

# Investor Presentation

October 2024



**NW Natural**  
**HOLDINGS™**

# Investor Information

## Company Information

NW Natural Holdings  
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## Forward Looking Statements

This and other presentations made by NW Natural Holdings from time to time, may contain forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995, which are subject to the safe harbors created by such Act. Forward-looking statements can be identified by words such as “anticipates,” “intends,” “plans,” “seeks,” “believes,” “estimates,” “expects” and similar references to future periods. Examples of forward-looking statements include, but are not limited to, statements regarding the following: plans; objectives; estimates; timing; goals; strategies; future events; projections; expectations; acquisitions and timing; completion and integration thereof; storage, pipeline and other infrastructure investments; safety; system modernization and reliability; risk profile; commodity costs and sourcing; competitive advantage; marketing success; service territory; customer service; customer and business growth; customer satisfaction ratings; weather; customer rates and timing and magnitude of potential rate changes; price advantage; customer preference; conversion potential; business risk; efficiency of business operations; regulatory recovery; business development and new business initiatives; water and wastewater industry and investments including timing, completion and integration of such investments; environmental initiatives and remediation recoveries; gas storage markets and business opportunities; gas storage development, costs, timing or returns related thereto; dispositions and timing, completion and outcomes thereof; accretion, financial positions and performance; economic and housing market trends and performance; shareholder return and value; capital expenditures; technological innovations and investments; availability and sources of liquidity; strategic goals and visions; decarbonization and the role of natural gas and the gas delivery system, including competitive renewable natural gas strategy; use of renewables such as renewable natural gas and hydrogen; low carbon pathway and Vision 2050; carbon emissions and savings; renewable natural gas projects or investments and timing related thereto; procurement of renewable natural gas for customers; workforce trends; diversity, equity and inclusion initiatives; hedge efficacy; cash flows and adequacy thereof; return on equity; capital structure; return on invested capital; revenues and earnings and timing thereof; margins; net income; operations and maintenance expense; dividends; credit ratings and profile; debt and equity issuances; the regulatory environment; effects of regulatory disallowance; timing or effects of future regulatory proceedings or future regulatory approvals; regulatory prudence reviews or deferrals; timing, outcome and effects of regulatory dockets or mechanisms or approvals, including, but not limited to, OPUC approval of the Oregon general rate case comprehensive stipulation; effects of legislation and changes in laws and regulations, including but not limited to carbon, renewable natural gas and renewable hydrogen regulations; gas supply; supply chain; effects, extent, severity and duration of COVID-19 and resulting economic disruption; the impact of efforts to mitigate risks posed by its spread, the ability of our workforce, customers or suppliers to operate or conduct business, COVID-19 expenses and financial impact and cost recovery including through regulatory deferrals, impact on capital projects, governmental actions and timing thereof, including actions to reopen the economy; and other statements that are other than statements of historical facts.

Forward-looking statements are based on our current expectations and assumptions regarding our business, the economy and other future conditions. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict. Our actual results may differ materially from those contemplated by the forward-looking statements, so we caution you against relying on any of these forward-looking statements. They are neither statements of historical fact nor guarantees or assurances of future performance. Important factors that could cause actual results to differ materially from those in the forward-looking statements are discussed by reference to the 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” in the Company’s most recent Annual Report on Form 10-K, and in Part I, Items 2 and 3 “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Quantitative and Qualitative Disclosures About Market Risk”, and Part II, Item 1A, “Risk Factors”, in the Company’s quarterly reports filed thereafter.

All forward-looking statements made in this presentation and all subsequent forward-looking statements, whether written or oral and whether made by or on behalf of the Company, are expressly qualified by these cautionary statements. Any forward-looking statement speaks only as of the date on which such statement is made, and we undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future developments or otherwise, except as may be required by law.



# Leadership Presenting



## **DAVID H. ANDERSON • Chief Executive Officer**

Mr. Anderson is currently NW Natural Holding's CEO effective May 2023. Previously Anderson was NW Natural Holding's President and CEO effective October 2018 and Northwest Natural Gas Company's ("NW Natural") President and CEO effective August 2016. Since he joined NW Natural in 2004, Mr. Anderson has served in various executive positions over Operations, Regulation and Financial Matters, as COO and CFO. Previously, Mr. Anderson held executive positions within TXU Corporate including Senior Vice President and Chief Accounting Officer. Mr. Anderson holds a BBA in Accounting from Texas Tech University and held a CPA (retired) and CGMA.



## **JUSTIN B. PALFREYMAN • President NW Natural Holdings and NW Natural**

Mr. Palfreyman is currently NW Natural Holdings' President effective May 2023. Previously, Mr. Palfreyman was NW Natural's Senior Vice President of Strategy and Business Development effective 2016. In addition, he was the President of NW Natural Water until September 2024. Previously, Mr. Palfreyman was with Lazard, Freres & Co. serving as a Director in the Energy & Infrastructure Group and worked in the Infrastructure Investment Banking Group at Goldman Sachs in New York. Mr. Palfreyman has an MBA and a Master of Public Policy from The University of Chicago, and a Bachelor of Business Administration from Pacific Lutheran University.



## **RAY J. KASZUBA • Senior Vice President and Chief Financial Officer**

Mr. Kaszuba is currently NW Natural Holding's and NW Natural's Senior Vice President and CFO effective August 2024. Prior to joining the Company, he served as the Interim President of AmeriGas from November 2023 to August 2024 and also served as AmeriGas' Vice President and Chief Financial Officer from October 2022 to November 2023. He held previous roles including Vice President and Treasurer of UGI Corporation; Senior Vice President, Finance and Treasurer at Enviva; and in various treasury, finance and audit roles at ExxonMobil, Allegheny Energy, and US Bank.

# Introduction

# NWN At A Glance



## NW Natural®

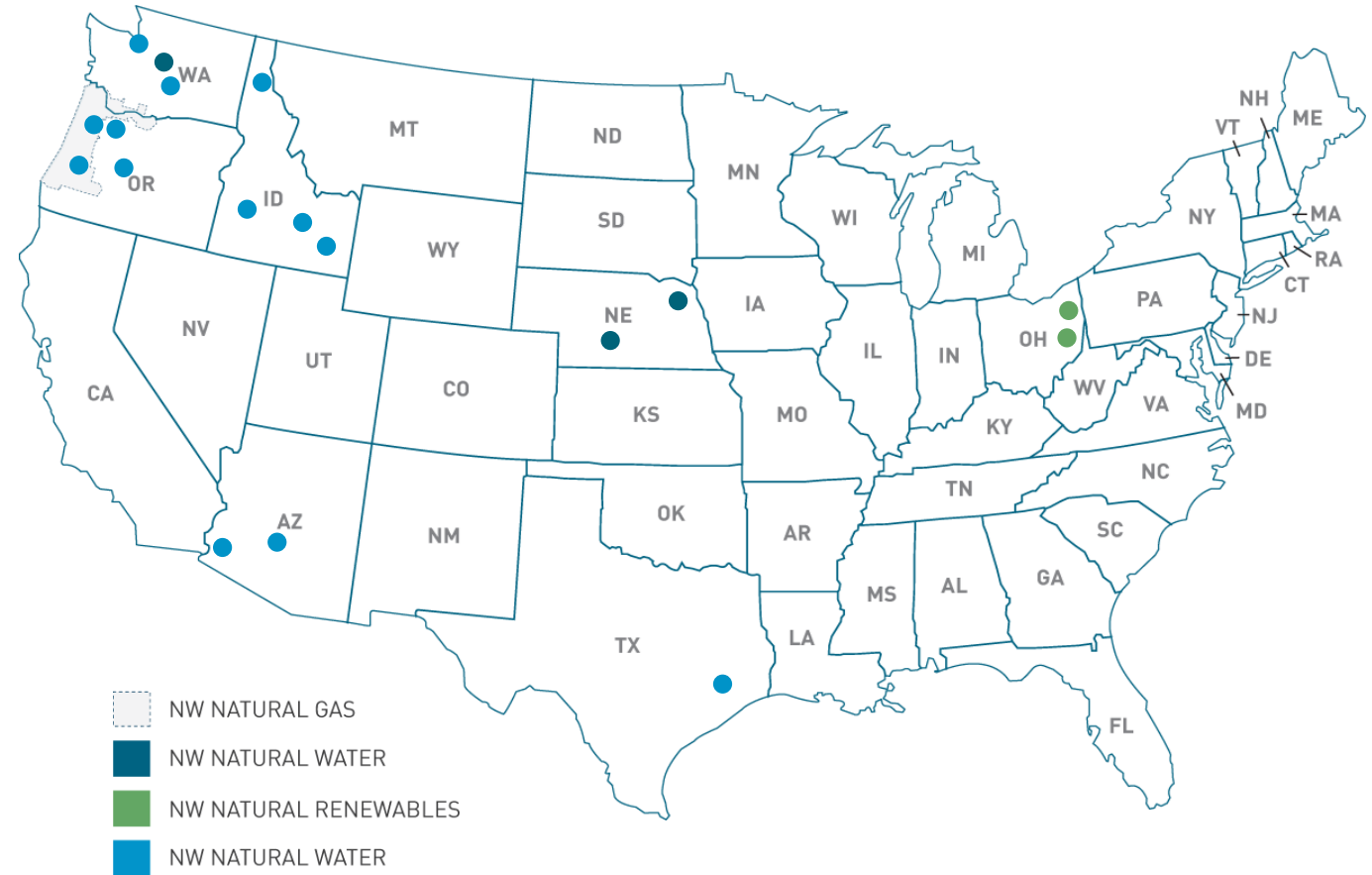
- Serving 2.0 million people and 800,000 gas utility connections
- Over 14,000 miles of modern pipeline
- \$4.4 billion in assets
- Growing service territory in Oregon & Southwest Washington

## NW Natural WATER™

- Serving 187,300 people through 75,500 owned connections
- Supporting 21,400 O&M service connections
- \$163 million of property, plant and equipment
- Fast-growing service territories and disciplined expansion

## NW Natural RENEWABLES™

- Investing in renewable energy and the transition to a decarbonized future
- Focused on the production and supply of lower carbon fuels supporting a variety of sectors
- Initial \$50 million total investment in RNG production facility



# Corporate Strategy

# Conservative Strategy

## Stable gas and water utility margins through progressive regulation

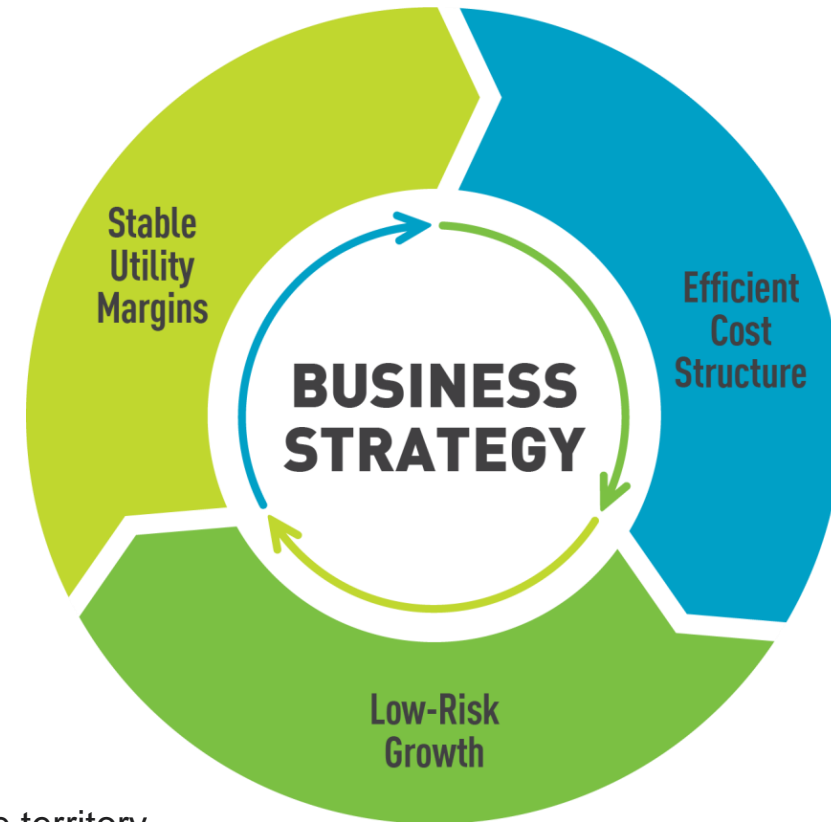
- Gas utility: weather, decoupling and environmental cost recovery mechanisms as well as a renewable natural gas automatic adjustment clause in Oregon
- Constructive relationships with regulators and customer groups benefit both gas and water utilities

## Excellent operations and efficient cost structure

- Commitment to safety, reliability, and high-quality service
- Continued focus on efficient business operations

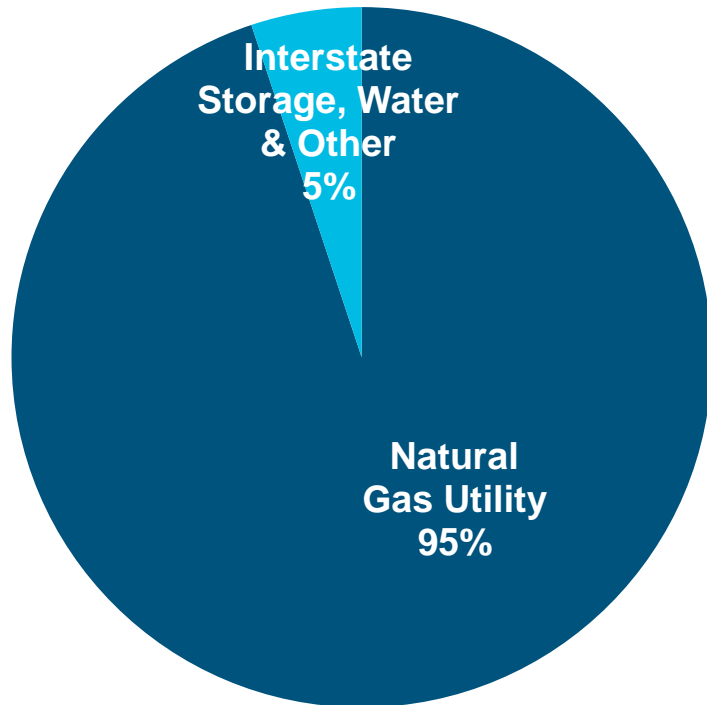
## Long-term growth opportunities that fit NWN's profile

- **GAS UTILITY:** strong cap-ex profile with attractive and growing service territory
- **WATER & WASTEWATER:** long-term, disciplined strategy to acquire water utilities and wastewater businesses in a highly fragmented industry with ample infrastructure investment opportunities
- **COMPETITIVE RNG:** potential for incremental earnings and cash flow through renewable natural gas investments, supported by long-term contracts, that could help decarbonize a variety of sectors including utility, commercial, industrial and transportation sectors

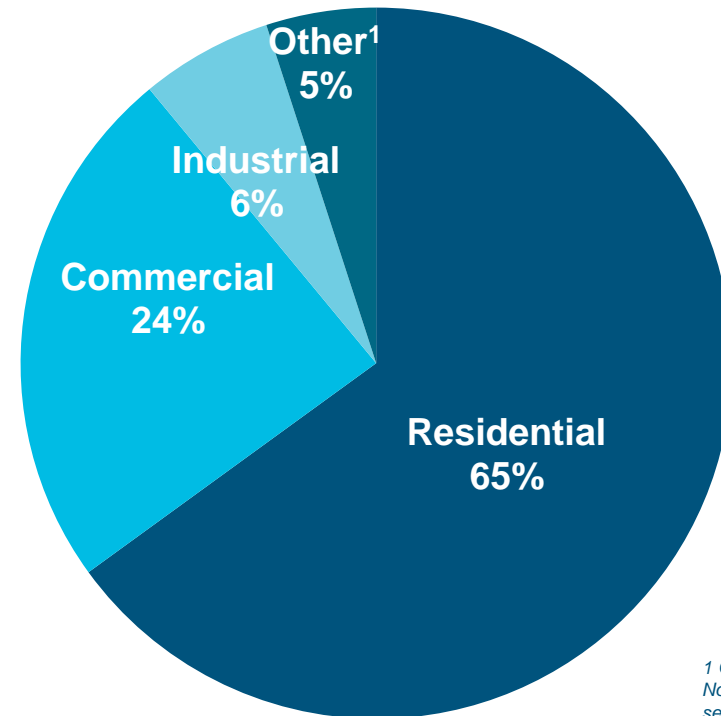


# Highly Regulated

Majority Revenues from Utilities  
2023 Operating Revenues



Favorable Customer Mix  
2023 Natural Gas Utility Margin



<sup>1</sup> Other is primarily margin from North Mist regulated gas storage services



# Community & Sustainability Achievements



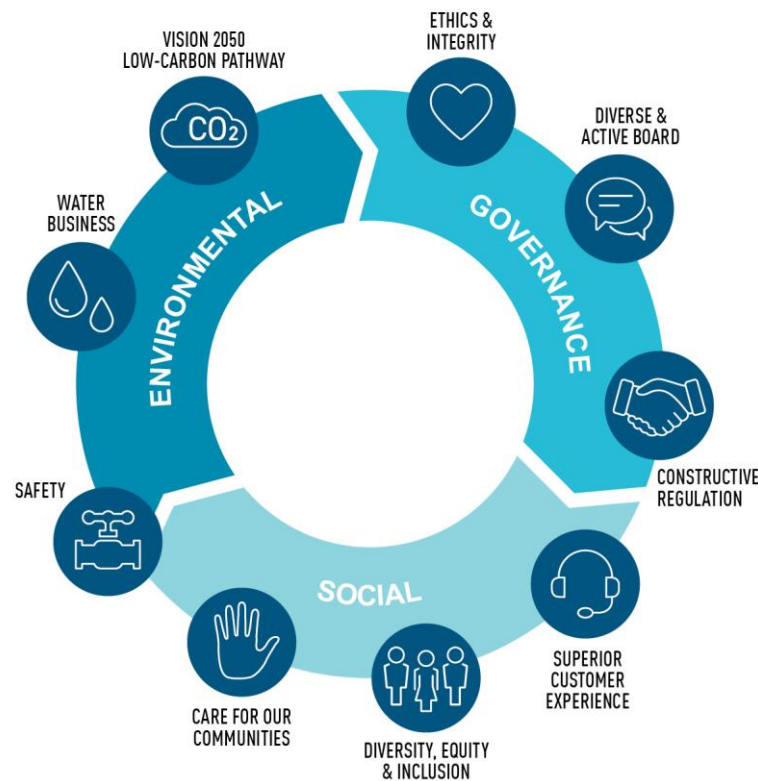
Published report with disclosures in alignment with SASB and including components of TCFD

## Environmental

- On track to meet or exceed carbon savings goal of 30% by 2035<sup>1</sup>
- Saved 535,881 metric tons of carbon dioxide equivalent in 2022, taking nearly 119,000 cars off the road
- Our vision forward is being a provider of carbon neutral energy by 2050

## Safety

- No cast iron or bare steel pipe in natural gas system, making our system one of the most modern and tightest in the nation
- Performed transmission pipeline inspections at about 2.5x the rate required in 2022
- By end of 2022, we had installed more than 295,000 EFVs on about 40% of service lines, compared to industry average of 27%



## Governance

- Maintained well-qualified, diverse, independent and active Board with appropriate business & risk oversight
- Today 11 out of 12 directors are independent
- 25% identify as culturally or racially diverse, 50% identify as women including board chair
- 100% of active NW Natural employees participated in ethics and compliance training in 2022
- Honored for the third year in a row as one of the World's Most Ethical Companies<sup>®3</sup>

## Customers & Employees

- Ranked #2 in the West for residential customer service<sup>2</sup>
- In 2022, donated \$1 million and 7,584 volunteer hours
- In 2022, 27% of our workforce were women, and 21% were racially or culturally diverse

Full report at [ir.nwnaturalholdings.com](https://ir.nwnaturalholdings.com)

<sup>1</sup> This is an emissions savings goal equivalent to 30% of the carbon emissions from our sales customers' gas use and NW Natural company operations from 2015  
<sup>2</sup> 2022 and 2023 J.D. Power Gas Utility Residential Customer Satisfaction Study for Large Utilities  
<sup>3</sup> "World's Most Ethical Companies" and "Ethisphere" names and marks are registered trademarks of Ethisphere LLC

# Long-Term Investment Targets

Growth targets over the next five years include:

## Consolidated Holding Company

- EPS growth of 4% - 6%<sup>1</sup>
- Strong and growing dividend<sup>2</sup>

## Natural Gas Utility

- Customer growth averaging 0.8% per year
- Capital plan of \$1.4 - \$1.6 billion
- Rate base growth of 5% - 7%<sup>3</sup>

## Water & Wastewater Utilities

- Long-term strategy, incremental earnings growth and diversity
- Deliberate and disciplined roll-up strategy
- Organic customer growth averaging 2.5 – 3.0% per year
- Capital plan of \$120 - \$140 million<sup>4</sup> for system improvements

<sup>1</sup> EPS growth forecasted for period 2022 – 2027 compounded annually; EPS growth rate uses 2022 EPS of \$2.54 as base year

<sup>2</sup> Future dividends are subject to Board of Director discretion and approval

<sup>3</sup> Rate base growth forecasted for period 2023 - 2028

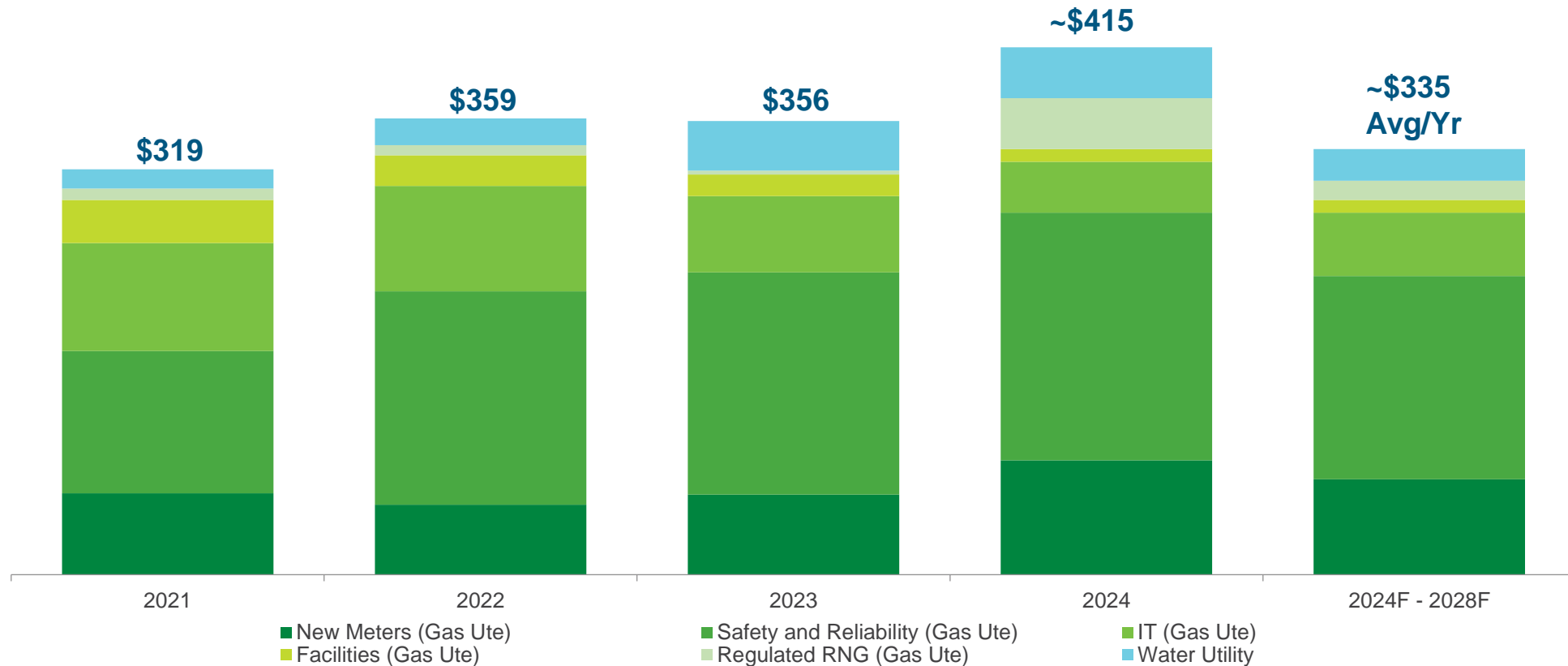
<sup>4</sup> Water cap-ex plan is based on projected needs of water and wastewater utilities acquired or pending acquisition as of 12/31/23

**Stable and Growing Return Proposition**

# Investing in our Systems



**Gas & Water Capital Expenditures<sup>1</sup>**  
(In millions)



## Consolidated Forecast Five-Year 2024-28 Cap-Ex Approximately \$1.6 Billion

<sup>1</sup> Chart is based on accrual cap-ex figures and includes cloud-based software and excludes acquisition cap-ex.

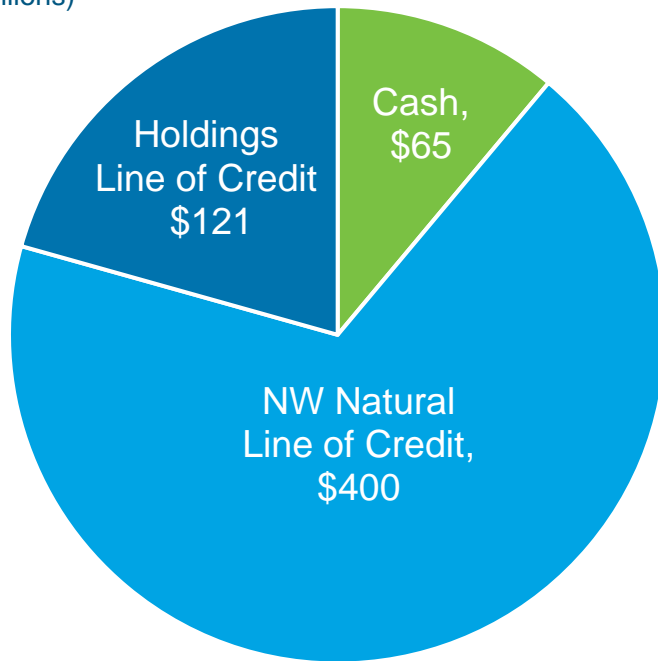
The timing and amount of the capital expenditures and projects for 2024 or additional investments in our infrastructure during or after 2024 could change based on customer growth, significant changes in prevailing regulatory policies or outcomes, or significant local, state or federal laws, legislation or regulations, or cost estimates. Required funds for the investments are expected to be internally generated or financed with long-term debt or equity, as appropriate.

# Liquidity and Financing



## Available Liquidity

As of June 30, 2024  
(In millions)



## Strong Credit Ratings<sup>1</sup>

|                             | S&P      | Moody's |
|-----------------------------|----------|---------|
| <b>NW Natural Holdings:</b> |          |         |
| Issuer Credit Rating        | A        | N/A     |
| Outlook                     | Negative | N/A     |
| <b>NW Natural Gas:</b>      |          |         |
| Senior Secured Debt         | AA-      | A2      |
| Senior Unsecured Debt       | A+       | Baa1    |
| Outlook                     | Stable   | Stable  |

<sup>1</sup> The above credit ratings are dependent upon a number of factors, both qualitative and quantitative, and are subject to change at any time. The disclosure of these credit ratings is not a recommendation to buy, sell or hold NW Holdings securities.

# Natural Gas Utility



# Gas Utility Overview

- Over 165 years of service in our communities
- Largest stand-alone local distribution company in the Pacific Northwest
- Serve 2.0 million people in more than 140 communities through 800,000 meters in Oregon and southwest Washington
- Consistently recognized for high-quality customer service by J.D. Power
- One of the safest, most modern distribution systems in the country



# Resilient Business Model

## Nearly 80% of Natural Gas Utility Margin is Decoupled

|              | % of Volumes | % of Margin | % of Margin Decoupled |
|--------------|--------------|-------------|-----------------------|
| Residential  | 38%          | 65%         | 90%                   |
| Commercial   | 23%          | 24%         | 76%                   |
| Industrial   | 39%          | 6%          | 0%                    |
| Other        | N/A          | 5%          | N/A                   |
| <b>Total</b> | <b>100%</b>  | <b>100%</b> | <b>77%</b>            |

*For year ended December 31, 2023*

## ~70% of Gas Utility Margin Earned during Heating Season

|  | Q1  | Q2  | Q3   | Q4  |
|--|-----|-----|------|-----|
| Sales Volumes<br><i>(weather normalized)</i> | 40% | 18% | 10%  | 32% |
| Utility Margin                               | 38% | 19% | 12%  | 31% |
| Net Income                                   | 77% | 0%  | -26% | 49% |

*For year ended December 31, 2023*

# Customer Growth

## Customer growth

- Headwinds from interest rates
- Single-family permitting in Oregon and Portland metro picked up on a trailing 12-month annualized basis year-over-year in June 2024
- Projecting 0.8% customer growth for 2024

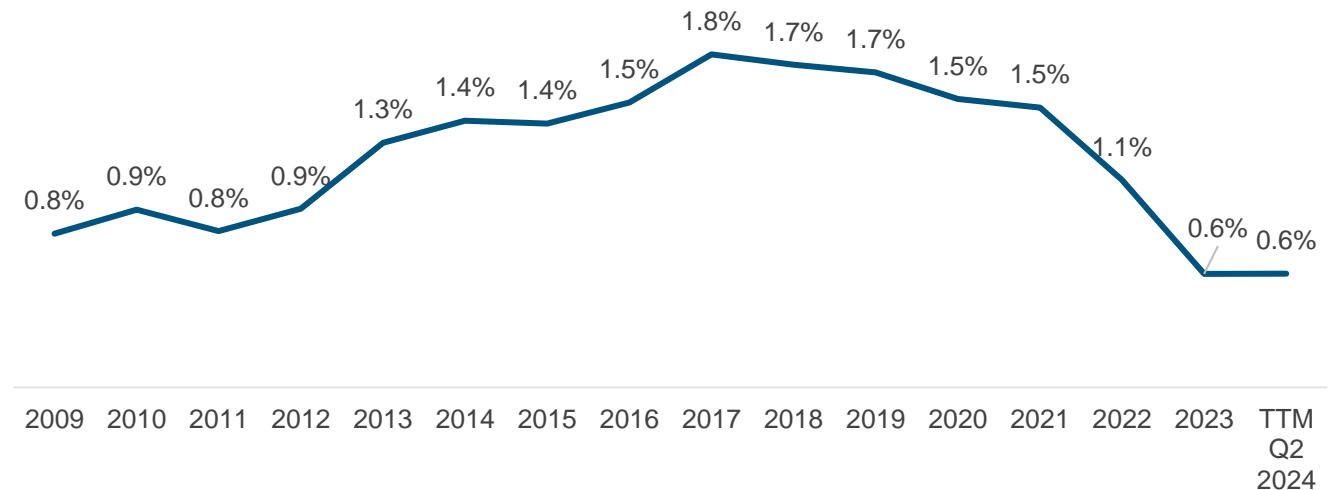
## Conversions

- Serve 63% of single-family homes in territory
- Opportunities to convert homes

## Affordable Energy

- Oregon customers saw 9% reduction in rates beginning Nov. 1, 2023
- Today, NW Natural customer bills are 7% lower today than 15 years ago
- Expect customers will pay less for their natural gas service this upcoming winter than they did in 2005

## Net Customer Growth Rate



# Investing in the Gas System

## New Meters/Customer Growth

- Meter modernization/replacement program
- New construction & conversions
- Main extensions

## Safety & Reliability

- Recurring replacements
- Enhanced system reliability to support growth

## Technology

- Security, efficiencies and upgrades
- Customer information system

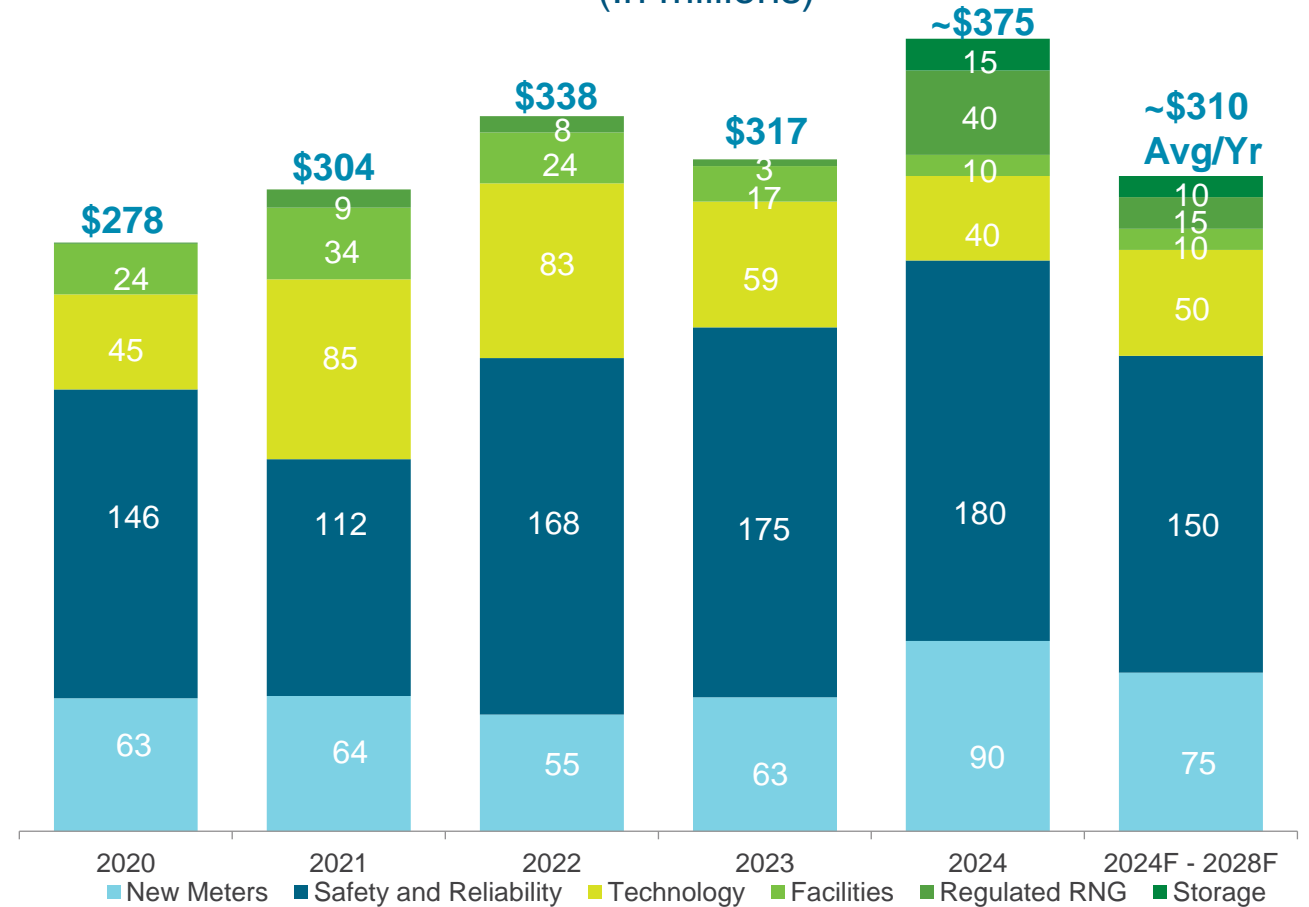
## Facilities

- Resource and operations center renovations

## Renewable Natural Gas (RNG)

- Planned investments for gas utility

## System Capital Expenditures<sup>1</sup> (In millions)



*The timing and amount of the capital expenditures and projects for 2024 or additional investments in our infrastructure during or after 2024 could change based on customer growth, significant changes in prevailing regulatory policies or outcomes, or significant local, state or federal laws, legislation or regulations, or cost estimates. Required funds for the investments are expected to be internally generated or financed with long-term debt or equity, as appropriate.*

*1 Chart is based on accrual cap-ex figures and includes cloud-based software*

**Gas Utility Forecast Five-Year 2024-28 Cap-Ex Approximately \$1.5 Billion**

# Progressive Regulation



|   | OREGON  | WASHINGTON             |
|---|---------|------------------------|
| <b>KEY DEFERRALS RECOVERING:</b>                  |         |                        |
| COVID   | ✓       | ✓ <sup>1</sup>         |
| Enterprise Resource Planning (ERP) System Upgrade | ✓       | ✓                      |
| TSA Cybersecurity                                 | ✓       | ✓ <sup>1</sup>         |
| <b>KEY MECHANISMS:</b>                            |         |                        |
| Decoupling/Weather Normalization (WARM)           | ✓       |                        |
| Purchased Gas Adjustment (PGA)                    | ✓       | ✓                      |
| Environmental Cost                                | ✓       | ✓                      |
| Incentive Sharing <sup>2</sup>                    | ✓       | ✓                      |
| RNG Automatic Adjustment Clause                   | ✓       |                        |
| <b>RATE CASE TEST YEAR</b>                        | Forward | Multiyear <sup>3</sup> |
| <b>CURRENT RATE STRUCTURES:</b>                   |         |                        |
| ROE   | 9.4%    | Not determined         |
| ROR   | 6.836%  | 6.814%                 |
| Equity Ratio                                      | 50%     | Not determined         |
| 2023 Rate Base <sup>4</sup>                       | \$1.9B  | \$0.3B                 |

- <sup>1</sup> Recovery is expected to be determined through a future rate case proceeding.
- <sup>2</sup> In Oregon, NW Natural shares PGA gains and losses
- <sup>3</sup> In 2019, SB 5116 was passed granting the WUTC authority to incorporate costs and capital up to 48 months after the rate effective date. In 2021, SB 5295 was passed requiring multiyear general rate plans that include performance-based measures.
- <sup>4</sup> Rate base is a 13-month average ending 12/31/23. Oregon rate base includes gas reserves and North Mist gas storage facility



# Supportive Mechanisms

## OREGON Decoupling

- Intended to break the link between earnings and consumption by removing incentive to increase usage
- Employs use-per-customer decoupling calculation, which adjusts margin revenues to account for the difference between actual and expected customer volumes

## OREGON Weather Normalization (WARM)

- Stabilizes collection of fixed costs for residential and commercial customers
- Adjusts billings based on temperature variances compared to average weather
- Applied from December through mid-May of each heating season

## OREGON • WASHINGTON Purchased Gas Adjustment (PGA)

- Adjusts annual rates to reflect changes in expected cost of gas commodity purchases
- Includes spot purchases, contract supplies, derivatives, storage inventories, and for Oregon gas reserves
- Includes temporary rate adjustments amortizing deferred regulatory account balances

## OREGON • WASHINGTON Environmental Cost Recovery

- Recovers environmental costs for sites attributable to Oregon and Washington
- Costs are subject to an annual prudence review in both Oregon and Washington, and in Oregon an earnings test<sup>1</sup>
- Allows for deferral of environmental costs in both Oregon and Washington, and in Oregon the accrual of carrying costs

## OREGON RNG Automatic Cost Recovery

- Allows renewable natural gas project costs to be added to rates annually on November 1st
- Provides for a mechanism for NW Natural to defer the difference between forecasted and actual RNG costs
- Costs are subject to an earnings test that includes deadbands at 50 basis points below and above NW Natural's authorized ROE

<sup>1</sup> To the extent the utility earns more than its authorized ROE in Oregon in a year, the utility is required to cover environmental expenses and interest on expenses greater than \$10 million (plus interest from insurance proceeds) with those earnings that exceed its authorized ROE

# Washington 2021 Rate Case



- **Order received October 21, 2021** – Multi-party settlement approved by the WUTC. New rates were effective Nov. 1, 2021 with the second year effective Nov. 1, 2022
- **Request Based on System Investments** – Multiyear rate case to recover investments and costs for:
  - System resiliency & reliability
  - Headquarter leasehold improvements & rent costs
  - Vancouver, Washington service center upgrades
  - Consumer-focused technology investments

|                     | 2021 - 2022<br>RATE CASE |          |          |                            |
|---------------------|--------------------------|----------|----------|----------------------------|
|                     | Year 1                   |          | Year 2   |                            |
|                     | Request                  | Order    | Request  | Order                      |
| ROR                 | 6.913%                   | 6.814%   | 6.913%   | 6.814%                     |
| Rate Base           | \$225.9M                 | \$225.9M | \$247.3M | \$247.3M                   |
| Revenue Requirement | +\$6.3M                  | +\$5.0M  | +\$3.2M  | Up to +\$3.0M <sup>1</sup> |

<sup>1</sup> Year 2 is subject to prudence filing and full review

# 2024 Oregon General Rate Case



|   | 2018-2019<br>RATE CASE | 2020<br>RATE CASE | 2022<br>RATE CASE | 2024<br>RATE CASE                |
|---|------------------------|-------------------|-------------------|----------------------------------|
|   | Settled                | Settled           | Settled           | Filed<br>Settlement <sup>1</sup> |
| ROE   | 9.4%                   | 9.4%              | 9.4%              | 9.4%                             |
| ROR   | 7.317%                 | 6.965%            | 6.836%            | 7.056%                           |
| Equity/LT Debt                                      | 50/50                  | 50/50             | 50 / 50           | 50 / 50                          |
| Rate Base   | \$1.20B                | \$1.45B           | \$1.76B           | \$2.11B                          |
| Revenue Requirement                                 | +\$24.8M               | +\$45.8M          | +\$59.4M          | +\$95.0M                         |
| Revenue Requirement<br>Excluding Depreciation Study | n/a                    | n/a               | n/a               | +\$85.4M                         |
| Percentage of Ask Received                          | 61%                    | 64%               | 76%               | 71% <sup>2</sup>                 |

<sup>1</sup> Final rate case order subject to OPUC approval, which may approve, deny or modify the filed settlement  
<sup>2</sup> Excluding depreciation study of \$34.0 million from request and \$9.6 million from settlement

**All-party settlement<sup>1</sup> filed with Oregon Commission**

# Environmental Stewardship

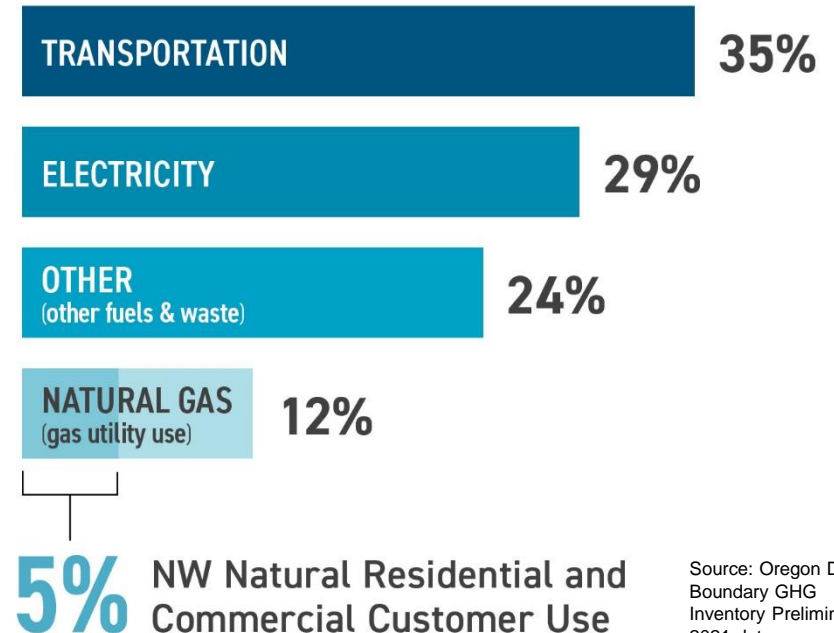
# Role of Our Gas System Today



## NW Natural's System

- Delivers 50% more energy than any other utility in Oregon
- During winter peak-demand periods, the natural gas system in Portland, Oregon, delivers about twice as much energy as the electric system to residential customers
- One of the tightest, most modern natural gas distribution systems in the nation
- Our residential and commercial customers' emissions account for just 5% of Oregon's total carbon emissions

## OREGON GREENHOUSE GAS EMISSIONS BY SECTOR



Source: Oregon DEQ In-Boundary GHG Inventory Preliminary 2021 data.

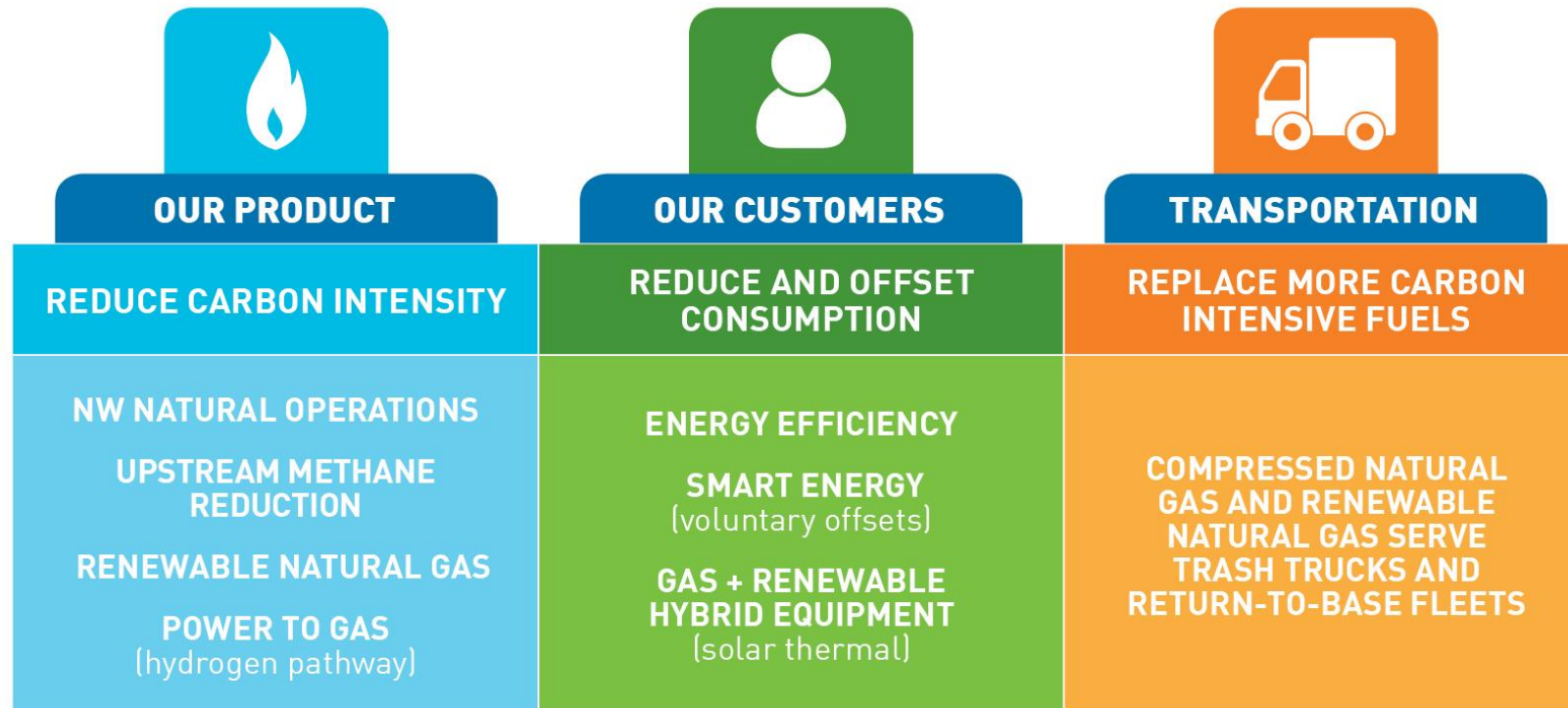


# Our Low-Carbon Pathway



## VOLUNTARY GOAL: 30% CARBON SAVINGS BY 2035

Goal established in 2016



**Baseline: 2015 emissions associated with customer use & company operations**

# On Track to Meet or Exceed Goal



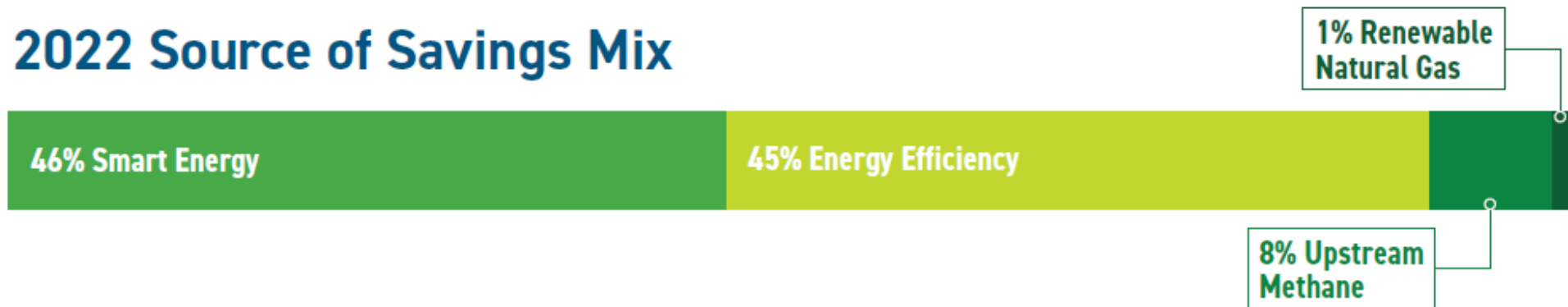
Our voluntary carbon savings goal of 30% by 2035 includes emissions from our own operations and the gas use by our sales customers

## 2022: Ahead of Target Savings Rate

535,881 metric tons of carbon dioxide equivalent saved.

This marks 42% of savings toward goal, ahead of target pace.

## 2022 Source of Savings Mix



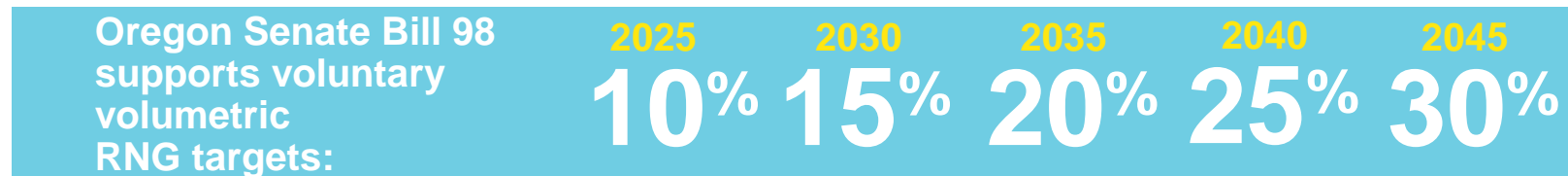
# RNG Projects Across North America



As of July 9, 2024

# Groundbreaking RNG Legislation

- Oregon and Washington laws support gas utilities purchasing renewable natural gas (RNG)
  - Oregon Senate Bill 98 passed in 2019 and rulemaking completed in July 2020
  - Washington law (House Bill 1257: Clean Buildings Bill) passed in 2019
- Creates another path for RNG to become an increasing part of Pacific Northwest's energy supply
- SB 98 allows natural gas utilities to acquire and deliver RNG and hydrogen; HB 1257 allows this for RNG
- Oregon SB 98 sets voluntary RNG portfolio targets for Oregon's natural gas utilities and allows up to 5% of a utility's annual revenue requirement to be used to cover the incremental cost of RNG
- Allows for investments related to RNG infrastructure, including production facilities, cleaning and conditioning equipment, and pipeline interconnections
- Potential revenue source for communities to turn their waste into energy



# Gas Utility RNG Contracts to Date

## Procurement

(Pass-through Cost)

- **Anew LLC (formerly Element Markets)** – 0.7 million MMBtu from 2021 - 2023
- **Archaea** – up to 1 million MMBtu of RNG annually for a fixed fee for a period of 21 years beginning in 2022
- **BP Products North America** – 0.4 million MMBtu over a five-year period beginning in 2022

<sup>1</sup> Percentage is subject to change as projects are awarded, canceled or modified

## Investments

(Rate Base)

### Partnership with Tyson

- **Lexington Facility** – \$8M facility that commenced operation in Jan. 2022
  - **Dakota City Facility** – \$12M facility that commenced operations in April 2023
- Greater Wenatchee Facility** – planned landfill facility in Washington



**NW Natural currently has exclusive rights to purchase or develop RNG totaling about 2% of our annual sales volume for Oregon<sup>1</sup>**



# Hydrogen & Research Projects

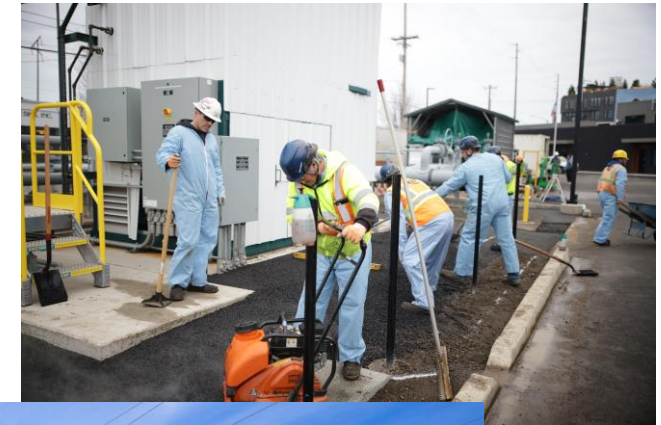
## NW Natural Initiatives

**Hydrogen Blend Testing** – successfully blended 20% hydrogen at NW Natural’s state-of-the-art training facility

**Turquoise Hydrogen Pilot Project** – partnering with Modern Hydrogen in an effort to turn methane into clean hydrogen and solid carbon. Project was commissioned in December 2023

**Carbon Capture, Use & Storage (CCUS)** – Commercial customers are piloting CarbinX equipment, which is actively capturing carbon dioxide from existing boilers to reduce both energy use and greenhouse gas emissions

**Hybrid Heating with Ground Source Heat Pumps** – sponsoring a housing authority to pilot and install exterior ground loops and interior ground source heat pumps with gas furnaces. An additional way to support peak heating needs and reduce emissions



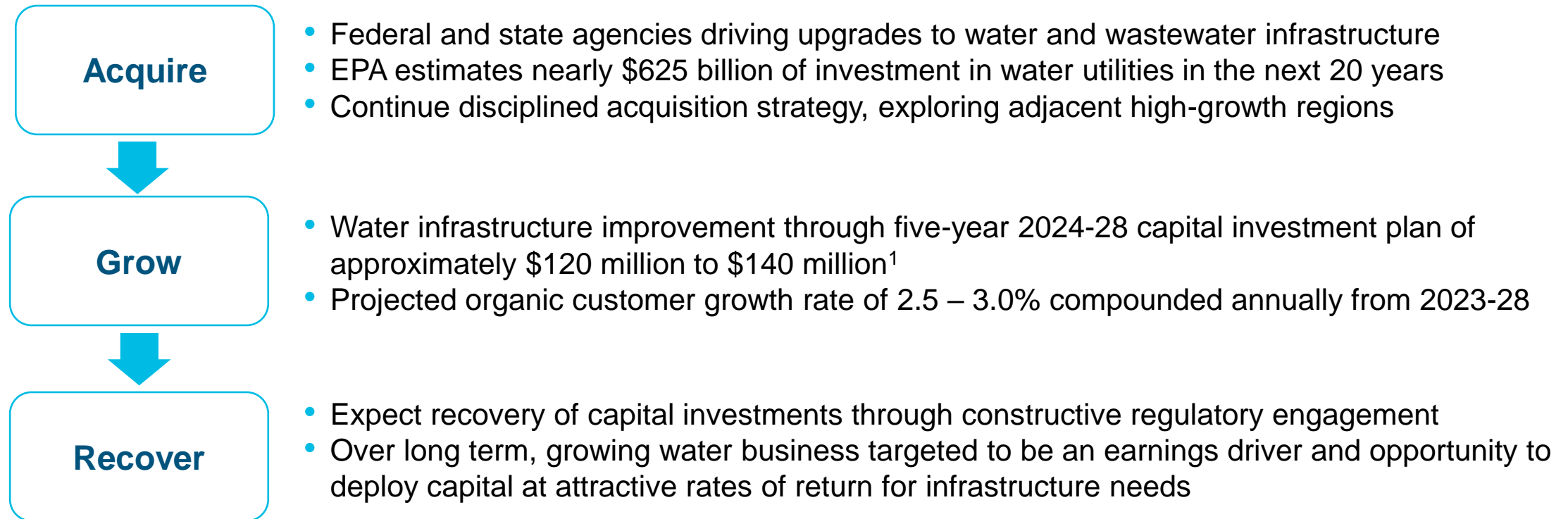
*Modern Hydrogen project at NW Natural's Central Service Center*

# NW Natural Water



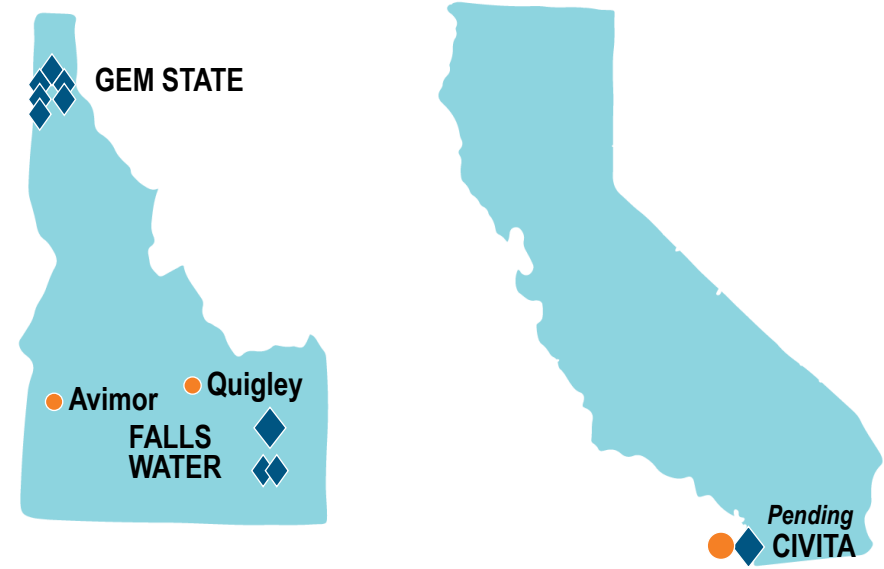
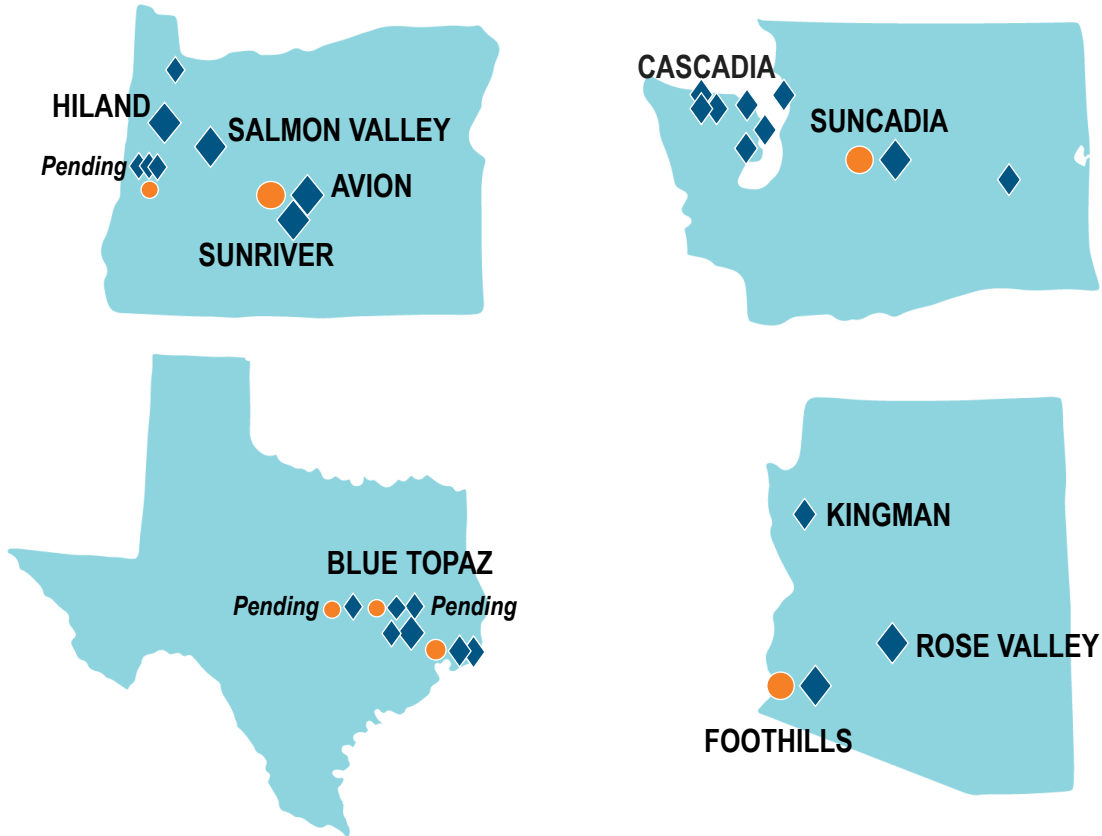
# Water Investment Approach

The water and wastewater sector aligns well with NWN's conservative risk profile and offers diversification, stable cash flows, and substantial long-term investment opportunities



<sup>1</sup> The timing and amount of the core capital expenditures and projects for 2023 and the next five years could change based on regulation, growth, and cost estimates

# NW Natural Water Owned Connections at a Glance

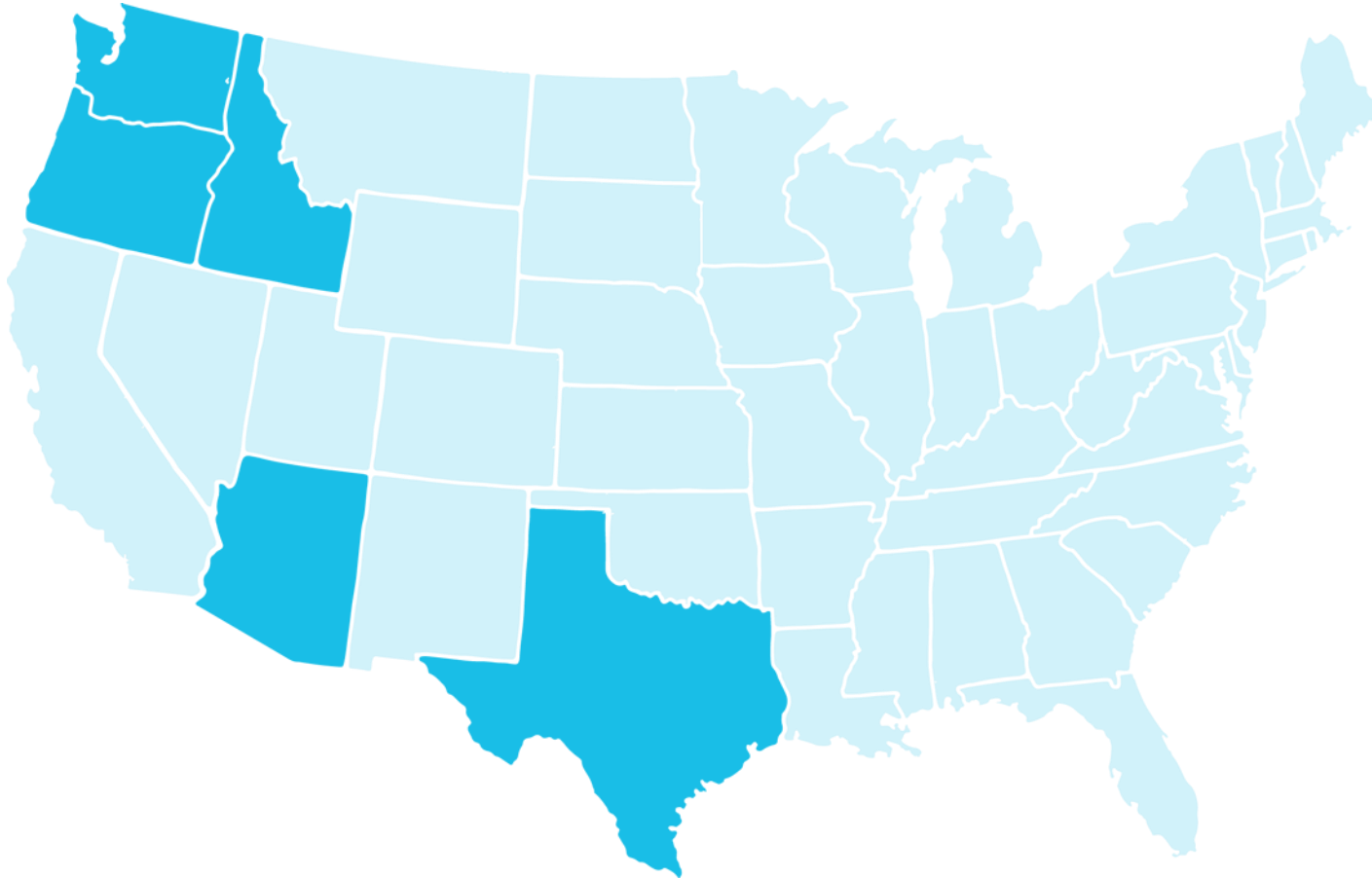


|                            | Closed  | Pending <sup>2</sup> | Total   |
|----------------------------|---------|----------------------|---------|
| People served <sup>1</sup> | 187,300 | 6,600                | 193,900 |
| Connections                | 75,500  | 2,600                | 78,100  |

<sup>1</sup> People served is based on estimated average household size for service territory  
<sup>2</sup> Pending transactions are subject to customary closing conditions, including regulatory approvals. These transactions may be pending application to acquire and authorization to close from utility commission.

 **WATER UTILITIES**
 **WASTEWATER UTILITIES**

# Water & Wastewater Acquisition Opportunities



|                     | All Water and Wastewater Systems |             | Privately Owned Systems |             |
|---------------------|----------------------------------|-------------|-------------------------|-------------|
|                     | Systems                          | Connections | Systems                 | Connections |
| Pacific Northwest   | 4,700                            | 5.6M        | 2,760                   | 511,000     |
| Texas               | 5,739                            | 17.3M       | 2,400                   | 400,000     |
| Arizona             | 1,100                            | 3.0M        | 500                     | 530,000     |
| West of Mississippi | 36,500                           | 77.3M       | 16,700                  | 9.1M        |
| United States       | 71,325                           | 202.0M      | 30,160                  | 29.0M       |

Numbers in table above represent permanent community water and wastewater systems  
 Source: Bluefield

# Growing Water Systems

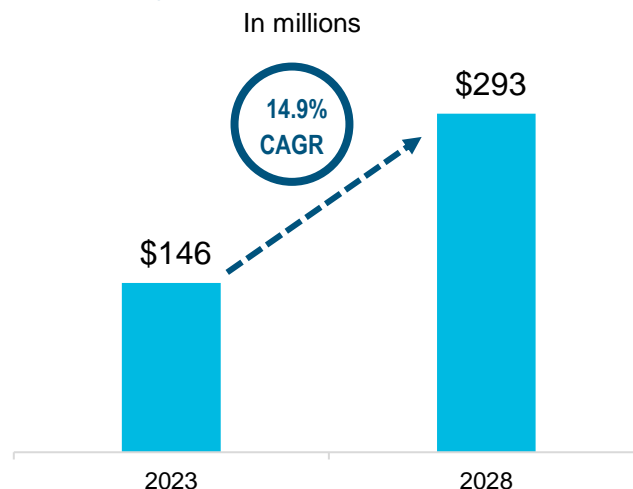
## Investing in Safety, Reliability

- Five-year cap-ex expected to be ~\$120 million (2024-2028)
- Investments in system reliability
- Focus on information technology
- New wastewater treatment plant in Sunriver

## Strong Customer Growth

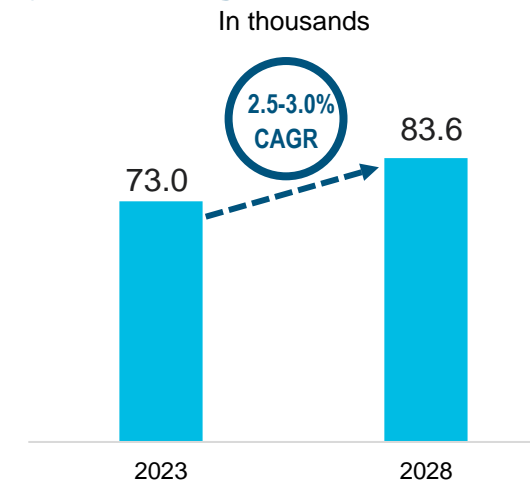
- Acquired utilities in fast-growing areas
- Additional opportunities near existing footprint
- Including acquisitions closed in 2023, 12.7% customer growth last year
- Organic customer growth of 2.0% in 2023

### Projected PP&E Growth<sup>1</sup>



<sup>1</sup> PP&E growth for water utilities owned or pending acquisition as of 12/31/23

### Projected Organic Customer Growth



# Water Regulation

- Collaborative, transparent, and productive relationships with regulators
- Strong track record of approvals for acquisitions and constructive general rate cases

|                                 | OREGON                         |                                      |                    | WASHINGTON            |                                | IDAHO                  |                        | TEXAS                         | ARIZONA   |
|---------------------------------|--------------------------------|--------------------------------------|--------------------|-----------------------|--------------------------------|------------------------|------------------------|-------------------------------|---|
| <b>KEY MECHANISMS:</b>          |                                |                                      |                    |                       |                                |                        |                        |                               |   |
| COVID Deferral                  | ✓                              |                                      |                    |                       |                                | ✓                      |                        | ✓                             |   |
| Fair Market Value Legislation   |                                |                                      |                    |                       |                                |                        |                        | ✓                             | ✓ <sup>1</sup>  |
| <b>TEST YEAR</b>                | Forward                        |                                      |                    | Historic <sup>2</sup> |                                | Historic <sup>2</sup>  |                        | Historic <sup>2</sup>         | Historic <sup>2</sup>                                       |
| <b>RECENT RATE CASE FILINGS</b> | <b>Salmon Valley</b>           | <b>Sunriver</b>                      | <b>Avion</b>       | <b>Cascadia</b>       | <b>Suncadia</b>                | <b>Falls Water</b>     | <b>Gem State</b>       | <b>Blue Topaz<sup>3</sup></b> | <b>Foothills</b>  |
| Status                          | Completed                      | Completed                            | <i>In progress</i> | <i>In progress</i>    | Completed                      | Completed              | Completed              | N/A                           | <i>All-party settlement filed and awaiting ACC approval</i> |
| ROE                             | Confidential Settlement        | 10.0% Filed<br>9.5% Settled          | 9.5%               | 10.9%                 | Confidential Settlement        | 9.7%                   | 9.50%                  | N/A                           | 10.0% Filed<br>9.55% Settle                                 |
| Capital Structure (Equity/Debt) | Confidential Settlement        | 60% / 40% Filed<br>50% / 50% Settled | 57% / 43%          | 66% / 34%             | Confidential Settlement        | 55% Equity<br>45% Debt | 55% Equity<br>45% Debt | N/A                           | 61% / 39% Filed<br>55% / 45% Settle                         |
| Revenue Requirement             | +\$526k Filed<br>+461k Settled | +\$521k Filed<br>+388k Settled       | \$1.8M             | \$1.8M                | +\$751k Filed<br>+350k Settled | +\$715k                | +\$214k                | N/A                           | \$4.3M Filed<br>\$4.7M Settle                               |

<sup>1</sup> Arizona Commission has a policy that allows for recognition of fair value for acquisitions when the acquirer has a history of purchasing and rehabilitating troubled water systems.

<sup>2</sup> Historic test year with the potential ability to adjust for certain future projects or events

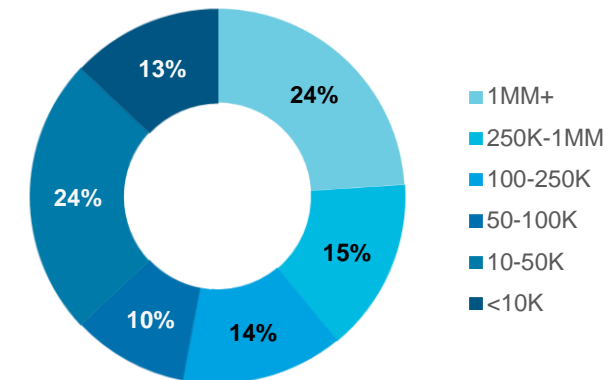
<sup>3</sup> Blue Topaz latest general rate case from 2008 and had an 11.91% ROR with 95% equity layer. This case was transferred from TCEQ (Texas Commission on Environmental Quality) to the PUCT (Public Utility Commission of Texas) in 2014.

# O&M Services Business

## Our Investment Goals

- A natural extension of its utility ownership business, NW Natural Water launched a water and wastewater services business in April 2023. Today we're serving 21,400 connections
- Provides support to water and wastewater system owners by leveraging shared personnel, technology and expertise at a reasonable cost
- Allows for disciplined expansion in an attractive growth market
- Provides a scalable opportunity in the Pacific Northwest
- High customer retention rate (90%+) with stable margins and cash flows. Realize earnings immediately without regulatory lag

**Estimated Size of O&M Market**  
**\$2.6B O&M contract services market today with growth expected**



# NW Natural Renewables



# Competitive RNG Growth

**The competitive RNG business represents a significant opportunity to add earnings and cash flows in a rapidly-growing market segment**

## Market Opportunity

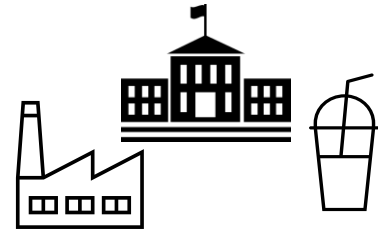
- Achieve attractive returns as demand exceeds RNG supply
- Increasing demand for renewable fuels from:
  - Voluntary and mandated targets in the utility, commercial, industrial and transportation sectors
  - Partnership opportunities for a stable, long-term partner to develop and manage projects
- RNG production forecasted to grow in the next decade

## Strategic Fit & Competitive Advantage

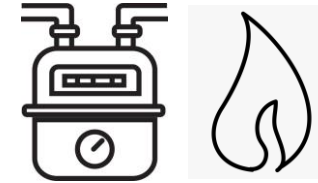
- Building on expertise and market knowledge
- Aligns with core competencies
  - Developing and managing critical distribution infrastructure
  - Environmental stewardship
  - Strong balance sheet/durability
  - Create long-term value for our stakeholders by decarbonizing businesses beyond NW Natural's gas utility
- RNG projects sized well for investment by NW Natural Renewables

**Focused on securing a portfolio of primarily fixed-price contracts for long-term earnings growth**

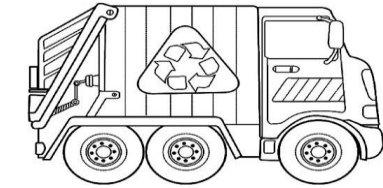
# Primary Expected RNG Markets



**Commercial, Industrial, and Institutional Customers**



**Gas Utilities**



**Natural Gas Vehicles**

**PRIMARY DRIVERS**

Corporate sustainability goals including emission reductions

Meet voluntary emissions/renewable goals, including demand for RNG from customers, or statutory emissions targets/requirements

Meet obligations for low-emissions fuel in state and federal regulatory programs

**REVENUE OPPORTUNITY**

Long-term sales via bilateral contracts or through third-party marketers at prices above production costs

Long-term sales contracts to utilities at prices above production costs

Sales to vehicles to generate state and federal credits, which are sold to obligated parties for their compliance needs

**POLICY DEPENDENCIES**

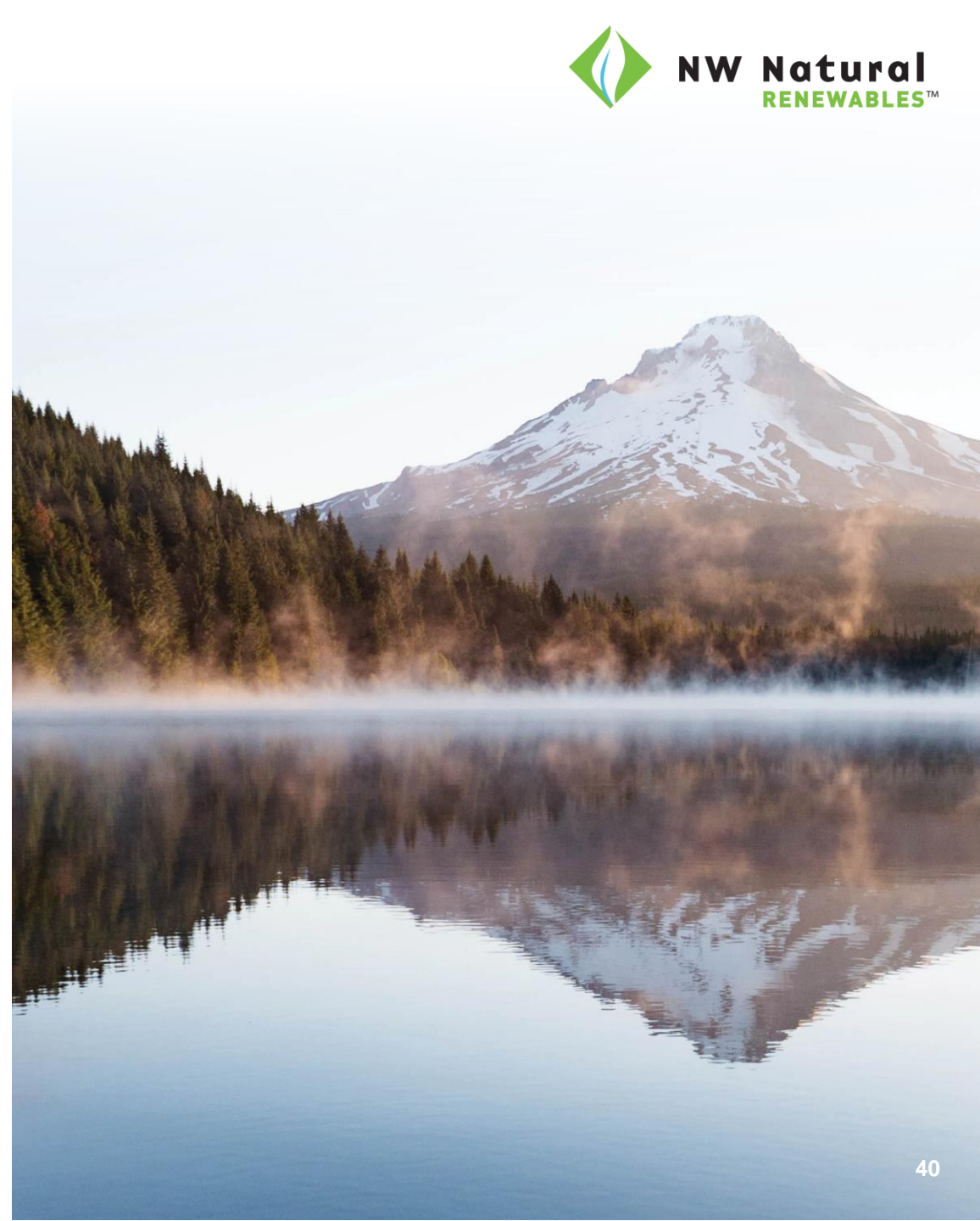
Minimal

State-level renewable and carbon reduction policies

Federal and state-level clean fuel policies

# NW Natural Renewables: EDL Project Update

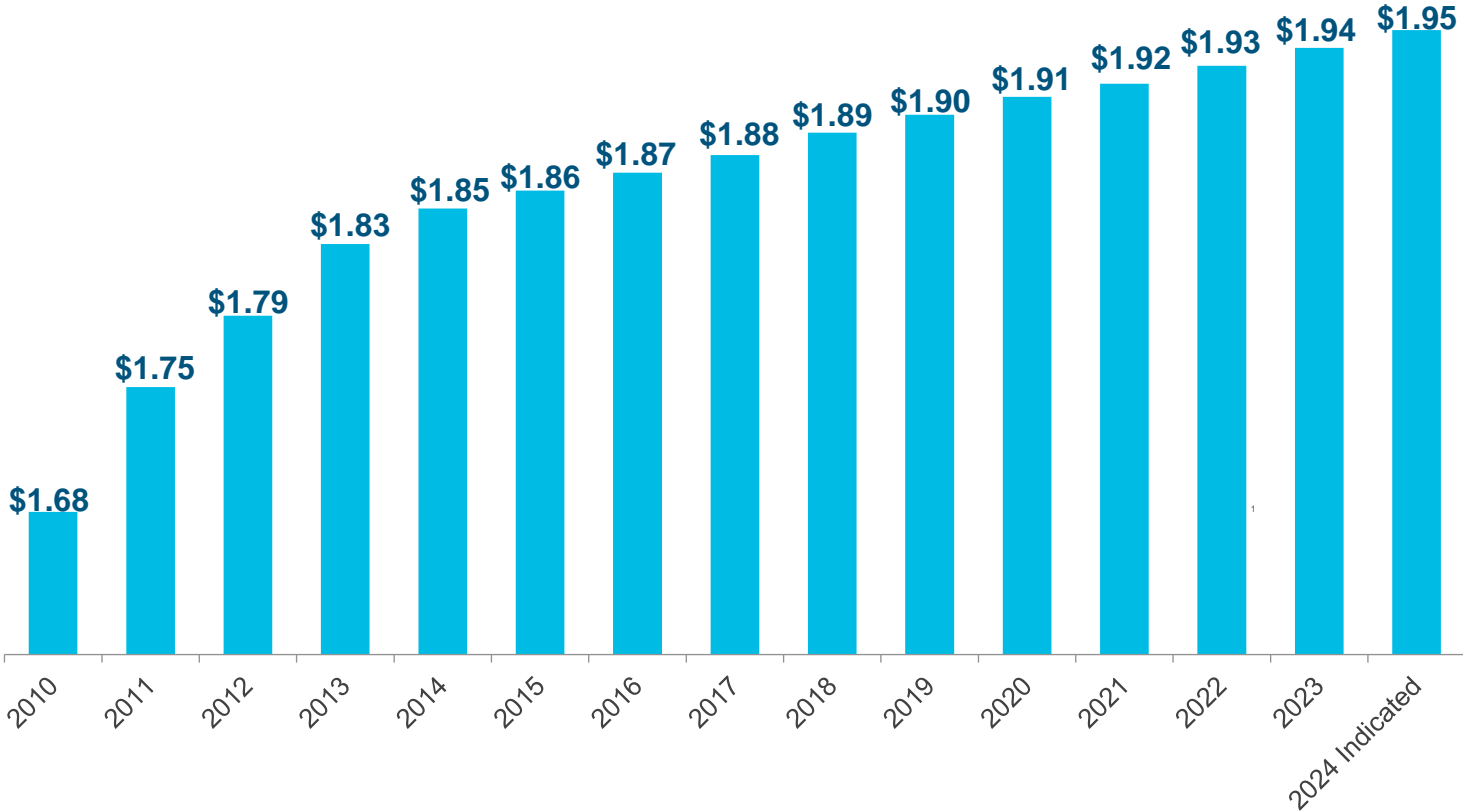
- NW Natural Renewables' first projects are with EDL, a leading global producer of sustainable distributed energy
- Committed ~\$25 million per facility toward the development of two production facilities (\$50 million total) designed to convert landfill waste gases into RNG
- Contracted to take a 20-year supply of RNG produced by the facilities
- Separately contracted offtakes to sell an equivalent amount of fixed-volume, primarily fixed-price RNG supply to investment grade counterparties under long-term contracts
- Substantial completion milestone achieved at both projects in Q3 2024
- First project producing steady volumes; both projects are expected to generate stable revenues and cash flows in 2025



# Conclusion



# 68 YEARS OF GROWING DIVIDENDS



**1 of only 3 Companies on NYSE with this Legacy**

*Future dividends are subject to Board of Director discretion and approval*

# Investment Thesis

## Stable and growing utility margins driven by the following targets over the next five years including:

- EPS growth of 4% – 6%<sup>1</sup>
- Gas utility customer growth averaging 0.8%
- Gas utility cap-ex \$1.4 – \$1.6 billion with rate base growth of 5% – 7%<sup>2</sup>

## Excellent operations and efficient cost structure

- Commitment to safety, reliability, and high-quality service
- Continued focus on efficient business operations

## Long-term growth opportunities

- Water strategy provides earnings diversity
- Competitive RNG incremental earnings and cash flow growth



<sup>1</sup> EPS growth forecasted for period 2022 – 2027 compounded annually; EPS growth rate uses 2022 EPS of \$2.54 as base year

<sup>2</sup> Rate base growth forecasted for period 2023 - 2028

## Stable and Growing Return Proposition

# Appendix



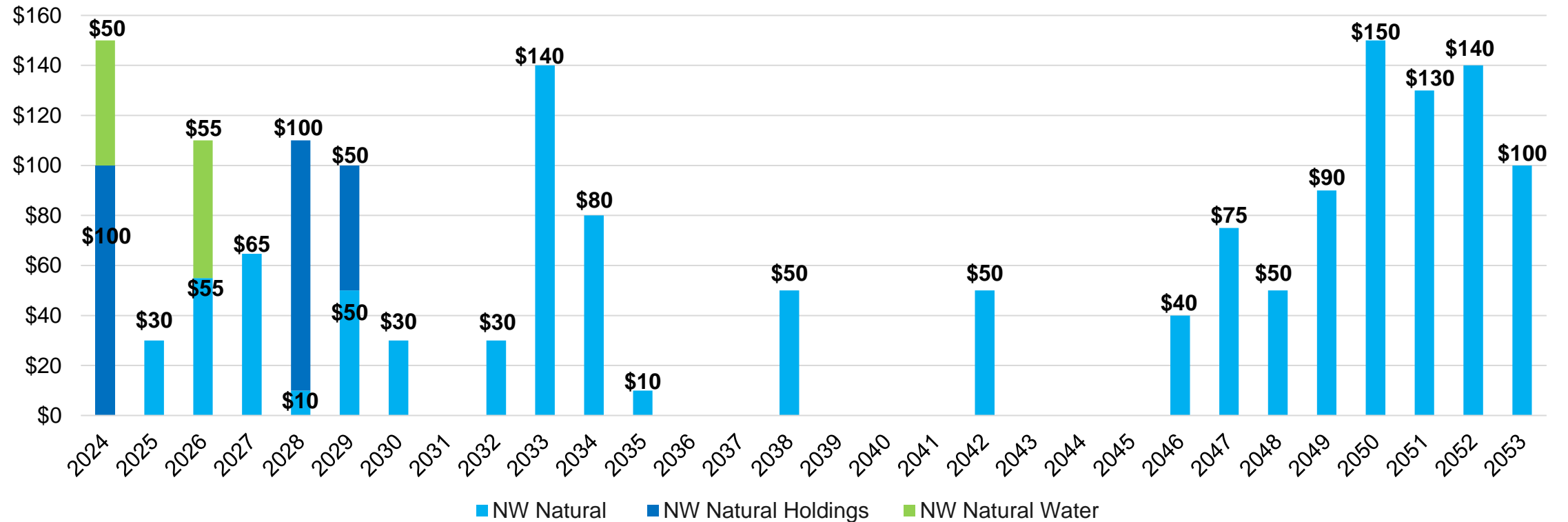
# Current Utility Commissioners



|               | OREGON COMMISSION (OPUC)  | WASHINGTON COMMISSION (WUTC)  | IDAHO COMMISSION (IUTC)  | TEXAS COMMISSION (PUCT)   | ARIZONA COMMISSION (ACC)  |
|---------------|---|---|--|---|---|
| Chair         | <p><b>Megan Decker (D)</b></p> <ul style="list-style-type: none"> <li>Appointed April 2017</li> <li>Term ends March 2025</li> </ul> | <p><b>David Danner (D)</b></p> <ul style="list-style-type: none"> <li>Appointed chair Feb 2013</li> <li>Term ends Jan 2025</li> </ul> | <p><b>Eric Anderson (R)</b></p> <ul style="list-style-type: none"> <li>Appointed Dec 2015</li> <li>Term ends Jan 2025</li> </ul>       | <p><b>Thomas Gleeson (NA)</b></p> <ul style="list-style-type: none"> <li>Appointed Jan 2024</li> <li>Term ends August 2029</li> </ul>   | <p><b>James O'Connor (R)</b></p> <ul style="list-style-type: none"> <li>Appointed Jan 2021</li> <li>Term ends Jan 2025</li> </ul>       |
| Commissioners | <p><b>Letha Tawney (D)</b></p> <ul style="list-style-type: none"> <li>Appointed May 2018</li> <li>Term ends May 2028</li> </ul>     | <p><b>Ann Rendahl (D)</b></p> <ul style="list-style-type: none"> <li>Appointed Dec 2014</li> <li>Term ends Jan 2027</li> </ul>        | <p><b>Edward Lodge (NA)</b></p> <ul style="list-style-type: none"> <li>Appointed Feb 2023</li> <li>Term ends Jan 2029</li> </ul>       | <p><b>Jimmy Glotfelty (NA)</b></p> <ul style="list-style-type: none"> <li>Appointed Aug 2021</li> <li>Term ends Aug 2025</li> </ul>     | <p><b>Anna Tovar (D)</b></p> <ul style="list-style-type: none"> <li>Appointed Jan 2021</li> <li>Term ends Jan 2025</li> </ul>           |
|               | <p><b>Les Perkins (I)</b></p> <ul style="list-style-type: none"> <li>Appointed Fall 2023</li> <li>Term ends Feb 2028</li> </ul>     | <p><b>Milton Doumit (R)</b></p> <ul style="list-style-type: none"> <li>Appointed Sept 2022</li> <li>Term ends Jan 2029</li> </ul>     | <p><b>John Hammond (D)</b></p> <ul style="list-style-type: none"> <li>Appointed Jan 2022</li> <li>Term ends Jan 2027</li> </ul>        | <p><b>Lori Cobos (NA)</b></p> <ul style="list-style-type: none"> <li>Appointed June 2021</li> <li>Term ends (not listed)</li> </ul>     | <p><b>Lea Marquez Peterson (R)</b></p> <ul style="list-style-type: none"> <li>Appointed May 2019</li> <li>Term ends Jan 2025</li> </ul> |
|               |   |   |  | <p><b>Kathleen Jackson (NA)</b></p> <ul style="list-style-type: none"> <li>Appointed August 2022</li> <li>Term ends Aug 2027</li> </ul> | <p><b>Nick Myers (R)</b></p> <ul style="list-style-type: none"> <li>Appointed Jan 2023</li> <li>Term ends Jan 2027</li> </ul>           |
|               |   |   | <p><b>Courtney Hjaltman (NA)</b></p> <ul style="list-style-type: none"> <li>Appointed June 2024</li> <li>Term ends Aug 2025</li> </ul> | <p><b>Kevin Thompson (R)</b></p> <ul style="list-style-type: none"> <li>Appointed Jan 2023</li> <li>Term ends Jan 2027</li> </ul>       |   |

# NW Natural Holdings Debt Maturity Profile

**Debt Maturity Profile**



Excludes NW Natural Water Holdings subsidiaries' debt, which totaled \$6.3 million as of 6/30/24.

# Diverse Resource Portfolio

## Gas Supply

- 60% supply from Canada
- 40% supply from the Rockies
- Natural gas serves territory through one bi-directional pipeline

## LNG Peaking Facilities

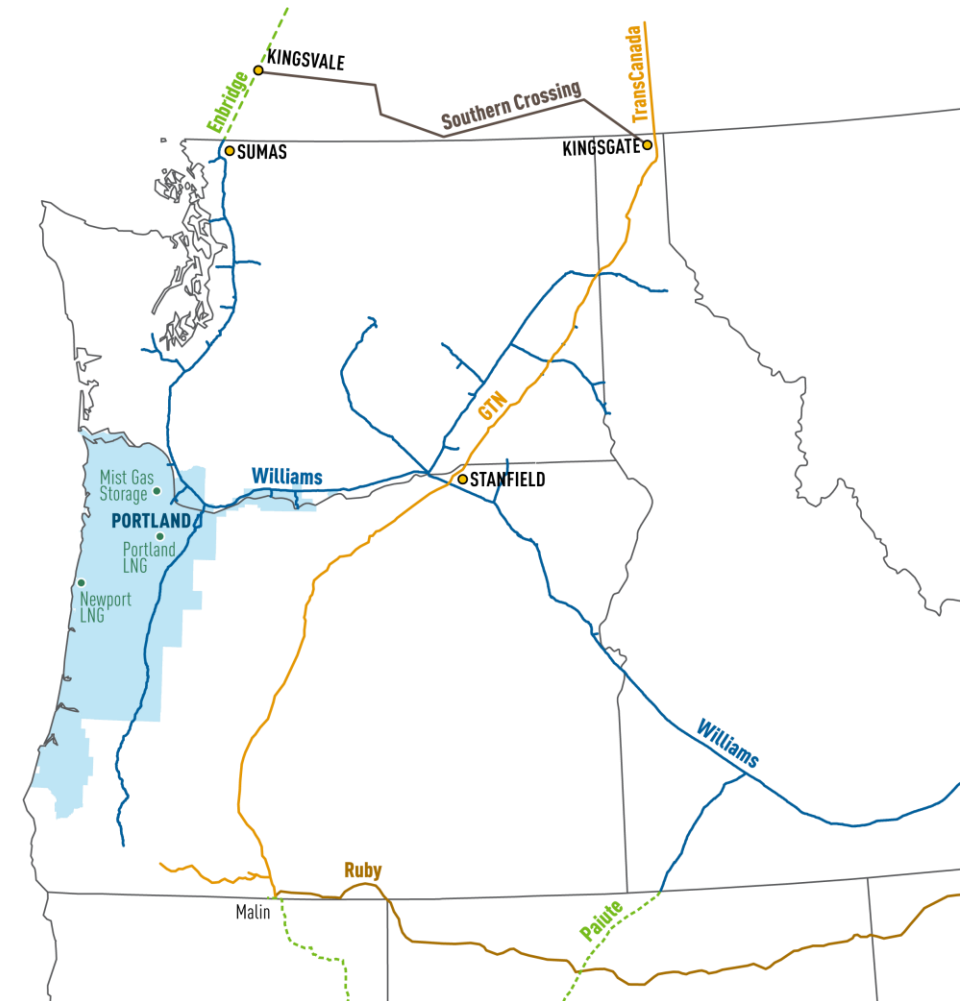
- Portland LNG – 0.6 Bcf
- Newport LNG – 1.0 Bcf

## Mist Gas Storage Facility

- Valuable asset – limited storage in the Pacific Northwest
- 17.5 Bcf facility with 12.8 Bcf serving utility customers and 4.7 Bcf primarily under long-term contracts
- Utility can recall 4.7 Bcf to support customer demand

## North Mist Storage Expansion

- 4.1 Bcf expansion serves a single customer under long-term contract



# Mist Storage Facility

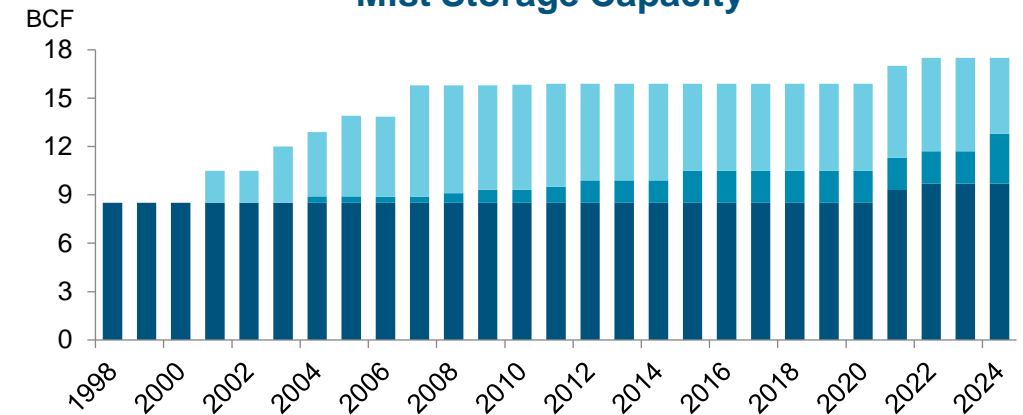
## Overview

- In operation since 1989
- Storage capacity at Mist 17.5 Bcf
  - 12.8 Bcf Core Utility
  - 4.7 Bcf Interstate Storage Services

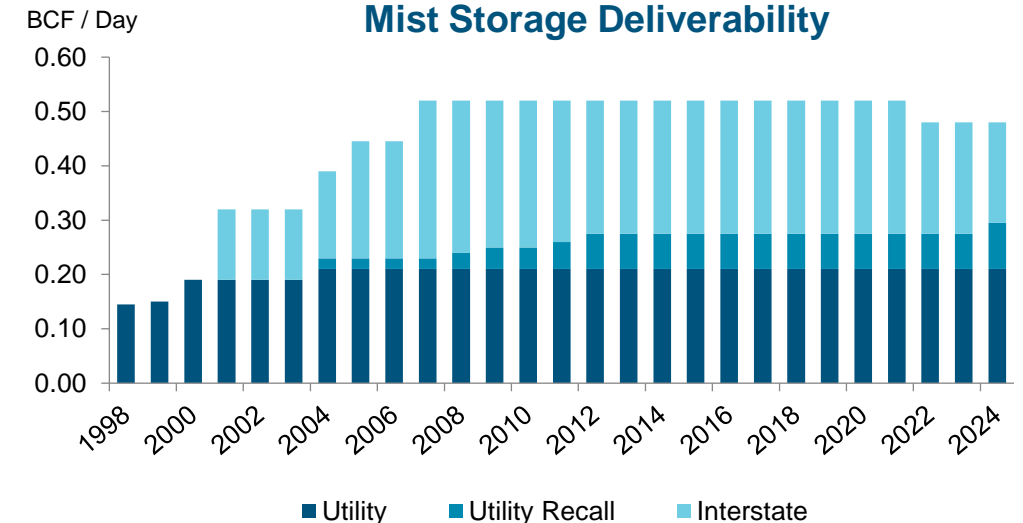
## Unique, Valuable Asset

- Limited storage options in Pacific Northwest
- Part of utility's diverse, reliable gas supply strategy
- Utility can recall Interstate portion for Core Utility demand
- Optimize and share revenues with utility customers
- 4.7 Bcf under high-value contracts with the majority long-term

### Mist Storage Capacity

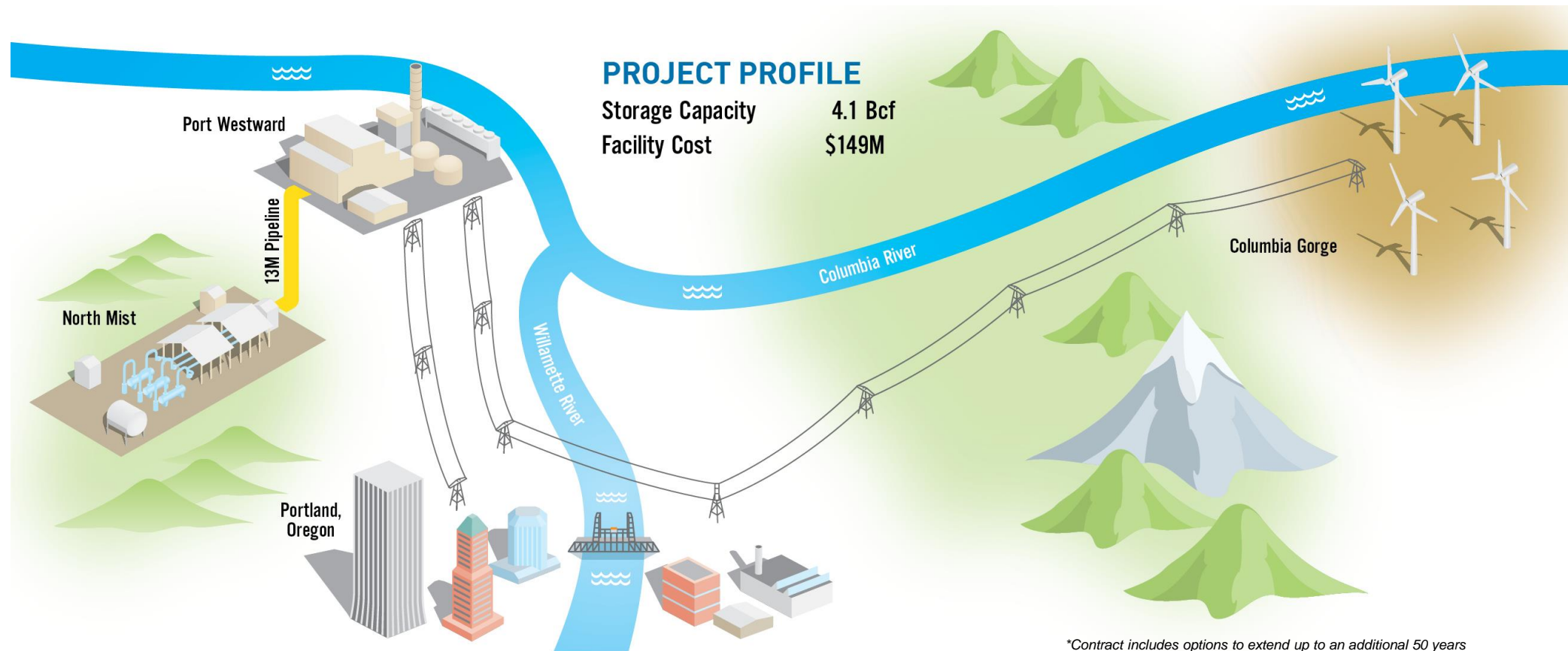


### Mist Storage Deliverability



# North Mist Facility

- Unique no-notice 24/7 storage service supporting gas-fired electric generating facilities that are integrating wind into energy generation mix
- \$149 million investment was immediately included in rate base once placed into service in May 2019
- Contracted under 30-year agreement with single-customer (Portland General Electric)\*



\*Contract includes options to extend up to an additional 50 years

| Water & Wastewater Utility Transactions      |                |               |  |  |  |   |
|--|----------------|---------------|--|--|--|---|
| Company                                      | People Served  | Connections   | Location   | Date Signed  | Date Closed  | Transaction Details   |
| Salmon Valley Water Company                  | 1,926          | 963           | Welches, OR  | 12/18/2017   | 11/1/2018  |   |
| Falls Water Company                          | 20,459         | 7,204         | Idaho Falls, ID  | 12/19/2017<br>6/28/2019<br>7/2/2020  | 9/13/2018<br>8/3/2020<br>2/9/2021  | Falls Water<br>Taylor Mountain<br>Morningview   |
| Cascadia                                     | 10,714         | 3,612         | Puget Sound, WA  | 5/15/2018<br>1/22/2019<br>11/2/2020<br>8/2/2021<br>5/17/2022<br>5/27/2022<br>11/8/2022 | 11/2/2018<br>5/1/2019<br>11/12/2020<br>9/16/2021<br>8/16/2022<br>8/19/2022<br>2/1/2023 | Lehman & Sea View<br>Estates & Monterra<br>Del Bay Association<br>Discovery Bay Village Water<br>Northwest Water Services<br>Aquarius Utilities<br>Pedersen |
| Sunriver Water & Environmental               | 20,724         | 9,702         | Sunriver, OR   | 10/12/2018   | 5/31/2019  |   |
| Gem State                                    | 4,596          | 1,839         | Coeur d'Alene, ID  | 12/18/2018<br>3/21/2019<br>9/12/2019<br>12/18/2020<br>3/22/2021<br>11/4/2022           | 7/31/2019<br>10/1/2019<br>4/2/2020<br>9/3/2021<br>10/4/2021<br>11/4/2022               | Spirit Lake East & Lynnwood<br>Diamond Bar & Bar Circle S<br>Happy Valley & Bitterroot<br>Troy Hoffman<br>Pelican Point Water<br>Idaho Club Sewer           |
| Suncadia Water & Environmental               | 8,136          | 3,826         | Cle Elum, WA   | 10/12/2019   | 1/31/2020  | Suncadia  |
| Blue Topaz Water & Wastewater                | 14,645         | 5,858         | Conroe, TX<br>Beaumont, TX<br>Montgomery, TX<br>Beaumont, TX | 10/31/2019<br>12/28/2020<br>1/13/2022<br>11/18/2021                                    | 3/2/2020<br>5/2/2022<br>12/1/2022<br>12/2/2022   | T&W Water<br>Belle Oaks Water & Wastewater<br>Caney Creek Water & Wastewater<br>Water Necessities & Rural Water   |
| Avion Water                                  | 18,220         | 7,288         | Bend, OR   | 12/15/2021   | 12/17/2021, 7/8/2022,<br>6/30/2023, 1/5/2024   | 45.6% Interest  |
| Foothills Water & Wastewater                 | 73,798         | 29,519        | Yuma, AZ<br>Kingman, AZ                                      | 12/8/2021<br>1/6/2023  | 10/5/2022<br>12/14//2023   | Far West Water & Sewer<br>Kingman Water   |
| Rose Valley Water Company                    | 5,993          | 2,397         | Peoria, AZ   | 9/27/2023  | 10/2/2023  | Rose Valley Water Company   |
| Hiland                                       | 5,323          | 2,129         | Newberg, OR  | 5/8/2023   | 12/29/2023   | Hiland (Owned Utility Connections)  |
| Puttman/ICH                                  | 2,808          | 1,123         | Boise & Hailey, ID<br>Creswell & Aurora, OR                  | 6/4/2024   | 9/6/2024   | Avimor & Quigley in ID<br>Emerald Valley & Bents Court in OR  |
| <b>Total Closed</b>                          | <b>187,342</b> | <b>75,460</b> |  |  |  |   |
| Everett Square/ES Water/Montgomery Utilities | 1,775          | 710           | Conroe, TX   | 1/26/2023  |  | To be part of Blue Topaz  |
| Venterra                                     | 930            | 372           | Houston, TX  | 11/8/2022  |  | To be part of Blue Topaz  |
| Puttman/ICH                                  | 3,845          | 1,538         | Florence/Veneta/Eugene OR<br>San Diego, CA                   | 9/6/2024   |  | South Coast, Lakeshore, Seavey Loop in OR<br>Civita in CA (50% share)   |
| <b>Total Pending</b>                         | <b>6,550</b>   | <b>2,620</b>  |  |  |  |   |
| <b>Total Closed &amp; Pending</b>            | <b>193,892</b> | <b>78,080</b> |  |  |  |   |



# Water and Wastewater O&M Service Transactions

| Company                           | Connections   | Region Served | Date Signed | Date Closed |
|-----------------------------------|---------------|---------------|-------------|-------------|
| King Water Company                | 11,692        | Washington    | 4/30/2023   | 4/30/2023   |
| Hiland                            | 5,851         | Oregon        | 5/8/2023    | 10/31/2023  |
| Gem State                         | 1,320         | Idaho         | 12/18/2018  | 7/31/2019   |
| Puttman                           | 2,525         | Oregon        | 6/4/2024    | 9/6/2024    |
| <b>Total Closed</b>               | <b>21,388</b> |               |             |             |
| <b>Pending</b>                    |               |               |             |             |
| Puttman – Civita <sup>1</sup>     | 2,700         | California    | 6/4/2024    |             |
| <b>Total Pending</b>              | <b>2,700</b>  |               |             |             |
| <b>Total Closed &amp; Pending</b> | <b>24,088</b> |               |             |             |

<sup>1</sup> Connection count is based on an equivalent dwelling unit (EDU) calculation



NW Natural  
HOLDINGS™