking statements, including without limitation, the risk factors described in Part I, Item 1A “Risk Factors,” and Part II, Item 7 and Item 7A “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” and “Quantitative and Qualitative Disclosure about Market Risk” of our most recent Annual Report on Form 10-K and our quarterly report on Form 10-Q for the three months ended September 30, 2021 filed with the SEC, and other reports that we file with the SEC from time to time, and the following:

- The timing and amount of rate relief;
- Changes in operating expenses;
- Changes in rate design, infrastructure tracking mechanisms;
- Customer growth rates;
- Conditions in housing markets;
- The effects of regulation/deregulation;
- The impacts of construction activity at our utility infrastructure services segment;
- The impacts from acquisitions;
- The impacts of the ongoing COVID-19 pandemic and efforts to prevent its spread on our business;
- The impacts of stock market volatility; and
- Other factors discussed from time to time in our filings with the SEC.

New factors that could cause actual results to differ materially from those described in forward-looking statements emerge from time to time, and it is not possible for us to predict all such factors, or the extent to which any such factor or combination of factors may cause actual results to differ from those contained in any forward-looking statement. The statements in this presentation are made as of the date hereof, even if subsequently made available on our Web site or otherwise. We do not assume any obligation to update the forward-looking statements provided to reflect events that occur or circumstances that exist after the date on which they were made.



Highlights and Investment Thesis



Financial Results – September 30, 2021



Regulation



Customer Growth



Liquidity and Capital Expenditures



Dividend and Rate Base Growth



2021 Expectations

HIGHLIGHTS



Southwest Gas[™]
HOLDINGS

- Questar Pipelines acquisition
 - High quality, FERC regulated pipeline and storage business
 - On track for 12/31 close
- Ongoing board refreshment
 - Incoming board members announced
- Shareholder engagement
 - 14D-9 response filed today
- Key role in ongoing energy transition
 - Businesses positioned to support reliable, affordable energy transition



SOUTHWEST GAS

- Consistent growth
 - 37,000 first-time meter sets added in past 12 months
- Regulatory partnership
 - Arizona approval of \$74M in margin associated with COYL and VSP trackers
- Financial performance
 - Q3 operating margin increased \$18M (10%)
- Ongoing sustainability efforts
 - Tres Rios RNG processing facility
 - Founding partner in Energy Capital Ventures fund



CENTURI

- High quality acquisition track record
 - Riggs Distler acquisition completed in August 2021, adding union electric platform with strong growth upside
- Sustainability projects
 - Selected as a general contractor for New York's proposed 880MW Sunrise Wind offshore wind farm
- Financial performance
 - Q3 revenues increased \$52M (9%)
- Infrastructure spending upside
 - Centuri positioned to benefit from positive U.S. infrastructure spending backdrop and legislation

ONGOING BOARD REFRESHMENT

INCOMING BOARD MEMBERS



E. Renae Conley

- 30+ years of energy and utility industry experience
- Chief Executive Officer of ER Solutions, LLC
- Former Chairman, CEO and President of Entergy Corp, previously serving as EVP, Human Resources and Administration and Chief Diversity Officer
- Extensive public company board experience



Carlos A. Ruisanchez

- Co-founder of Sorelle Capital, Sorelle Entertainment and Sorelle Hospitality
- Former President/CFO of Pinnacle Entertainment, Inc.
- Former Senior Managing Director at Bear, Stearns & Co.
- Board member at Cedar Fair Entertainment Company

CURRENT BOARD MEMBERS



Michael J. Melarkey^[1]



Robert L. Boughner^[2]



José A. Cárdenas



Stephen C. Comer^[1]



John P. Hester



Jane Lewis-Raymond



Anne L. Mariucci



A. Randall Thoman



Thomas A. Thomas



Leslie T. Thornton

IMPROVING BOARD TENURE

Announced Board refreshment lowers average director tenure from 10.3 to 8.0 years year-on-year at Annual Meeting

ATTRACTIVE BOARD PROFILE



GENDER DIVERSITY



ETHNIC DIVERSITY



INDUSTRY EXPERIENCE



FINANCE/ACCOUNTING



INVESTMENT MGMT



REGULATORY/LEGAL



CYBERSECURITY



REFLECT COMMUNITY

QUESTAR PIPELINES: A COMPLEMENTARY PLATFORM

Consistent, rate-regulated cash flow underpinned by FERC authorized ROEs and customer contracts...



Intrinsic Transaction Benefits

- Highly contracted revenues anchored by high quality demand-pull customers including Questar Gas and PacifiCorp
- Excellent re-contracting record: top 15 customers (80% of total revenue) have an average relationship length of 49 years
- Strong, consistent cash flow production
- Assets are difficult to replicate; uniquely positioned to serve location-specific transportation and storage demand
- Culture of safety, reliability, environmental compliance and operational excellence
- Customer growth/expansion opportunities through strong and growing regional demand backdrop
- Constructive stakeholder environment with strong local support for natural gas



Enterprise Transaction Benefits

- Increases Southwest Gas Holdings' regulated business mix, while providing strong, incremental free cash flow
- Further regulatory diversification, incrementally reducing earnings volatility and business risk
- Earnings/cash flow accretion and financial stability provide incremental strategic optionality/flexibility
- Prudent equity content of permanent financing plan further strengthens SWX balance sheet
- Potential adjacent energy transition opportunities in RNG/RSG, hydrogen and CO2 transportation
- Tax step-up provides additional cash flow support via incremental future tax-deductible amortization

...delivers greater scale, diversity, financial benefits and strategic optionality

RIGGS DISTLER- ACCELERATES EPS & DIVIDEND GROWTH

Expands Electric Utility Services Platform and Offers Significant Growth Potential – Expected to Generate ~\$600 Million in Revenue Growth Through 2024

- Combines existing industry-leading utility services platform with a scaled, union electric utility distribution focused provider
- Provides compelling, multi-pronged growth avenues through core union electric utility distribution platform, with access to attractive service adjacencies
- Offers exposure to substantial growth prospects in electrification, 5G-telecom and renewables
- Augments SWX ESG profile with renewable project experience and access to offshore wind services
- Expected to be accretive to EPS in 2022

Leverages core competencies and expertise in utility infrastructure to create a unified platform with substantial prospects for accelerated growth

PROVEN TRACK RECORD OF GROWTH AT CENTURI

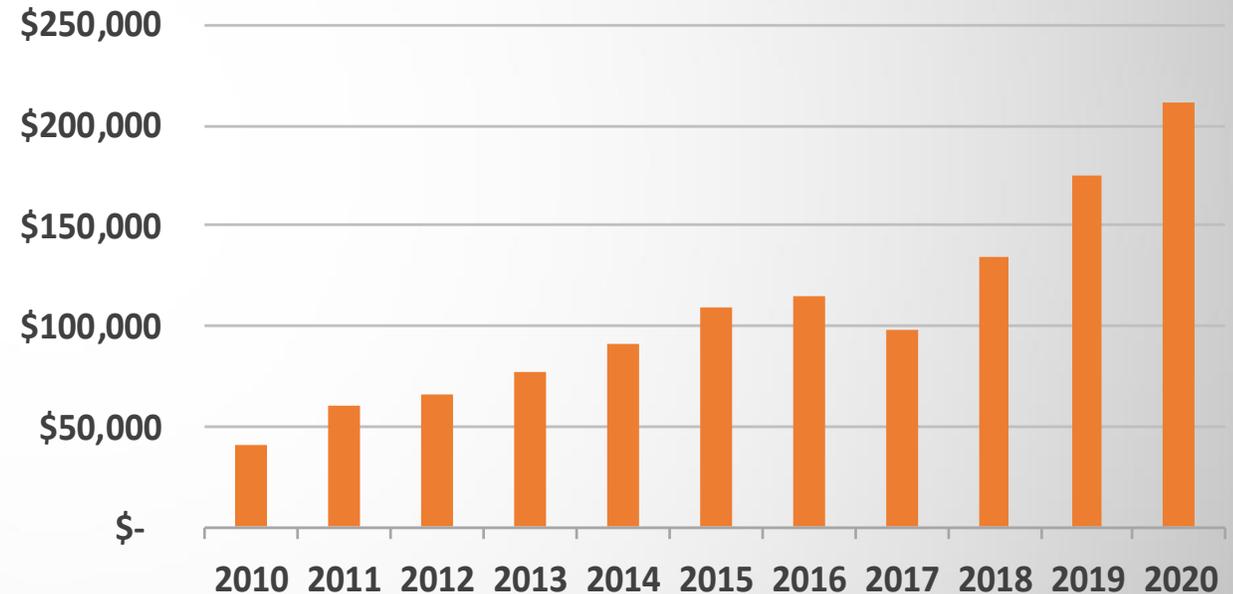
2020 EBITDA¹ 5x 2010 EBITDA – STRONG CONTINUING GROWTH POTENTIAL

Clear strategy has created a pure-play utility distribution services platform diversified across the U.S. and Canada

- Acquisitions have accelerated diversification of Centuri's utility services platform and expanded geographic footprint:
 - Link-Line Group of Companies (2014) to expand into Canadian Market
 - New England Utility Constructors Inc. (2017) to expand into New England
 - Linetec Services (2018) to expand into Southeastern U.S.
 - Riggs Distler (2021) to expand into Northeast and Mid-Atlantic
- Centuri services a blue-chip, attractive customer base comprised of electric, gas and combination utilities

Centuri EBITDA Since 2010

(\$ in thousands)



SWX Retains Substantial Optionality on Attractive Alternatives to Drive Shareholder Value at Centuri

SWX: A COMPELLING INVESTMENT THESIS



Regulatory diversification across multiple jurisdictions (primarily state and FERC-regulated business mix)

Strong LDC utility ratebase growth of 7.5% per annum expected over 2021 – 2025

Robust utility customer growth and demographic trends across jurisdictions

Infrastructure services business is diversified across geographic (U.S., Canada), customer (electric, gas, combo utility) and offering dimensions

High-growth infrastructure services business that is poised for upside associated with infrastructure spending increases

Strong EPS and dividend growth and investment grade credit

Businesses positioned to play key long-term role in energy transition

Strong ESG performance based upon sustainability, governance, diversity & inclusion and community commitments

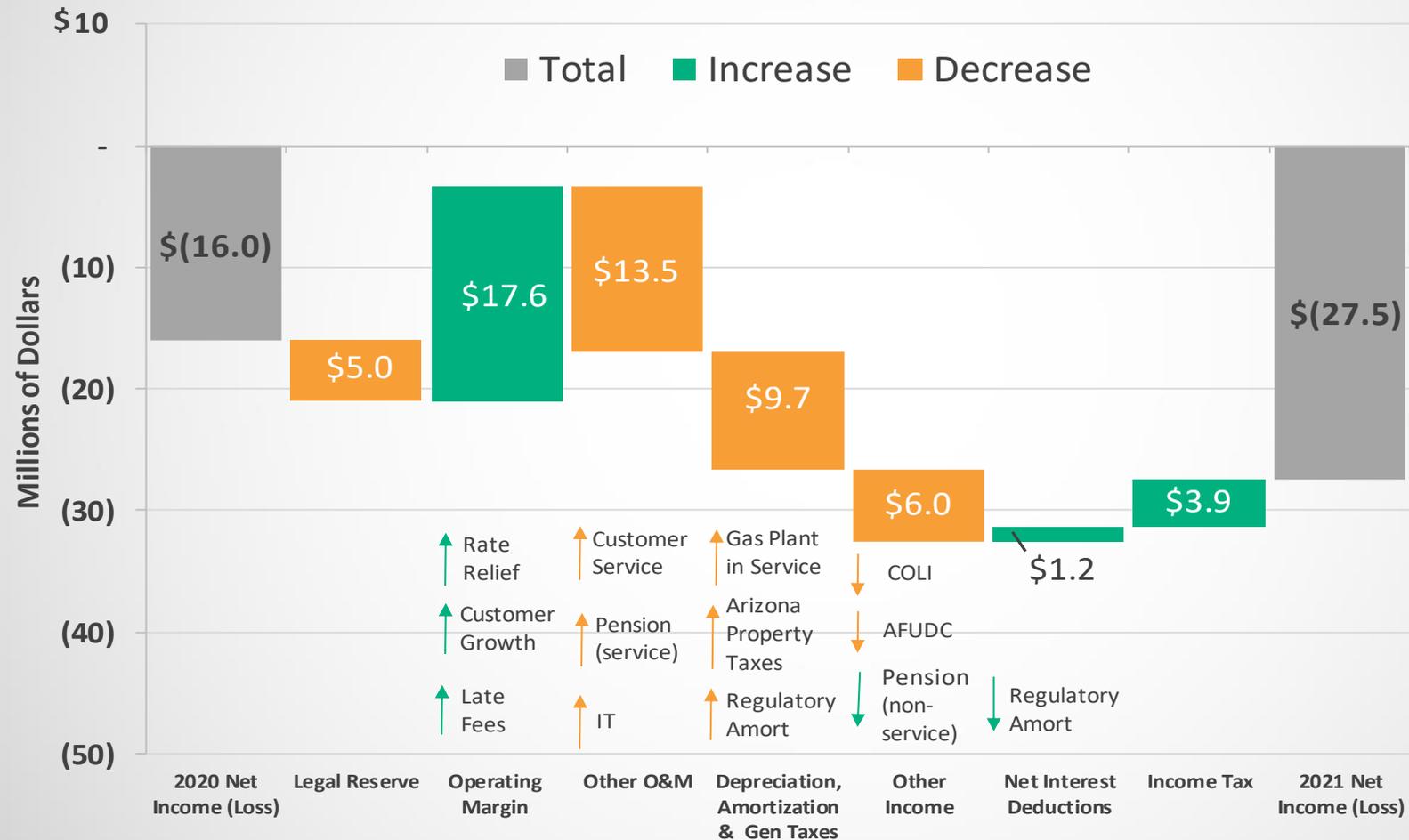
SUMMARY OF OPERATING RESULTS

(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

	Three months ended September 30,		Twelve months ended September 30,	
	2021	2020	2021	2020
Results of Consolidated Operations				
Natural gas operations income (loss)	\$ (27,544)	\$ (15,973)	\$ 182,134	\$ 155,993
Utility infrastructure services income	18,540	34,873	56,723	66,615
Corporate and administrative	(2,572)	(627)	(4,477)	(2,110)
Net income (loss)	<u>\$ (11,576)</u>	<u>\$ 18,273</u>	<u>\$ 234,380</u>	<u>\$ 220,498</u>
Basic earnings (loss) per share	<u>\$ (0.19)</u>	<u>\$ 0.32</u>	<u>\$ 4.03</u>	<u>\$ 3.97</u>
Diluted earnings (loss) per share	<u>\$ (0.19)</u>	<u>\$ 0.32</u>	<u>\$ 4.02</u>	<u>\$ 3.97</u>
Weighted average common shares	59,688	56,271	58,209	55,508
Weighted average diluted shares	59,816	56,357	58,312	55,577

NET INCOME (LOSS)

THREE MONTHS ENDED SEPTEMBER 30, 2021
NATURAL GAS OPERATIONS

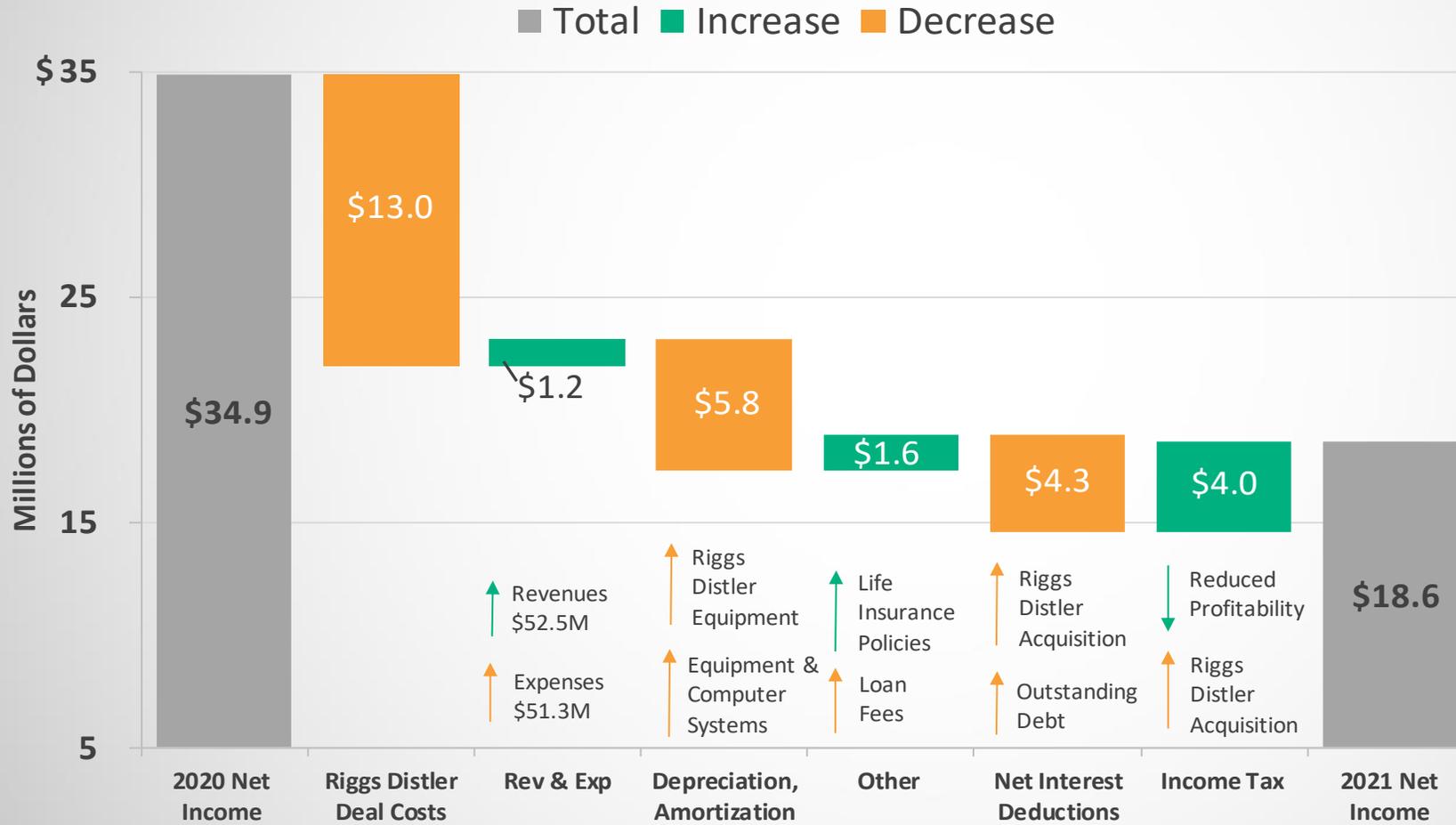


Total Decrease
\$11.5 million

NET INCOME

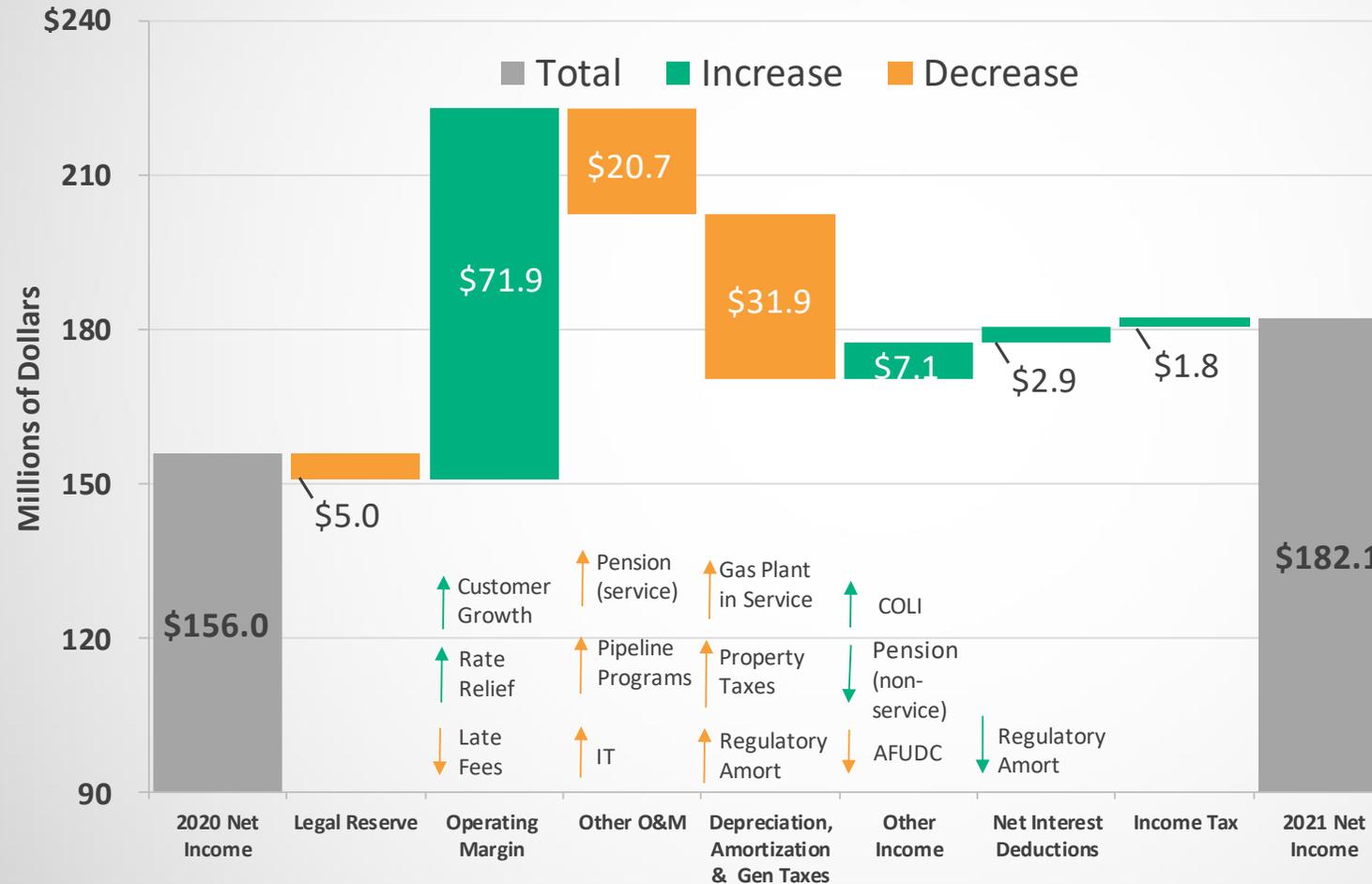
THREE MONTHS ENDED SEPTEMBER 30, 2021
UTILITY INFRASTRUCTURE SERVICES

**Total
Decrease
\$16.3 million**

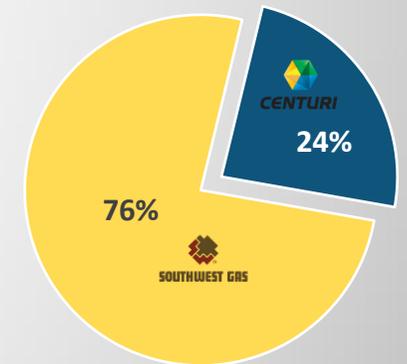


NET INCOME

TWELVE MONTHS ENDED SEPTEMBER 30, 2021
NATURAL GAS OPERATIONS

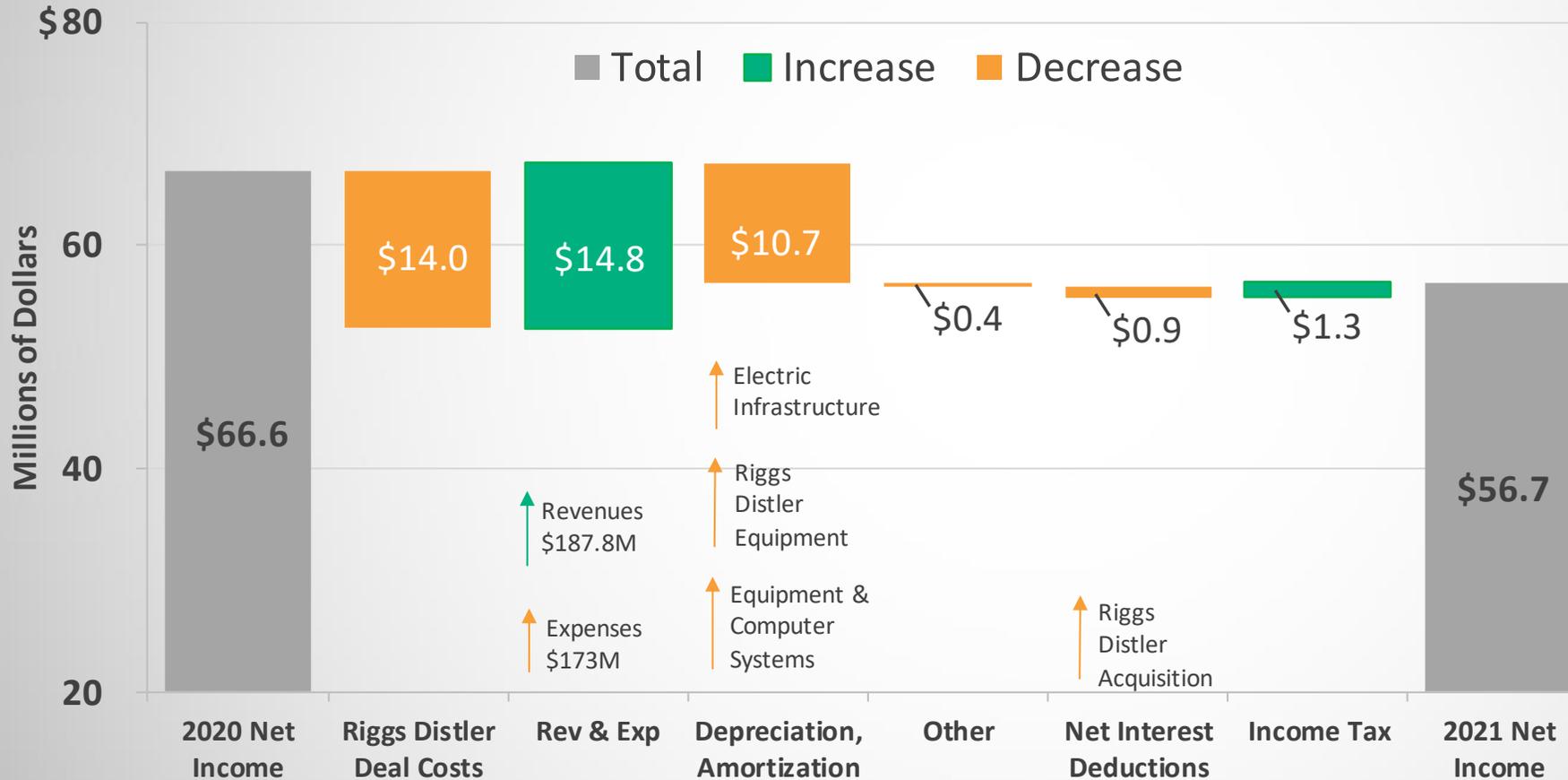


Total Increase
\$26.1 million

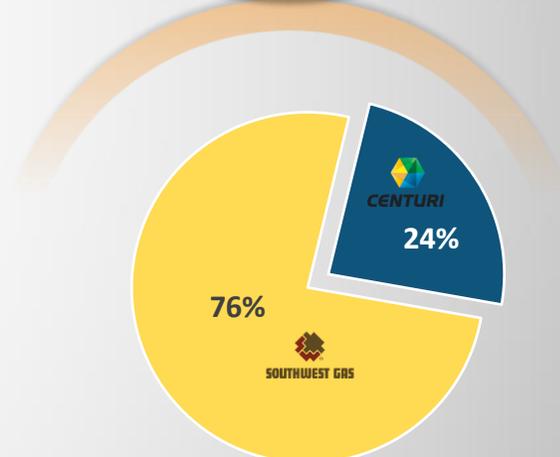


NET INCOME

TWELVE MONTHS ENDED SEPTEMBER 30, 2021
UTILITY INFRASTRUCTURE SERVICES



Total Decrease
\$9.9 million



CENTURI COMPLETES RIGGS DISTLER ACQUISITION

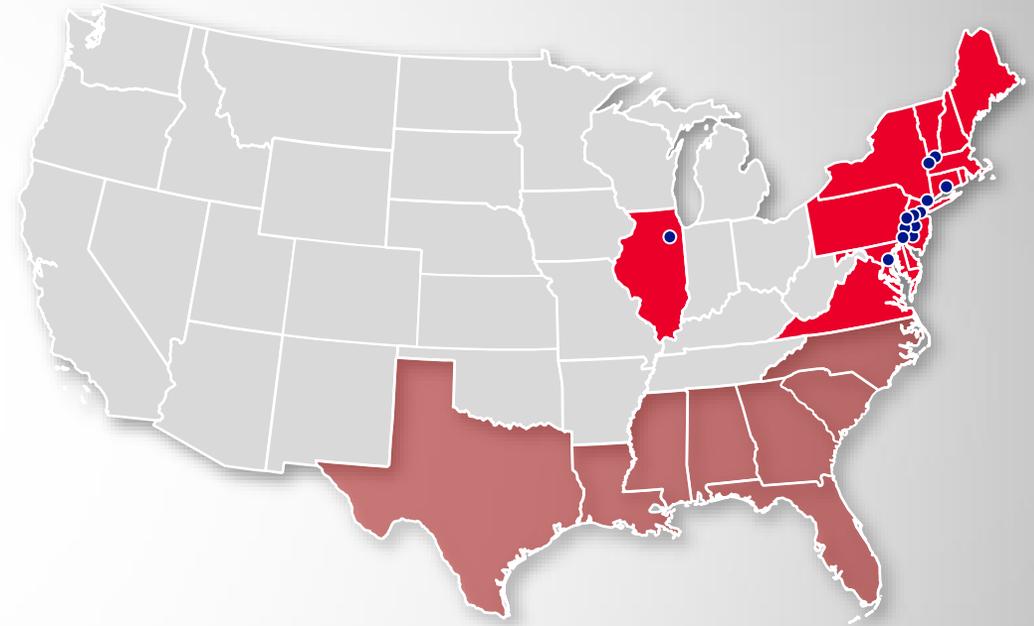
Establishes Centuri's Union electric platform, serving Utilities throughout the Northeast and Midwest

Expansion into ESG and Energy Transition work

- Riggs Distler named a General Contractor for Orsted / Eversource Sunrise Wind Project in New York
- Responsible for building wind tower foundation parts

Increases Centuri's ability to respond to major outages

- Riggs Distler and Linetec crews offered essential storm response services for communities impacted by Hurricane Ida



Electric Utility



Renewables



5G / Telecom



Natural Gas Distribution



Industrial



- States Served
- Storm Response Area
- Offices

RIGGS DISTLER ASSET ALLOCATION AND FINANCING

UTILITY INFRASTRUCTURE SERVICES

	Amount (millions)	Weighted average useful life
Current and other assets	\$ 118	
Property and equipment	118	5 years
Intangibles:		
Customer contracts backlog	5	1 year
Customer relationships	270	19 years
Trade names	60	15 years
Goodwill	447	
Total	\$ 1,018	

Summary of Key Terms - Centuri Acquisition Financing		
Facility	\$400 Million Revolver	\$1,145 Million Term Loan B
Tenor	5 years	7 years
Maturity	8/27/2026	8/27/2028
Pricing	Pricing Grid: LIBOR/CDOR + 100 bps-225 bps Unused Fees: 15 bps-35bps	LIBOR + 250 bps 50 bps LIBOR Floor 99.0 OID
Amortization		1.00% Per Year
Optional Prepayments	Prepayable at any time	101 Soft Call 6 months

REGULATION – RECENT RATE CASES

Arizona

- Rates effective January 2021
- Test year ended January 2019; post test year plant – July 2019
- Rate base - 46% increase
- 9.20% ROE relative to 51.10% equity ratio

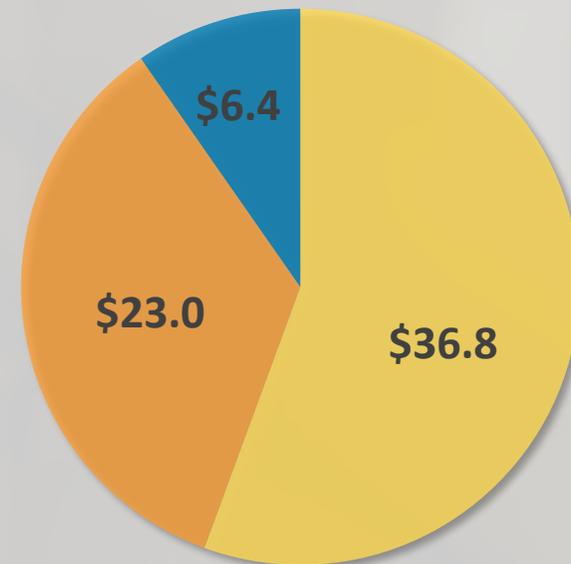
Nevada

- Rates effective October 2020
- Test year ended November 2019; certification – May 2020
- Rate base - 20% increase
- 9.25% ROE relative to 49.26% equity ratio

California

- Rates effective January 2021
- Test year ended December 2021
- Rate base - 73% increase
- 10.00% ROE relative to 52.00% equity ratio

Approved Rate Relief
\$66.2M



REGULATION – CURRENT RATE CASE ACTIVITY

NATURAL GAS OPERATIONS

NEVADA – FILED AUGUST 31, 2021

- Proposal Includes:
 - \$30.5M Rate relief
 - \$1.73B Rate base
 - 9.90% Return on equity
 - 51% Target equity ratio
 - Continuation of decoupling mechanism
 - Proposed inclusion of G-4 Rate Schedule
 - Recovery of \$6.6M COVID-19 Regulatory Asset over two years
 - Renewed request for recovery of 2020 wage increase
 - Hearing February 2022 / Rates effective April 2022

ARIZONA

- Estimate new general rate case filing in 4th quarter 2021
- Estimated test period August 2021 and propose 12 months post-test year adjustment
- Estimated increase in rate base of 35-40%

REGULATORY PARTNERSHIPS

ARIZONA

NATURAL GAS OPERATIONS

Full Recovery of ~\$74M

Outstanding Revenue Requirement Approved

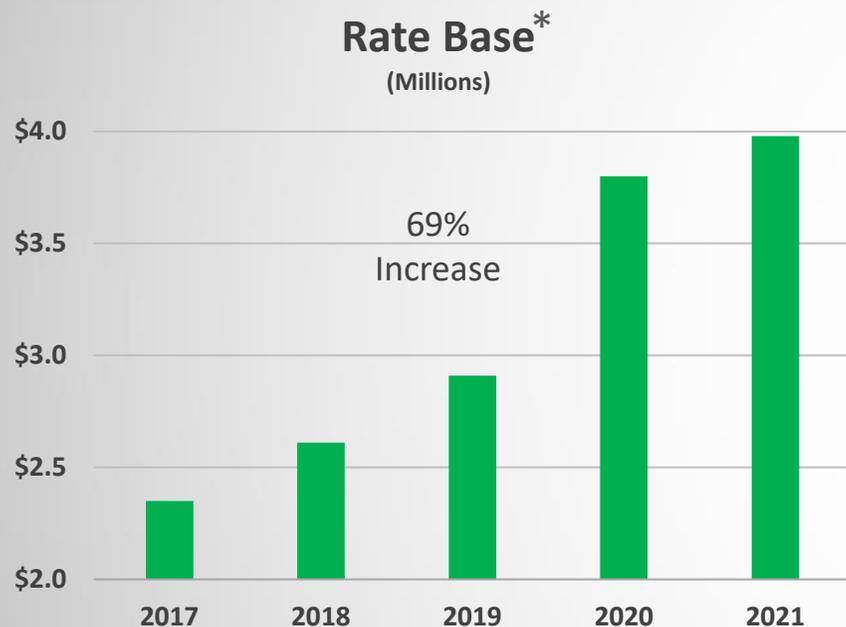
- COYL will be recovered over one year beginning November 2021
- VSP will be recovered over three years beginning March 2022

COYL & VSP
Cost Recovery Proposal
(\$ in millions)



REGULATORY PARTNERSHIPS

NATURAL GAS OPERATIONS



* Constructive rate case outcomes combined with supportive regulatory mechanisms have supported rate base growth of \$1.6B, or 69%, since 2017

Safety/Reliability/Growth Partnerships

- Post Test Year Plant Adjustments
- Expansion Programs:
 - Mesquite (NV)
 - Spring Creek (NV)
 - Graham County Utilities (AZ)
- Capital Tracker Programs:
 - COYL programs
 - Pipe replacement programs
 - Mobile Home Park replacement program
 - Meter Protection program
 - Southern AZ LNG Facility

Sustainability Initiative Partnerships

- RNG Purchase Authority Approval
- Move2Zero Stipulation
- RNG Development

SERVING OUR CUSTOMERS WITH EXCELLENCE

91%

Customers prefer the choice of natural gas¹

95%

Customer satisfaction²

CSO50 Award

A Top 50 company recognition for security initiatives that demonstrate outstanding business value and thought leadership³

2021

In May 2021, launched Project Horizon, the single largest digital transformation in Company history

#1

For 2 years in a row, ranked #1 among natural gas utilities in the West region for business customer satisfaction in 2021⁴

#1

Ranked #1 among large natural gas utilities in the West region for residential customer satisfaction in 2020⁵

#1

Ranked #1 among natural gas utilities in the West region for Utility Digital Experience in 2021⁶

1 - OH Predictive Insights. (2019, Dec). Natural Gas Customer Survey

2 - Monthly Customer Satisfaction Survey conducted by MDC Research

3 - IDG 2021 CSO50 Award

4 - 2021 Gas Utility Business Customer Satisfaction Study conducted by a global leader in consumer insights

5 - 2020 Gas Utility Residential Customer Study conducted by a global leader in consumer insights

6 - 2021 Utility Digital Experience Study conducted by a global leader in consumer insights

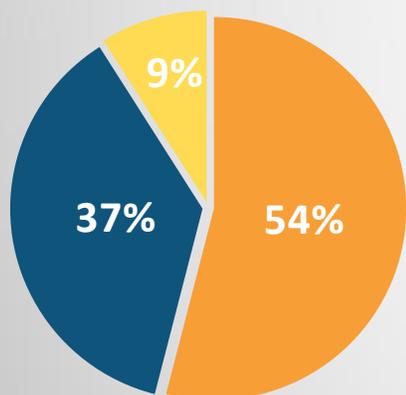
DIVERSIFIED AND GROWING CUSTOMER BASE

NATURAL GAS OPERATIONS

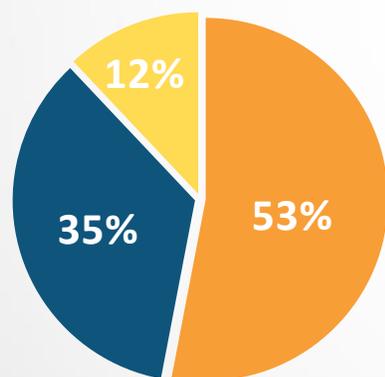
Twelve Months Ended September 30, 2021
Customer & Operating Margin Distribution

By State

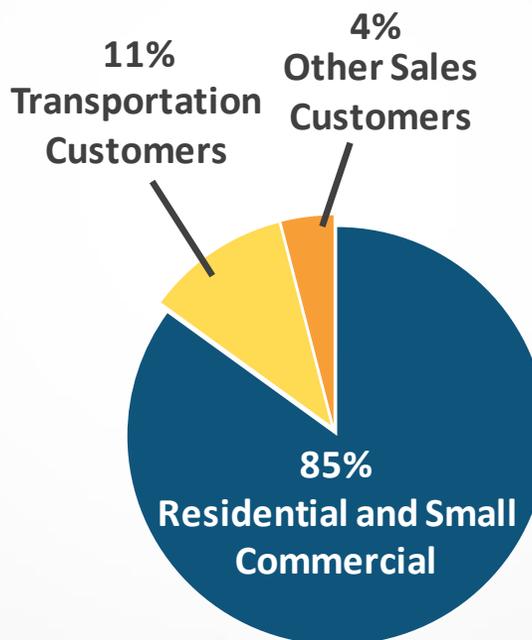
Customers



Margin



Arizona Nevada California



- Decoupled rate structure in all three states
- Residential and small commercial customers represent over 99% of the total customer base
- 85% of margin (residential and small commercial) under decoupled rate structure
- 37,000 first-time meter sets
- Continued growing customer base

LIQUIDITY PROFILE

NATURAL GAS OPERATIONS

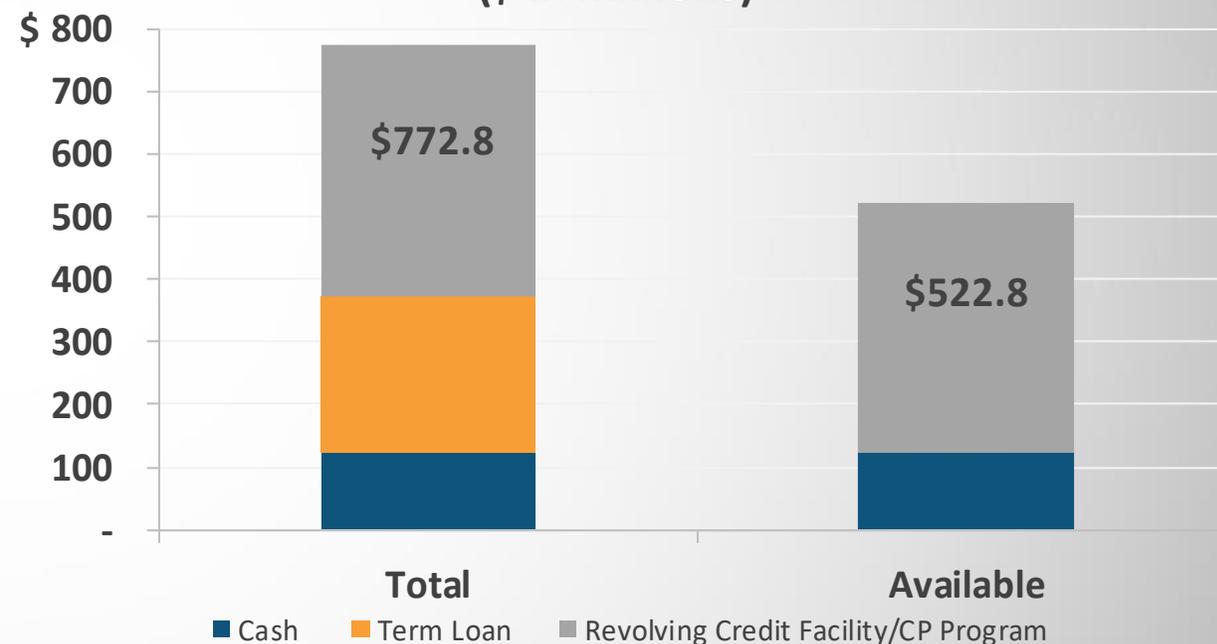
Strong liquidity will support capital expenditure and working capital needs

- Stable operating cash flows
- \$400 million revolving credit facility
 - Expires in April 2025
 - \$150 million designated as long-term debt
 - \$250 million as working capital
- \$250 million term loan
- \$50 million uncommitted commercial paper program

As of September 30, 2021

- \$250 million outstanding
 - \$250 million term loan
- Available borrowing capacity of \$400 million
- Available cash \$122.8 million

Liquidity Profile
as of September 30, 2021
(\$ in millions)



CAPITAL EXPENDITURES AND FUNDING SOURCES

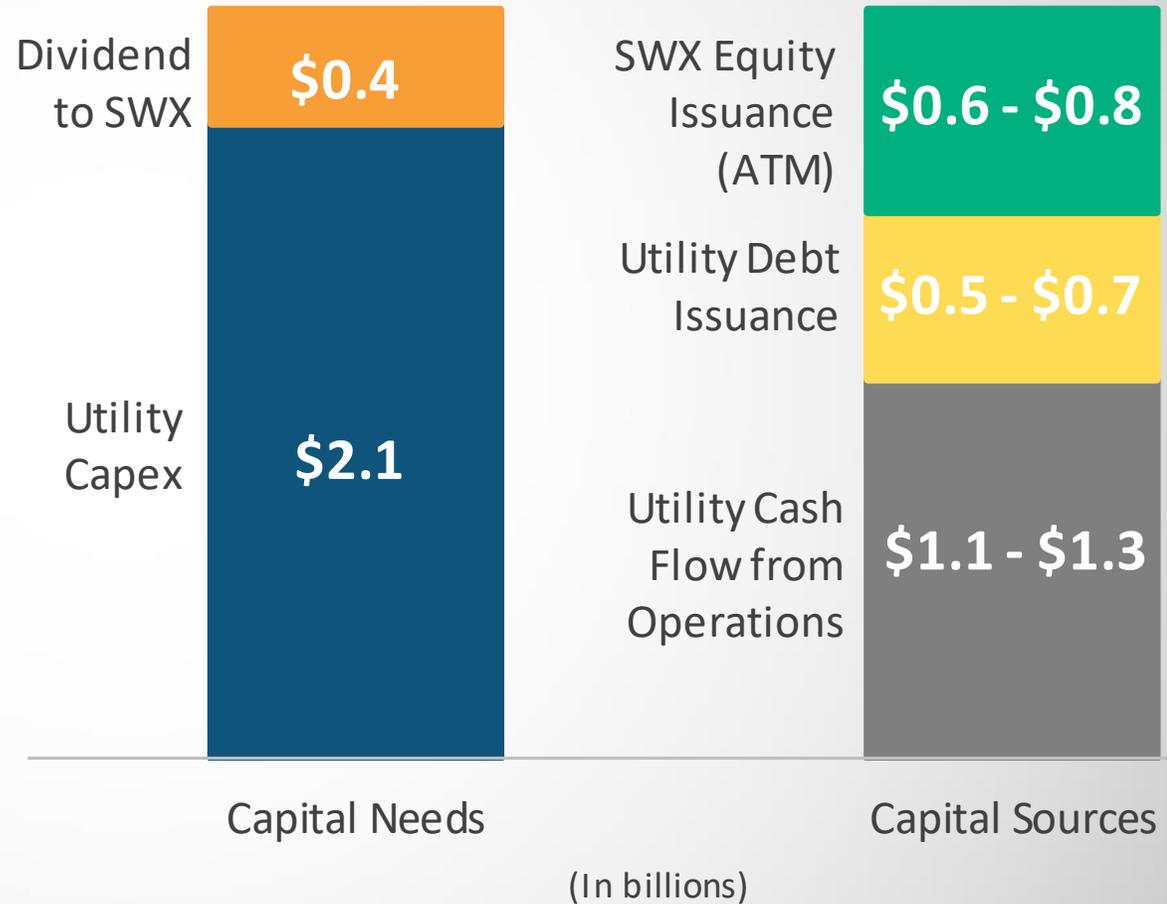
NATURAL GAS OPERATIONS

**\$2.1 Billion
Capital
Investment**

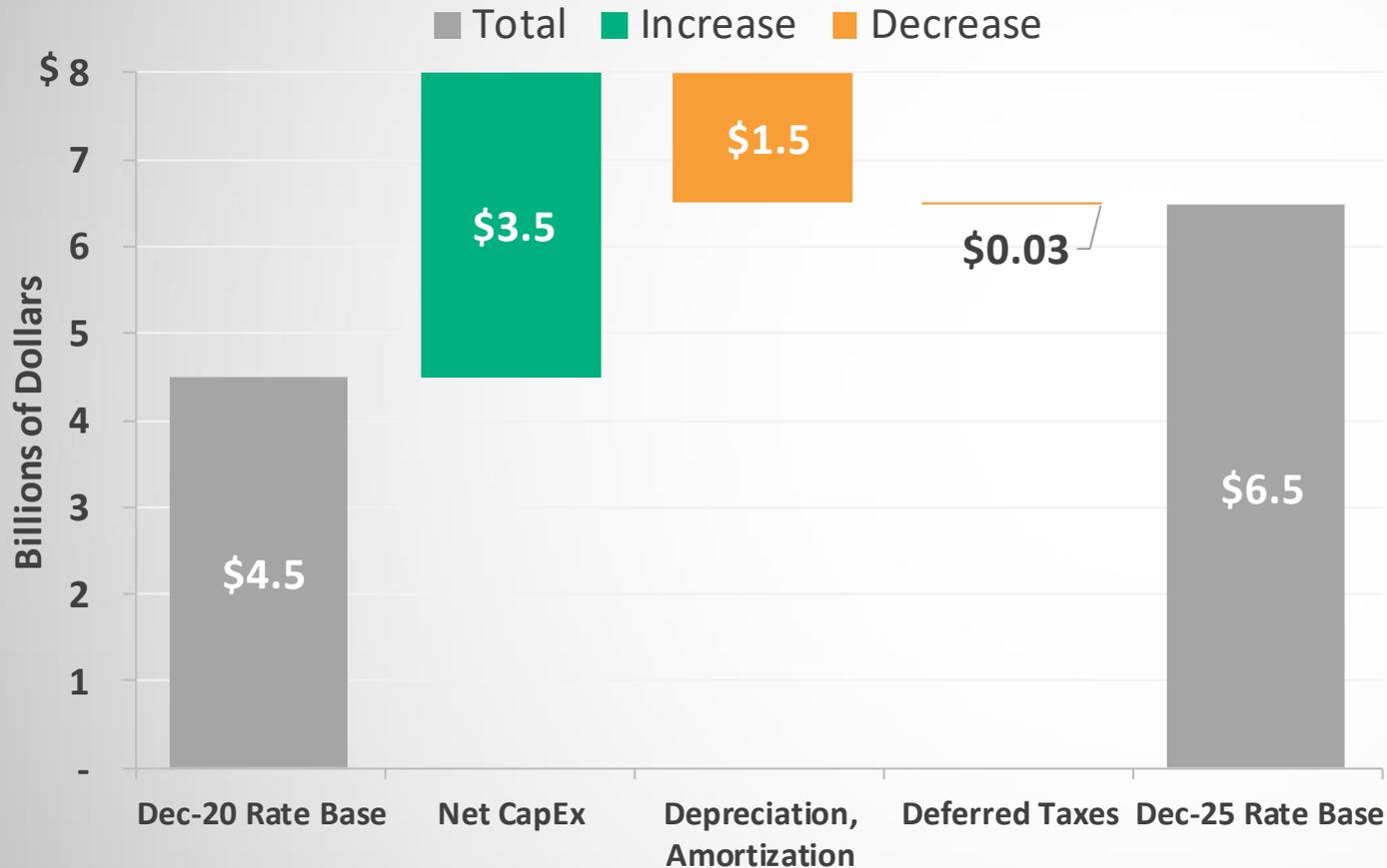
Estimated
2021-2023

Three-Year Plan Highlights

- 45% Investments in Safety and Reliability
- 36% New Business/Reinforcements
- 19% General Plant
- Anticipate funding 50% from internal cash flows and remaining 50% through a balance of debt and equity (ATM Program)



RATE BASE GROWTH



Rate base amounts reflect estimated total investment in facilities necessary to provide utility service. This is different than our authorized rate base, which is the rate base investment that has been approved by our regulatory bodies and that is reflected in rates.

Projecting 7.5% Compound Annual Growth Rate (CAGR) in rate base (2021-2025).

DIVIDEND GROWTH

5.8% 5-Year Dividend CAGR



CAGR = compound annual growth rate

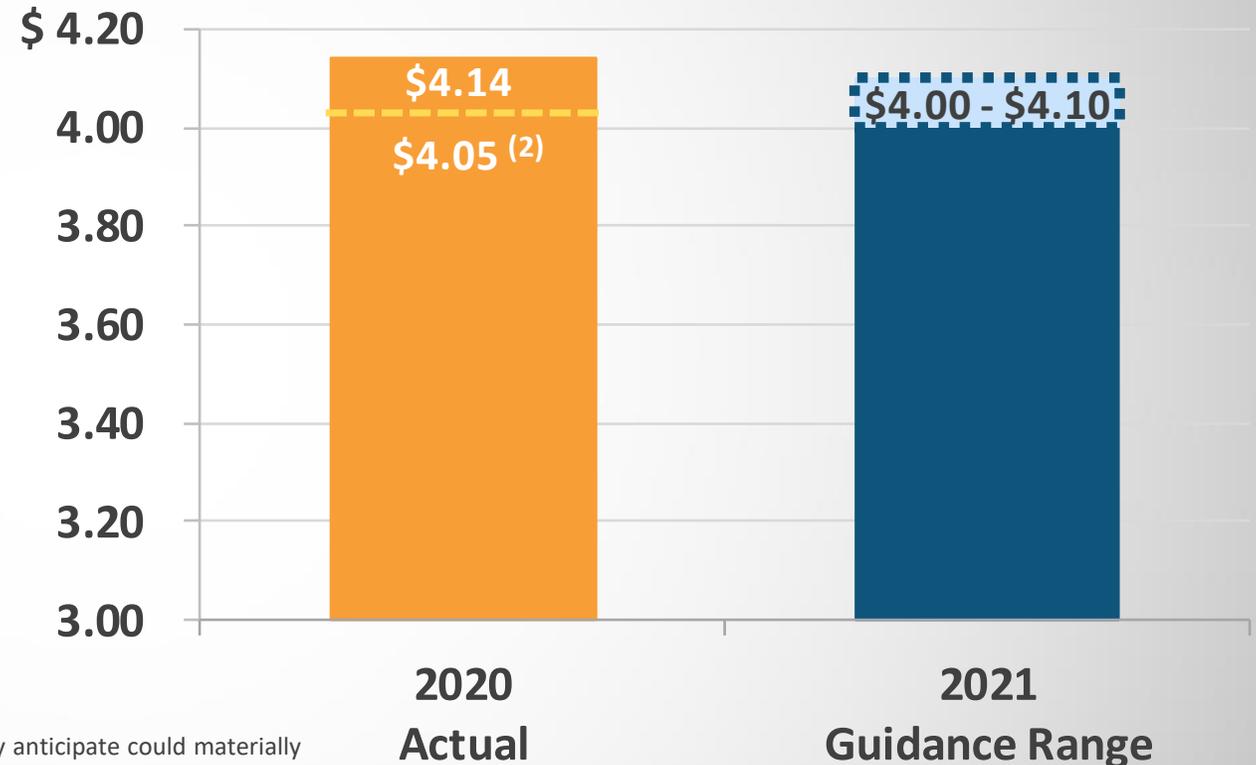
Maintain target payout ratio between 55% – 65%

Expect future dividends to increase at the sustainable earnings growth rate

2021 ADJUSTED EPS GUIDANCE ⁽³⁾



Diluted Earnings Per Share



Notes:
(1) Changes in economic conditions, events, or other circumstances that the Company cannot currently anticipate could materially impact earnings and, in turn, result in earnings for 2021 significantly above or below this EPS guidance.
(2) Based on normalized COLI of \$4 million (versus actual of \$9.2 million).
(3) Excludes the transaction-related costs for the planned Questar Pipelines acquisition, activism response, and the partial-year results (and associated costs) in connection with the Riggs Distler acquisition.

2021 LINE ITEM GUIDANCE

Natural Gas Operations

- Operating margin expected to increase 6% – 8% due to customer growth (1.7%), rate relief in all three states, expansion projects, and infrastructure tracker mechanisms
- Total pension costs are expected to be relatively flat compared to 2020
 - Will be reflected as an increase in O&M costs of about \$6M, with a comparable decrease to other expense
- Operating income expected to increase 4% – 6% (previously 3% to 5%)
- COLI earnings of \$5M – \$7M are projected (previously \$3M to \$5M)
- Capital expenditures estimated to be \$650M – \$675M (previously \$700M)

Utility Infrastructure Services

- Organic (pre-Riggs Distler) revenue for 2021 expected to be 1% – 3% (previously 1% – 4%) greater than record 2020 amount (included \$82M of storm restoration services)
 - Organic operating income is expected to be approximately 5.0% – 5.4% of revenues (previously 5.3% – 5.8%)
- Riggs Distler expected to generate revenues of \$150M – \$170M and operating loss of \$11M – \$13M from date of acquisition through end of 2021
- Total interest expense expected to be \$19.5M – \$20.5M (previously \$7M – \$8M for organic Centuri) following expansion/refinancing of term loan and credit facility in connection Riggs Distler acquisition
- Net income expectations reflect earnings attributable to Southwest Gas Holdings, net of estimated \$6M – \$7M (previously \$5M – \$6M) of noncontrolling interests
 - Changes in Canadian currency exchange rates could influence results

Corporate and Administrative

- Transaction-related expenses (including advisor, legal, accounting, and initial financing commitment costs) associated with planned acquisition of Questar Pipelines and activism response are expected to approximate \$25M – \$30M

LONG-TERM EXPECTATIONS

Holdings

- EPS growth of 5% – 8% for 2022 and 2023 (based on adjusted 2021)
- Equity issuances through ATM, \$600 million – \$800 million over 3 years ending 2023
- Target dividend payout ratio: 55% – 65%

Natural Gas Operations

- Capital expenditures are expected to be approximately \$3.5 billion over 5 years ending 2025
- Rate base growth is expected to be 7.5% through the same period

Utility Infrastructure Services

- Revenues expected to increase 27% – 33% in 2022 over 2021 with a full year of operations contributed by Riggs Distler
 - 2023 revenues expected to increase 7% – 10% over 2022
- Operating income expected to be 5.25% – 6.25% of revenues during 2022 and 2023
- EBITDA expected to be 11% – 12% of revenues during 2022 and 2023

STRONG AND GROWING, FUTURE FOCUSED

Natural Gas Operations

- Continued capital and rate base growth
- Continued customer growth
- Focus on cost control and affordability to customers
- Ongoing decarbonization and efficiency
- Constructive regulatory results
- Continued earnings and dividend growth
- Sustainability focused

Utility Infrastructure Services

- Very favorable electric and gas growth opportunities
- Operations execution focus
- Cost management and resource optimization
- Cross-selling services
- Increasing profitability and dividends
- Sustainability focused
- Cash source for SWX



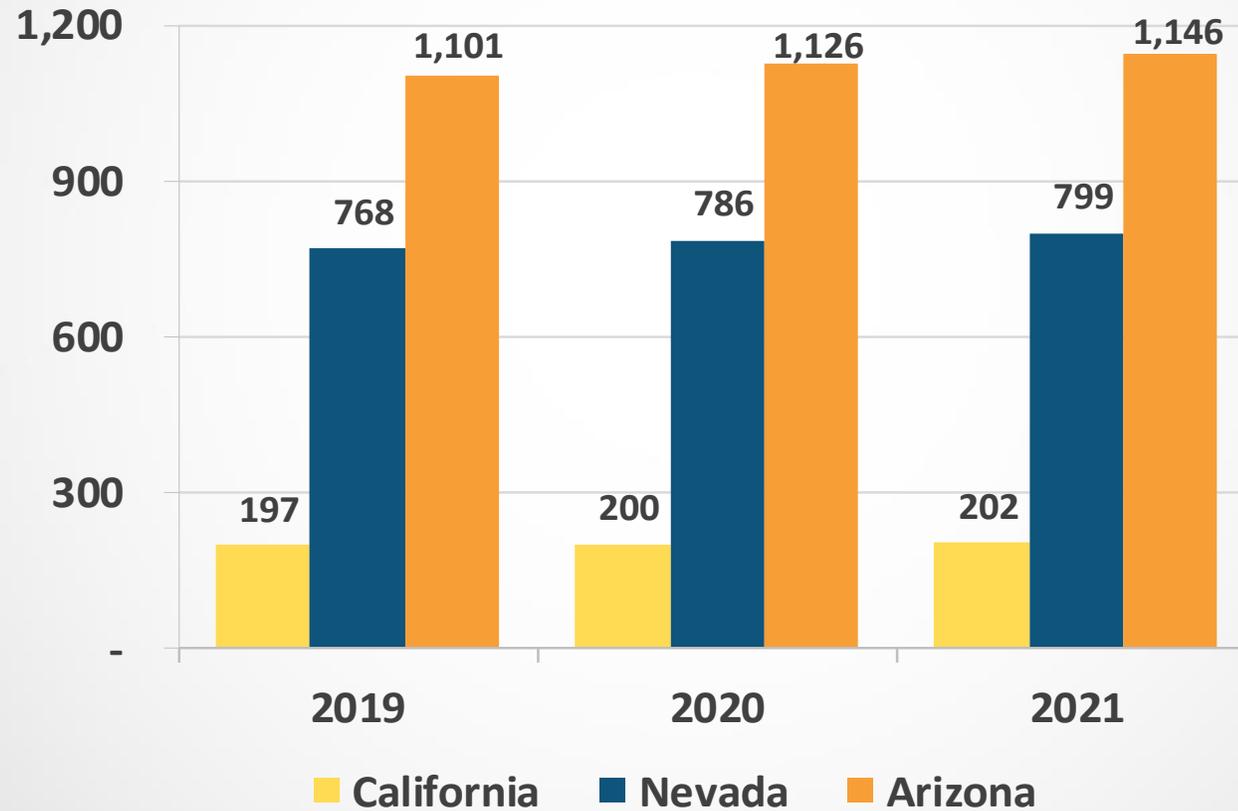
APPENDIX



CUSTOMERS BY STATE

NATURAL GAS OPERATIONS
(IN THOUSANDS)

As of September 30,



SUMMARY OPERATING RESULTS

NATURAL GAS OPERATIONS
(IN THOUSANDS)

	Three months ended September 30,	
	2021	2020
Results of Natural Gas Operations		
Gas operating revenues	\$ 255,848	\$ 210,834
Net cost of gas sold	63,710	36,321
Operating margin	192,138	174,513
Operations and maintenance expense	119,708	101,159
Depreciation and amortization	61,359	55,942
Taxes other than income taxes	20,109	15,787
Operating income (loss)	(9,038)	1,625
Other income (deductions)	(4,287)	1,751
Net interest deductions	24,922	26,103
Income (loss) before income taxes	(38,247)	(22,727)
Income tax benefit	(10,703)	(6,754)
Segment net income (loss)	\$ (27,544)	\$ (15,973)

SUMMARY OPERATING RESULTS

NATURAL GAS OPERATIONS (IN THOUSANDS)

Twelve months ended September 30,

	<u>2021</u>	<u>2020</u>
Results of Natural Gas Operations		
Gas operating revenues	\$ 1,445,066	\$ 1,355,666
Net cost of gas sold	374,449	356,925
Operating margin	<u>1,070,617</u>	<u>998,741</u>
Operations and maintenance expense	431,795	406,169
Depreciation and amortization	249,118	230,158
Taxes other than income taxes	<u>76,087</u>	<u>63,195</u>
Operating income	313,617	299,219
Other income (deductions)	(545)	(7,615)
Net interest deductions	<u>97,259</u>	<u>100,115</u>
Income before income taxes	215,813	191,489
Income tax expense	<u>33,679</u>	<u>35,496</u>
Segment net income	<u><u>\$ 182,134</u></u>	<u><u>\$ 155,993</u></u>

PURCHASED GAS ADJUSTMENT (PGA) BALANCES

NATURAL GAS OPERATIONS
(IN THOUSANDS)

	September 30, 2021	December 31, 2020	September 30, 2020
Arizona	\$ 191,907	\$ (3,901)	\$ (14,674)
Northern Nevada	4,924	(8,601)	(12,724)
Southern Nevada	38,964	(42,134)	(45,506)
California	5,032	2,053	(3,338)
Total Receivable/(Payable)	\$ 240,827	\$ (52,583)	\$ (76,242)

AUTHORIZED RATE BASE AND RATES OF RETURN

NATURAL GAS OPERATIONS

Rate Jurisdiction	Authorized Rate Base (In thousands)	% of Total Rate Base	Authorized Rate of Return	Authorized ROE	Authorized Common Equity Ratio
Arizona ¹	\$ 1,930,612	48.49 %	7.03 %	9.10 %	51.10 %
Southern Nevada ²	1,325,236	33.28	6.52	9.25	49.26
Northern Nevada ²	154,966	3.89	6.75	9.25	49.26
Southern California ³	285,691	7.17	7.11	10.00	52.00
Northern California ³	92,983	2.34	7.44	10.00	52.00
South Lake Tahoe ³	56,818	1.43	7.44	10.00	52.00
Paiute Pipeline Company ⁴	135,460	3.40	8.30	11.80	51.75
Total	<u>\$ 3,981,766</u>	<u>100.00 %</u>			
Weighted average authorized Return on Common Equity (ROE)				<u>9.35 %</u>	

¹ Rates effective January 1, 2021

³ Rates effective April 1, 2021

² Rates effective October 7, 2020

⁴ Rates effective December 1, 2019

REGULATION

NEVADA GENERAL RATE CASE
NATURAL GAS OPERATIONS

Procedural Schedule - Docket No. 21-09001	
September 3, 2021	Application Filed
December 15, 2021	Consumer Session
Certification Filing	
December 17, 2021	SWG Certification Filing
Testimonies	
January 14, 2022	Direct Testimony (Staff/Intervenor)
January 31, 2022	Rebuttal Testimony (SWG)
Hearings	
February 7, 2022	Hearing

DIVERSIFIED INFRASTRUCTURE SERVICES

MULTISERVICE PLATFORM REDUCES RISK

Over
10,500
employees supporting
North American gas
and electric utilities



GAS
GROUP



POWER
GROUP



CANADA
GROUP

MAJOR UTILITY CUSTOMERS

UTILITY INFRASTRUCTURE SERVICES

Centuri companies serve utilities that represent over 100 million gas and electric customers throughout the US and Canada

Gas	Electric	Combination
        <p><small>A Sempra Energy utility</small></p>      <p><small>A WGL Company</small></p>	  	           
	 <p><small>An Exelon Company</small></p>   <p><small>An Exelon Company</small></p> 	     <p><small>An Exelon Company</small></p> 

 Denotes new Centuri customers from Riggs Distler acquisition

SUMMARY OPERATING RESULTS

UTILITY INFRASTRUCTURE SERVICES

(IN THOUSANDS)

	Three months ended September 30,	
	2021	2020
Revenues	\$ 632,848	\$ 580,392
Cost of sales ⁽¹⁾	551,183	500,891
Gross profit	81,665	79,501
General and administrative expenses ⁽²⁾	41,597	23,579
Amortization of intangible assets	4,511	2,678
Operating income	35,557	53,244
Other income (deductions)	1,175	48
Net interest deductions	6,257	2,000
Income before income taxes	30,475	51,292
Income tax expense	9,653	13,629
Net income	20,822	37,663
Net income attributable to noncontrolling interests	2,282	2,790
Contribution to consolidated net income attributable to Centuri	\$ 18,540	\$ 34,873

(1) Included in Cost of sales during the three months ended September 30, 2021 and 2020 is depreciation expense of \$24,454 and \$20,826, respectively.

(2) Included in General and administrative expenses during the three months ended September 30, 2021 and 2020 is depreciation expense of \$1,056 and \$693, respectively.

SUMMARY OPERATING RESULTS

UTILITY INFRASTRUCTURE SERVICES

(IN THOUSANDS)

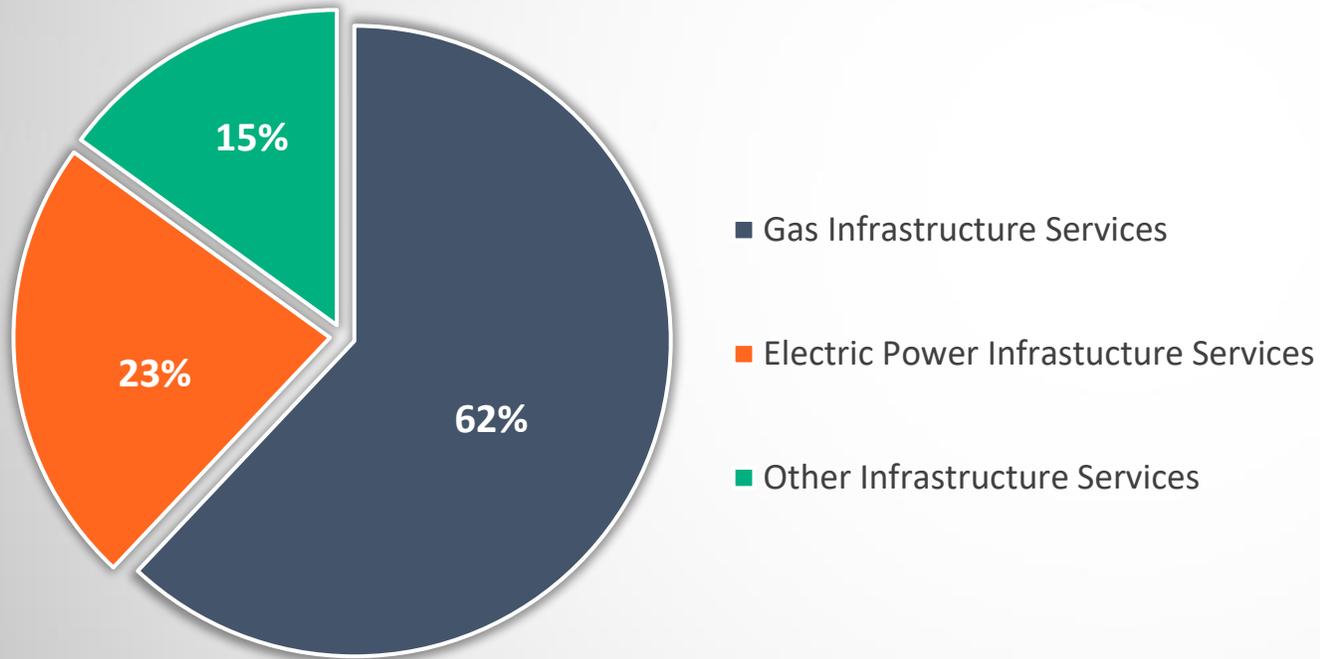
	Twelve months ended September 30,	
	2021	2020
Revenues	\$ 2,065,038	\$ 1,877,264
Cost of sales ⁽¹⁾	1,847,453	1,683,392
Gross profit	217,585	193,872
General and administrative expenses ⁽²⁾	103,901	72,171
Amortization of intangible assets	12,680	10,752
Operating income	101,004	110,949
Other income (deductions)	827	(210)
Net interest deductions	11,642	10,710
Income before income taxes	90,189	100,029
Income tax expense	26,785	28,057
Net income	63,404	71,972
Net income attributable to noncontrolling interests	6,681	5,357
Contribution to consolidated net income attributable to Centuri	\$ 56,723	\$ 66,615

(1) Included in Cost of sales during the twelve months ended September 30, 2021 and 2020 is depreciation expense of \$88,771 and \$81,205, respectively.

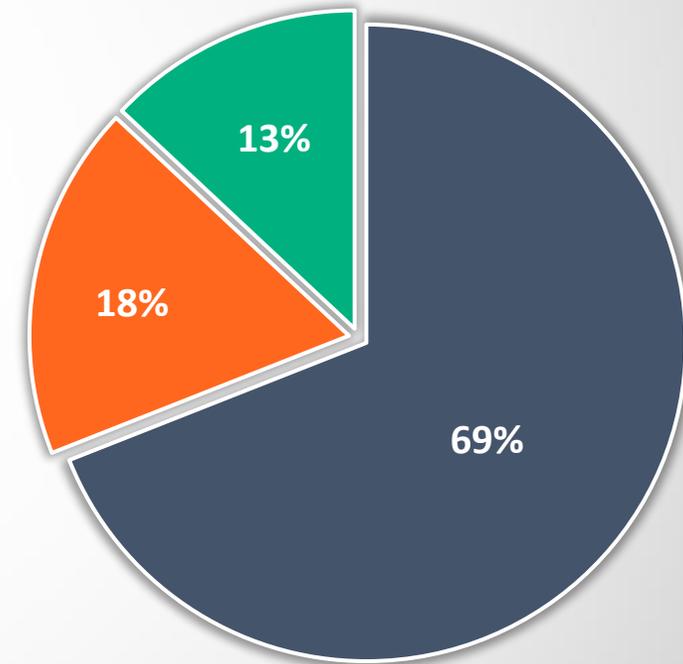
(2) Included in General and administrative expenses during the twelve months ended September 30, 2021 and 2020 is depreciation expense of \$4,119 and \$2,880, respectively.

REVENUES BY SERVICE TYPE

Twelve Months Ended September 30, 2021



Twelve Months Ended September 30, 2020



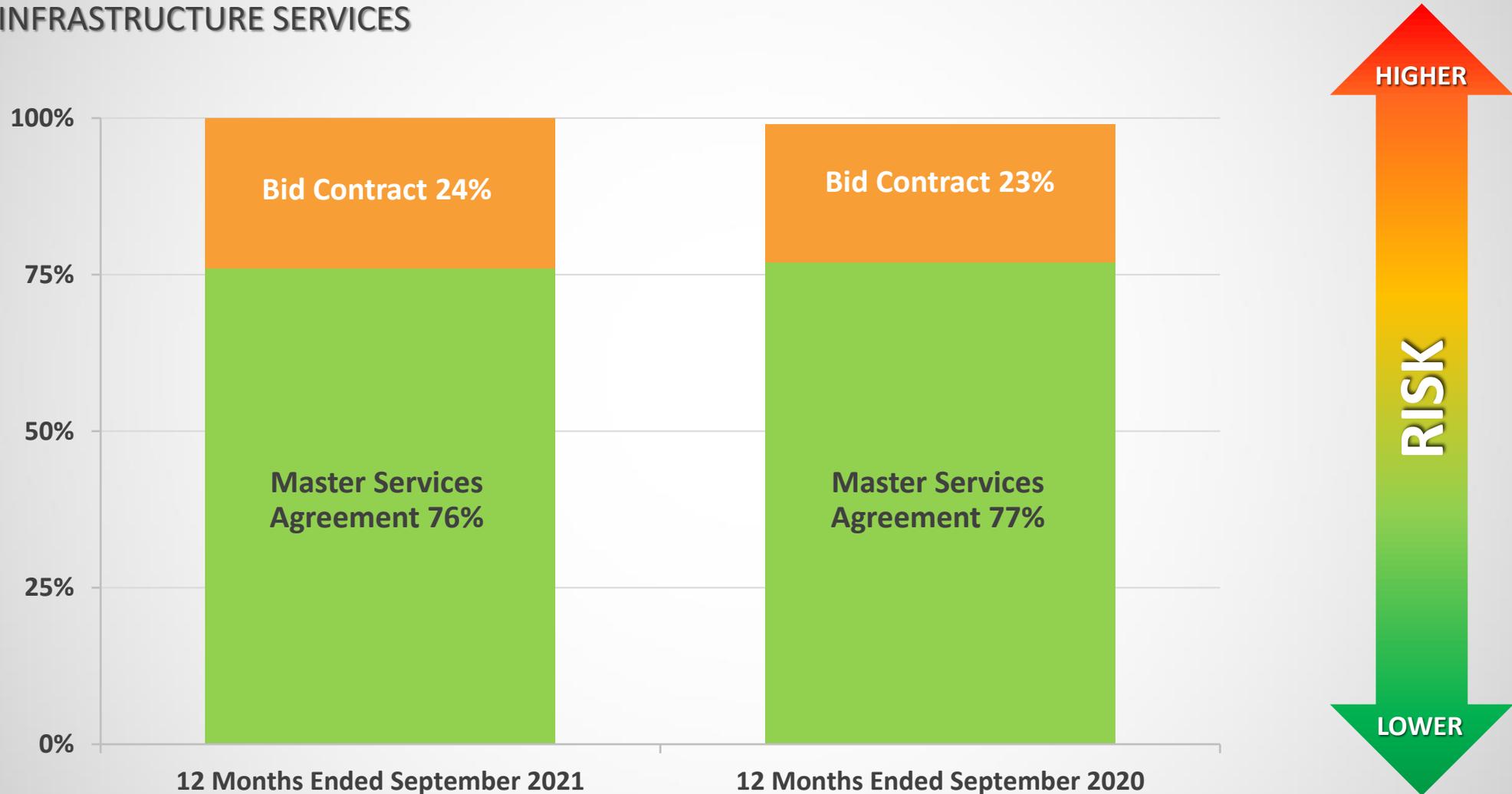
REVENUES BY CONTRACT PRICING TYPE

UTILITY INFRASTRUCTURE SERVICES



REVENUES BY CONTRACT STRUCTURE TYPE

UTILITY INFRASTRUCTURE SERVICES



TOP 20 CUSTOMERS

UTILITY INFRASTRUCTURE SERVICES

>89%

Total Centuri Revenue From Regulated Utilities

#	Revenue as % of Total	Revenue ¹ (\$ in Millions)	Relationship Length (Years)	Total Contract Length (Years)
1	12.3%	\$254	43	5
2	6.3%	\$131	7	3
3	5.7%	\$117	25	9
4	5.5%	\$114	20	5
5	5.2%	\$107	36	4
6	4.7%	\$98	14	6
7	4.6%	\$94	4	5
8	4.5%	\$93	26	12
9	4.4%	\$91	17	5
10	4.3%	\$88	44	3
11	3.1%	\$65	14	8
12	3.0%	\$61	21	5
13	2.9%	\$59	14	2
14	2.6%	\$53	27	10
15	2.5%	\$51	32	8
16	2.3%	\$47	4	4
17	2.0%	\$41	54	7
18	1.7%	\$35	5	3
19	1.4%	\$28	27	5
20	1.3%	\$26	22	7
Total – Average (Weighted Average)		\$1,653	23 (25)	6 (6)

(1) Trailing Twelve Months Ended September 30, 2021

CREDIT RATINGS

Southwest Gas Holdings, Inc.

	Moody's	S&P	Fitch
Issuer Rating	Baa2	BBB-	BBB+
Outlook	Stable	Negative	Rating Watch Negative

Southwest Gas Corporation

	Moody's	S&P	Fitch
Senior Unsecured	Baa1	BBB	A
Outlook	Stable	Negative	Negative

Centuri Group, Inc.

	Moody's	S&P
Senior Unsecured	Ba2	BB-
Outlook	Stable	Stable

CONSOLIDATED CAPITAL STRUCTURE

<u>Capitalization at September 30,</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Equity ¹	\$ 1,714	\$ 1,946	\$ 2,508	\$ 2,727	\$ 3,093
Long-Term Debt ²	1,760	2,157	2,500	2,730	3,871
Total Permanent Capital	<u>\$ 3,474</u>	<u>\$ 4,103</u>	<u>\$ 5,008</u>	<u>\$ 5,457</u>	<u>\$ 6,964</u>
Capitalization ratios					
Equity ¹	49.3%	47.4%	50.1%	50.0%	44.4%
Long-Term Debt ²	50.7%	52.6%	49.9%	50.0%	55.6%
Total Permanent Capital	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

¹ Includes redeemable noncontrolling interest, if applicable.

² Includes current maturities of long-term debt.

DEMAND FOR NEW HOMES IS FUELING CUSTOMER GROWTH



New Home Permits

+ 27%

Southern Arizona

+ 17%

Central Arizona

+ 33%

Southern Nevada

*Year to date compared to same time frame in the previous year



Customer Growth

Added
36,901
customers*

Average of over
3,000
meter sets a month

*Rolling 12-Month Meter Sets Sept 2021

DIVERSIFICATION DRIVES ARIZONA'S RECOVERY

PHOENIX
Business Journal

"Looking at the largest 15 metros by total employment, Phoenix metro ranked 12th for the most diversified metro in 2006. Skipping ahead to 2020, Phoenix metro jumped eight spots to the fourth-most diversified metro."

- Phoenix Business Journal, CBRE, 7/21/21

ASU Arizona State University

"Arizona went into the pandemic with a rip-roaring economy. We were No. 1 in the country in the rate of job creation. We expect over 115,000 jobs to be added this year, which will replace all the jobs that were lost by the end of 2021."

- Lee McPheters, Director, Arizona State University JP Morgan Chase Economic Outlook Center

big AZBIGMEDIA

"During the next 30 years, Arizona population is forecast to rise by 2.81 million, hitting 10.1 million by 2050. The state also adds 1.58 million jobs and \$343 billion in real personal income during the forecast period."

- AZ Big Media, 9/9/2020

ARIZONA'S INCREDIBLE GROWTH

United States®
Census
2020



“The state has welcomed about 760,000 new residents over the last 10 years, expanding Arizona's total population by nearly 12%.”

- NBC 12 News, 8/12/21

THE ARIZONA REPUBLIC

“Phoenix grew at a faster rate than any other major city in the last decade, officially surpassing Philadelphia as the nation's fifth largest city.”

- Arizona Republic, 8/12/21

AP

“Phoenix grew 11.2%, the only one of the 10 largest U.S. cities to post double-digit population growth.”

- Associated Press, 8/13/21

AP

“Buckeye and Goodyear in the West Valley — were among the 10 fastest-growing of all U.S. cities during the decade. Growth across the Phoenix metro area drove up Maricopa County's population by 15.8%.”

- Associated Press, 8/13/21

NEVADA IS GROWING MORE DIVERSE

United States®
Census
2020

AP

“Nevada has become more populous and more diverse over the past decade, adding 404,000 residents, with about 4 out of 10 identifying as Hispanic or Latino according to the U.S. Census Bureau.”

Associated Press, 8/12/21

reno gazette journal
PART OF THE USA TODAY NETWORK

“The Silver State is the nation’s third most ethnically diverse, according to a new diversity index introduced by the federal agency. Officials said only Hawaii and California had a more racially varied population in 2020.”

- Reno Gazette Journal, 8/12/21

LAS VEGAS
REVIEW-JOURNAL

“Clark County, home to Las Vegas and more than two-thirds of all Nevadans, gained more than 314,000 residents. It also had the largest relative population growth, 16.1%, of any county. The county’s population is now more than 2.2 million.”

- Las Vegas Review Journal, 8/12/21

LAS VEGAS  **SUN**

“Among Nevada’s major cities, Henderson grew the fastest, up 23.2% to a population of 317,610. It was followed by North Las Vegas, 21% to 262,527; Reno, 17.3% to 264,165; and Las Vegas, 9.9% to 641,903. Clark County grew 16.1% with a population of 2,265,461.”

- Las Vegas Sun, 8/12/21

NEVADA'S ECONOMY IS RECOVERING FASTER THAN EXPECTED



“The recent surge in statewide gaming win is the result of several contributing factors which include strong demand, the return of leisure travel, customers with savings that can be attributed to stimulus and the return of core customers including customers 55 and over.”

- Michael Lawton, Nevada Gaming Control Board Senior Research Analyst, Nevada Independent, 7/29/21



“The unemployment rate dipped to 7.5% last month (Sept)... The Las Vegas area added 2,400 jobs last month and has gained 69,300 jobs since September last year.”

- Las Vegas Review Journal, 8/13/21



“Southern Nevada’s population of approximately 2.32 million residents is expected to grow by more than 1 million to 3.38 million by 2060, according to a new report released today by UNLV’s Center for Business and Economic Research (CBER).”

- UNLV Center for Business and Economic Research (CBER), 7/21/21

ATTRACTIVE SERVICE TERRITORY

THE
WALL STREET
JOURNAL.

“Phoenix was a hot market before the pandemic, and it has been a major beneficiary of new remote-work policies, as workers in expensive cities decided to move for cheaper housing.”

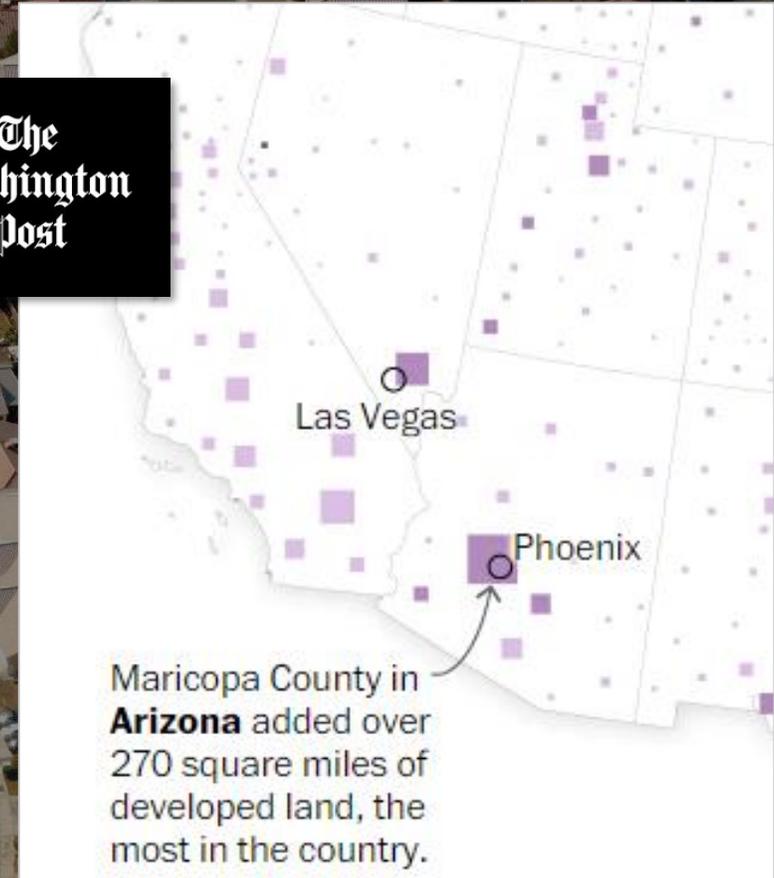
- The Wall Street Journal, 7/25/21

LAS VEGAS
REVIEW-
JOURNAL

“Fueled by low borrowing costs and more out-of-state buyers than usual, Las Vegas’ housing market has seen record-high prices and rapid sales for months.”

- Las Vegas Review Journal, 7/27/21

The
Washington
Post



New land development by county, 2001-2019

Area of new developed land

10 50 100
sq. mi.

Percentage increase in developed land

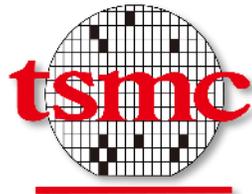
0 100+%

OUR SERVICE TERRITORY IS ATTRACTIVE TO BUSINESS INVESTMENT



Featured Gas Users

Access to clean, affordable natural gas is essential to these businesses



ENVIRONMENT



Southwest Gas
HOLDINGS

We are dedicated to our environment through practices that provide our customers and communities with energy solutions and technologies that are balanced and environmentally friendly. We are devoted to stewarding our natural resources for generations to come, through programs such as methane emissions abatement best practices, vehicle emissions reduction, pipeline integrity management and energy-efficiency initiatives.

CNG IS REDUCING EMISSIONS FROM TRANSPORTATION

In 2020,
Southwest Gas delivered

31.8

million therms
of Compressed Natural Gas (CNG)
in place of diesel
to transportation customers



This is the emissions
reductions equivalence taking

14,750

passenger vehicles
off the road

** US Environmental Protection Agency*

RENEWABLE NATURAL GAS (RNG) PROJECTS



Pima County Wastewater Interconnect to receive RNG in 3 to 5 weeks



Began flowing RNG to RTC September 2021



Butterfield & Maricopa dairies groundbreaking took place June 29



Victor Valley Wastewater Reclamation Authority interconnect expected online in Fall of 2021



Discussions with state, county and municipal entities coming to fruition

HYDROGEN PROJECTS

Projects



Hydrogen blending pilot



Southern Nevada EMRF facility pilot



Identify isolated systems for hydrogen blending

Objectives

- Determine the optimal, safest and most environmentally effective percentage hydrogen/natural gas blend
- Identify safety aspects of hydrogen blending
- Study physical impacts of hydrogen on the natural gas distribution system and common natural gas appliances
- Investigate effects of hydrogen/natural gas blending on heating times and temperatures when compared to the existing heating times of natural gas
- Identify the economics of hydrogen

ENVIRONMENT

INVESTING FOR COLLECTIVE IMPACT

Energy Capital Ventures (ECV) is the only strategic venture capital fund purpose-built for **driving environmental, social and governance innovation and digital transformation** of the natural gas industry.



Southwest Gas joined
with other founding partners
for collective impact



Focused on early-stage ESG
Investments in decarbonization

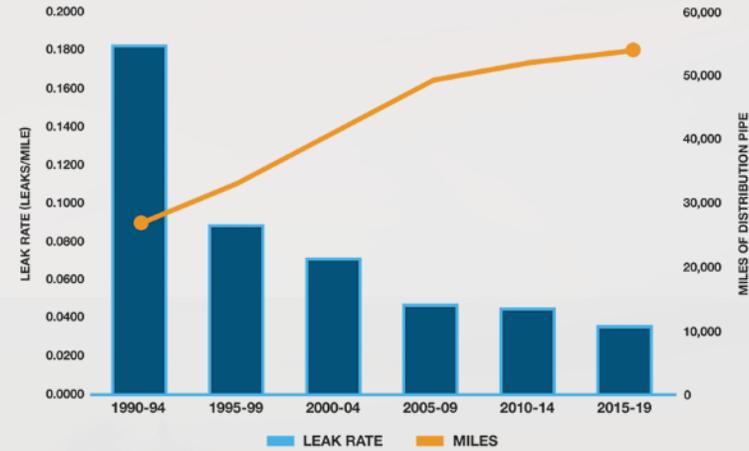


Renewable Natural Gas
Hydrogen
Other Clean Energy Solutions
Digital Transformations

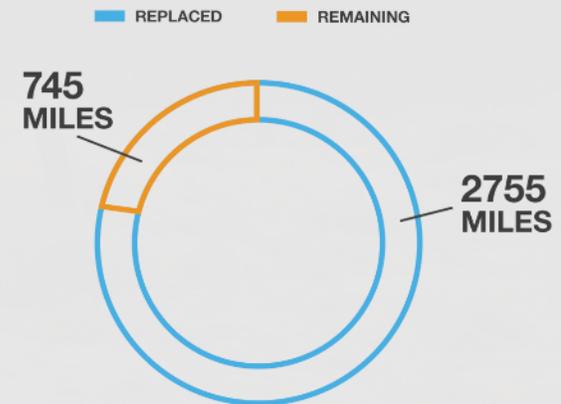
ENVIRONMENT KEEPING THE SYSTEM TIGHT

As a result of our mitigation efforts, leaks today are **1/5** what they were 30 years ago

COMPANYWIDE DISTRIBUTION SYSTEM LEAK RATE 1990-2019

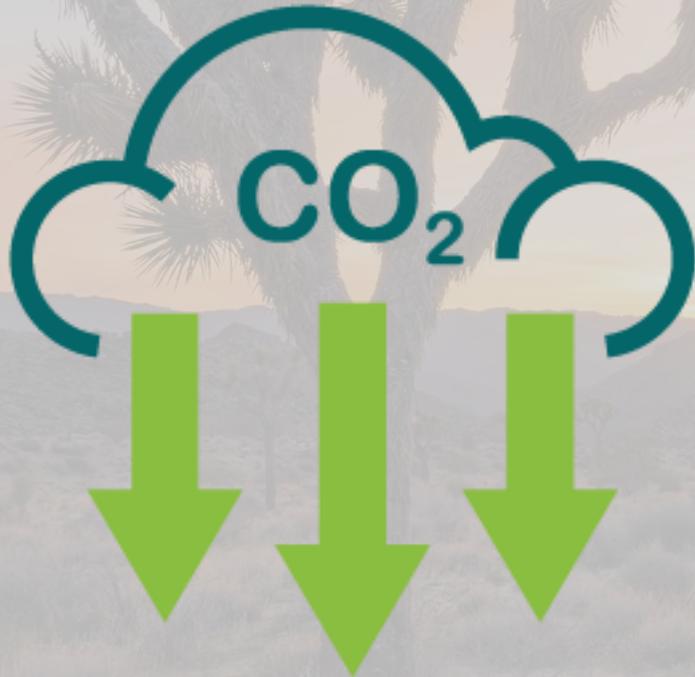


MILES OF VINTAGE PLASTIC PIPE



ENVIRONMENT

EMPOWERING CUSTOMER TO MOVE2ZERO



Carbon Offset Program

Will be offered to customers in Nevada using a "block" design.

A block represents the equivalent therms of combustion-related natural gas usage that will be offset through the purchase and retirement of a certified carbon offset.

A customer may elect to purchase blocks that equate to more or less therms than the customer's actual usage.

2020 SUSTAINABILITY REPORT AVAILABLE

Adopted the SASB Disclosure Framework

“While no framework is perfect, BlackRock believes that the Sustainability Accounting Standards Board (SASB) provides a clear set of standards for reporting sustainability information across a wide range of issues, from labor practices to data privacy to business ethics.”

- Larry Fink, CEO BlackRock Funds



<https://www.swgas.com/1409208370925/Southwest-Gas-Holdings-2020-Sustainability-Report.pdf>

NON-GAAP MEASURE

Non-GAAP Measure Operating Margin – Southwest recognizes operating revenues from the distribution and transportation of natural gas (and related services) to customers. Gas cost is a tracked cost, which is passed through to customers without markup under purchased gas adjustment (“PGA”) mechanisms, impacting revenues and net cost of gas sold on a dollar-for-dollar basis, thereby having no impact on Southwest’s profitability. Therefore, management routinely uses operating margin, defined as operating revenues less the net cost of gas sold, in its analysis of Southwest’s financial performance. Operating margin also forms a basis for Southwest’s various regulatory decoupling mechanisms. Operating margin is not, however, specifically defined in accounting principles generally accepted in the United States (“U.S. GAAP”) and is considered a non-GAAP measure. Management believes supplying information regarding operating margin provides investors and other interested parties with useful and relevant information to analyze Southwest’s financial performance in a rate-regulated environment.

Reconciliation of Gross Margin to Operating Margin (Non-GAAP measure)

	<u>Three months ended September 30,</u>		<u>Twelve months ended September 30,</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	(In thousands)			
<u>Natural Gas Operations</u>				
Utility Gross Margin	\$ 62,681	\$ 57,188	\$ 566,065	\$ 524,010
Plus:				
Operations and maintenance (excluding Admin. & General) expense	68,098	61,383	255,434	244,573
Depreciation and amortization expense	61,359	55,942	249,118	230,158
Operating margin	<u>\$ 192,138</u>	<u>\$ 174,513</u>	<u>\$ 1,070,617</u>	<u>\$ 998,741</u>

NON-GAAP MEASURE

UTILITY INFRASTRUCTURE SERVICES

(IN THOUSANDS)

Non-GAAP Measure EBITDA - The following table presents the non-GAAP financial measure of EBITDA for the twelve months ended December 31, 2020, 2019, 2018, 2017, 2016, 2015, 2014, 2013, 2012, 2011 and 2010, which, when used in connection with net income attributable to Centuri, is intended to provide useful information to investors and analysts as they evaluate Centuri's performance. EBITDA is defined as earnings before interest, taxes, depreciation and amortization. This measure should not be considered as an alternative to net income attributable to Centuri or other measures of performance that are derived in accordance with GAAP. Management believes that the exclusion of these items from net income attributable to Centuri provides an effective evaluation of Centuri's operations period over period and identifies operating trends that might not be apparent when including the excluded items. Because EBITDA, as defined, excludes some, but not all, items that affect net income attributable to Centuri, such measure may not be comparable to similarly titled measures of other companies. The most comparable GAAP financial measure, net income attributable to Centuri, and information reconciling the GAAP and non-GAAP financial measures, are included below.

Reconciliation of Net Income to EBITDA (Non-GAAP measure)	Twelve Months Ended December 31,										
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Contribution to consolidated net income attributable to Centuri	\$ 12,495	\$ 20,867	\$ 16,712	\$ 21,151	\$ 24,254	\$ 26,692	\$ 32,618	\$ 38,360	\$ 44,977	\$ 52,404	\$ 74,862
Net Interest deductions	564	825	1,063	1,145	3,770	7,784	6,663	7,986	14,190	14,086	9,269
Income tax expense	7,852	13,727	10,303	12,565	14,776	18,547	19,884	2,390	18,420	21,399	31,128
Deprecation expense	20,007	25,216	37,387	42,969	47,344	52,471	52,503	44,940	49,831	76,909	85,943
Amortization of intangible assets	-	-	-	-	1,544	4,185	3,166	4,089	7,565	10,708	10,789
EBITDA	\$ 40,918	\$ 60,635	\$ 65,465	\$ 77,830	\$ 91,688	\$ 109,679	\$ 114,834	\$ 97,765	\$ 134,983	\$ 175,506	\$ 211,991