



# Investor Update

September 16, 2024    Roanoke, Virginia



# Forward-Looking Statements

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The statements in this presentation by RGC Resources, Inc. (the "Company") that are not historical facts constitute "forward-looking statements" made pursuant to the safe harbor provision of the Private Securities Litigation Reform Act of 1995 that involve risks and uncertainties. These statements include the Company's expectations regarding earnings per share, future expansion opportunities including into Franklin County, inflation, interest rates, rate case, natural gas reserves and potential discoverable natural gas reserves, technological advances in natural gas production, comparison of natural gas consumption and natural gas production, cost of natural gas, including relativity to other fuel sources, demand for natural gas, general potential for customer growth, relationship of Company with primary regulator, future capital expenditures, current and future economic growth, Mountain Valley Pipeline ("MVP") operating expectations and MVP compression and Southgate benefits, potential of MVP to provide additional capacity to meet future demands, increased capital spending and area expansion opportunity, potential new customers and growth rates in potential expansion area. Management cautions the reader that these forward-looking statements are only predictions and are subject to a number of both known and unknown risks and uncertainties, and actual results may differ materially from those expressed or implied by these forward-looking statements as a result of a number of factors. These factors include, without limitation, financial challenges affecting expected earnings per share; technical, political or regulatory issues with natural gas exploration, production or transportation; impact of increased natural gas demand on natural gas prices; relative cost of alternative fuel sources; lower demand for natural gas; regulatory, legal, technical, political or economic issues frustrating system or area expansion; regulatory, legal, technical, political or economic issues that may affect MVP; increases in cost of raw materials or labor due to economic factors or regulatory issues such as inflation, cost recovery, interest rates, and tariffs; economic challenges that may affect the service area generally and customer growth or demand and changes in relationship with primary regulator, and those risk factors described in the Company's most recent Annual Report on Form 10-K filed with the Securities and Exchange Commission, which is available at [www.sec.gov](http://www.sec.gov) and on the Company's website at [www.rgcresources.com](http://www.rgcresources.com).

The statements made in this presentation are based on information available to the Company as of the date on the cover of this presentation and the Company undertakes no obligation to update any of the forward-looking statements after the date of this presentation.

# Safety Moment

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- Meter should be visible
- Use a broom to gently clear snow
- Don't shovel snow onto meter
- If your meter is completely encased in ice, or if you think there is a potential problem with the piping or equipment, call Roanoke Gas



# Agenda

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- Operational and Financial Highlights
  - RGC Midstream
  - Roanoke Gas
- Outlook
- Questions



# Mountain Valley Pipeline

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- In service June 14
- Two Roanoke Gas interconnects on-line
- System stability
- Capacity improves region's attractiveness for existing and new employers



# Lafayette Gate

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# Franklin County

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- Summit View Business Park
- Stik-Pak
- Near Residential
- Rocky Mount





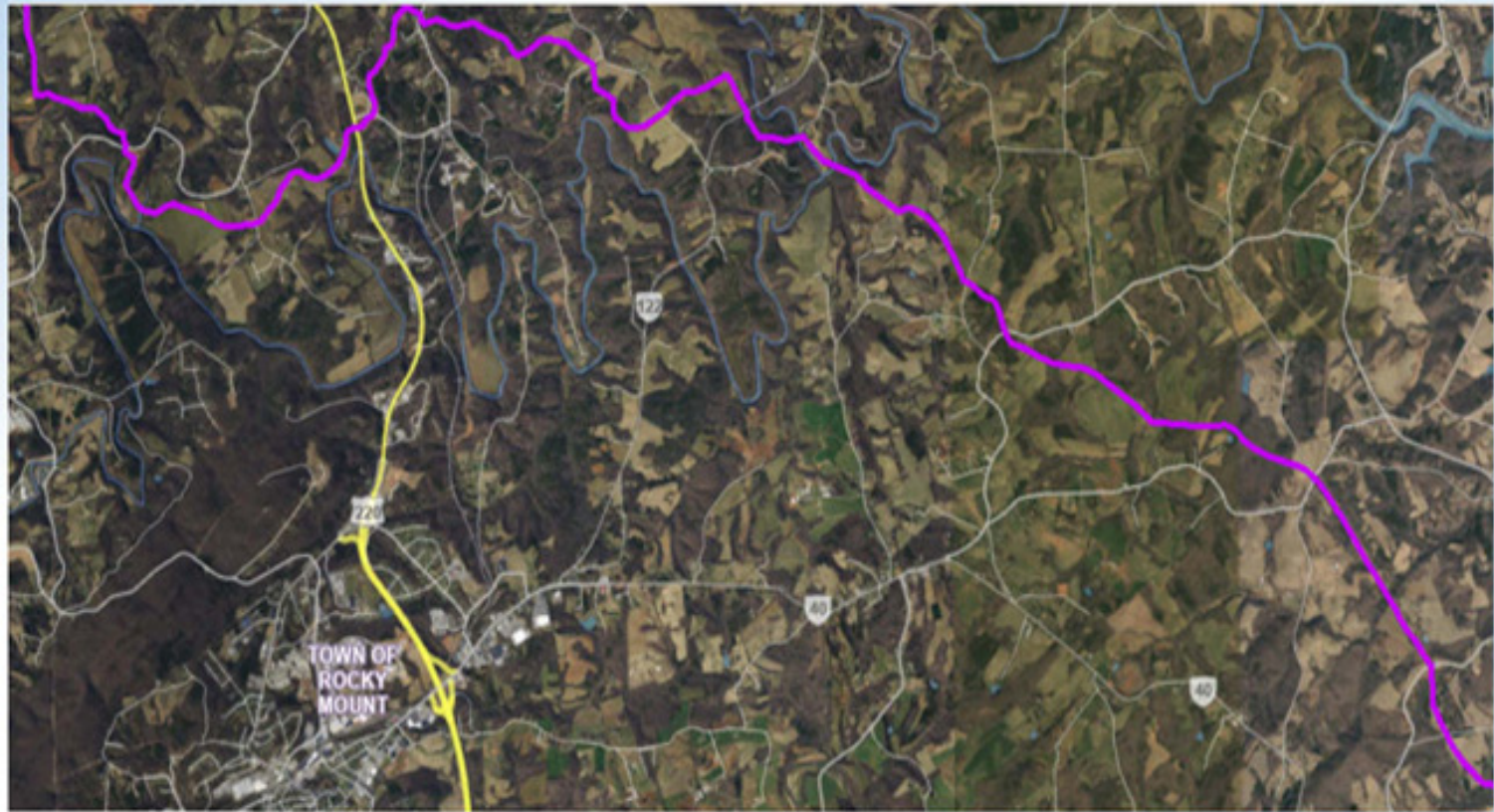
# Summit View Gate

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# Rocky Mount

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# MVP by the Numbers

	2015	TODAY
Cash Cost	\$3.5B	≈ \$8.0B
Completion / In Service	December 2018	June 2024
Investment \$ / Ownership %	\$35M / 1%	≈ \$58M* / 0.73%

\* RGC recorded 80% impairment in 2022

# MVP Operational Accounting

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- Record 0.73% of MVP's results
- Amortize basis difference between underlying ownership and our investment

## RGC Midstream – Annual Impact (in millions)

MVP Operating Results	\$	2.0
Amortization		<u>1.2</u>
Total Equity in Earnings	\$	<u>3.2</u>

- Cash distributions approximate equity in earnings expected on a quarterly basis, beginning November 2024; will have our share of maintenance cap ex

# RGC Midstream Debt

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	June 30, 2024 (in millions)
Revolver <sup>1</sup> (SOFR + 1.75% due Dec. 31, 2025)	\$ 24.115
Revolver <sup>2</sup> (SOFR + 2.215% due May 2, 2026)	9.000
Note (swapped rate 3.24% due June 12, 2026)	14.000
Note <sup>3</sup> (swapped rate 2.443% / SOFR + 1.26448% due Jan. 1, 2028)	6.400
<b>Total</b>	<b>\$ 53.515</b>

<sup>1</sup> Maximum borrowing \$25 million

<sup>2</sup> Fully drawn

<sup>3</sup> \$400,000 quarterly amortization beginning April 1, 2025

# Next for MVP

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- Expansion
  - Additional compression
  - Increase capacity by 0.5B Dth/day to 2.5B Dth/day
  - Increased capacity at higher projected rates
- Southgate
  - New pipeline from Station 165 into North Carolina
  - 550M Dth/day proposed capacity
  - In design / permitting phase
- RGC Midstream contribution to RGC Resources
  - Income statement effect slightly favorable
  - Expansion and Southgate can improve returns meaningfully

# Q & A

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**Roanoke Gas**



# Roanoke Gas Top Customers

## Building Materials



## Manufacturing



## Healthcare



## Higher Education



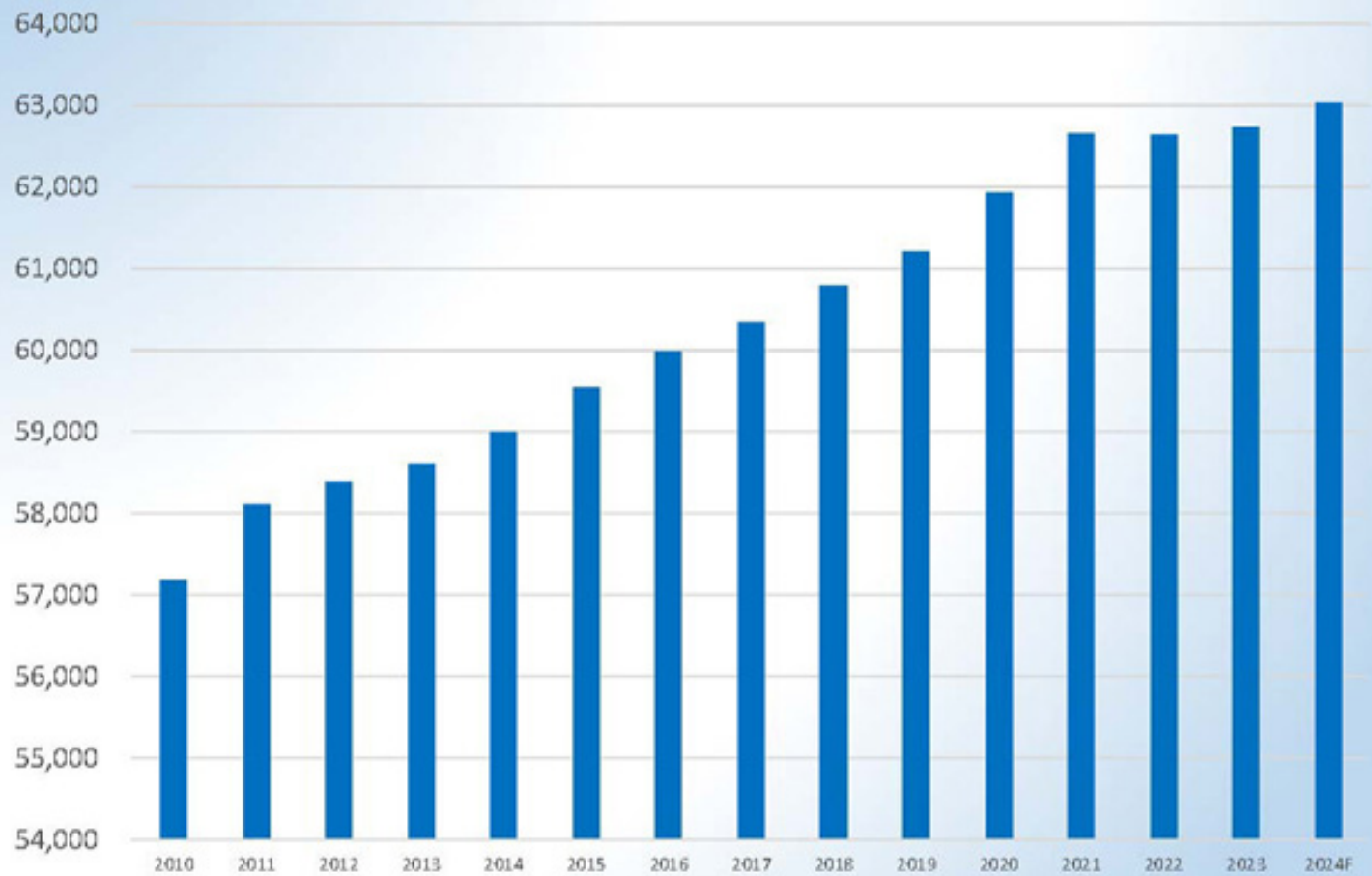
## Transportation



## Municipal



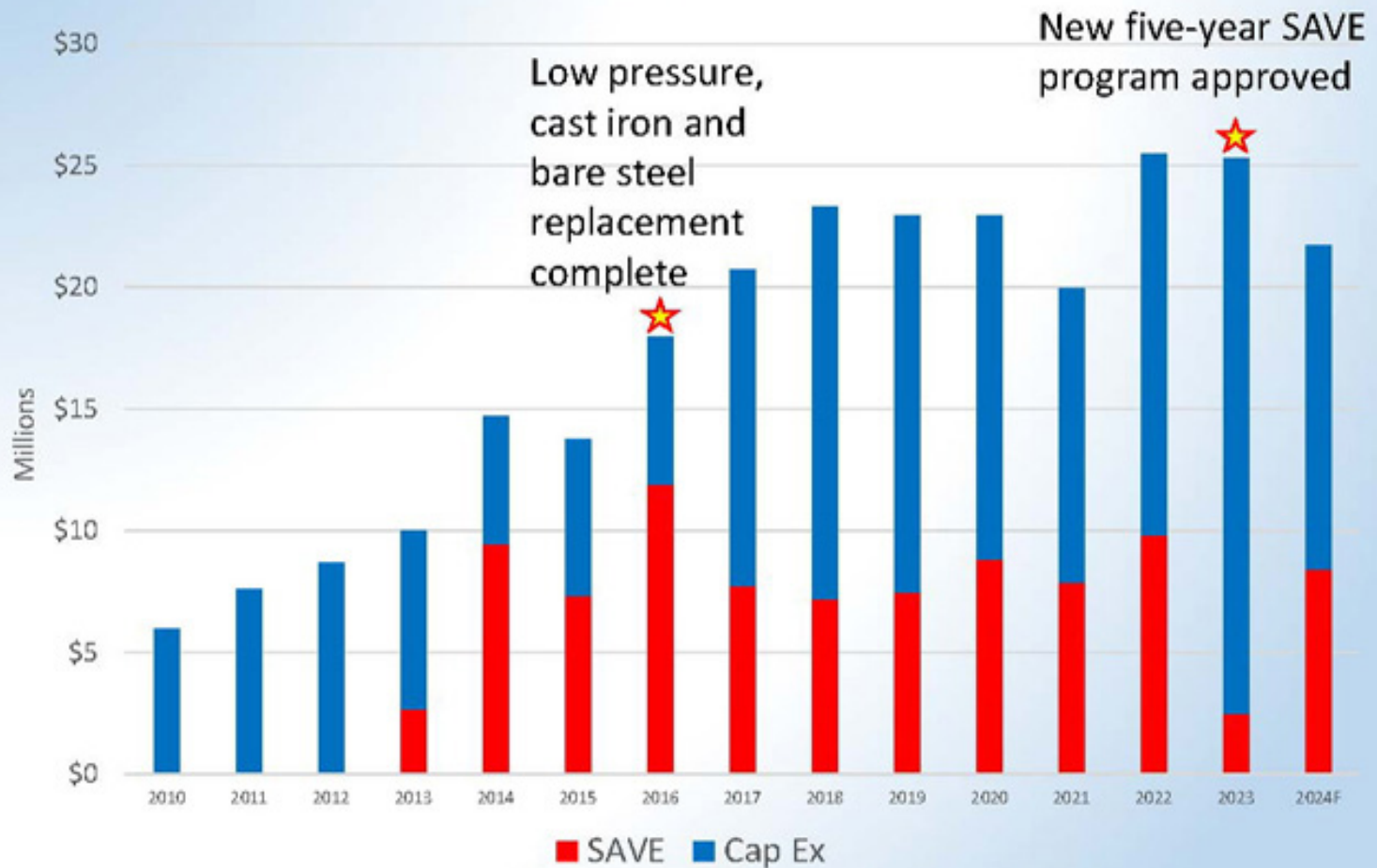
# Customer Growth



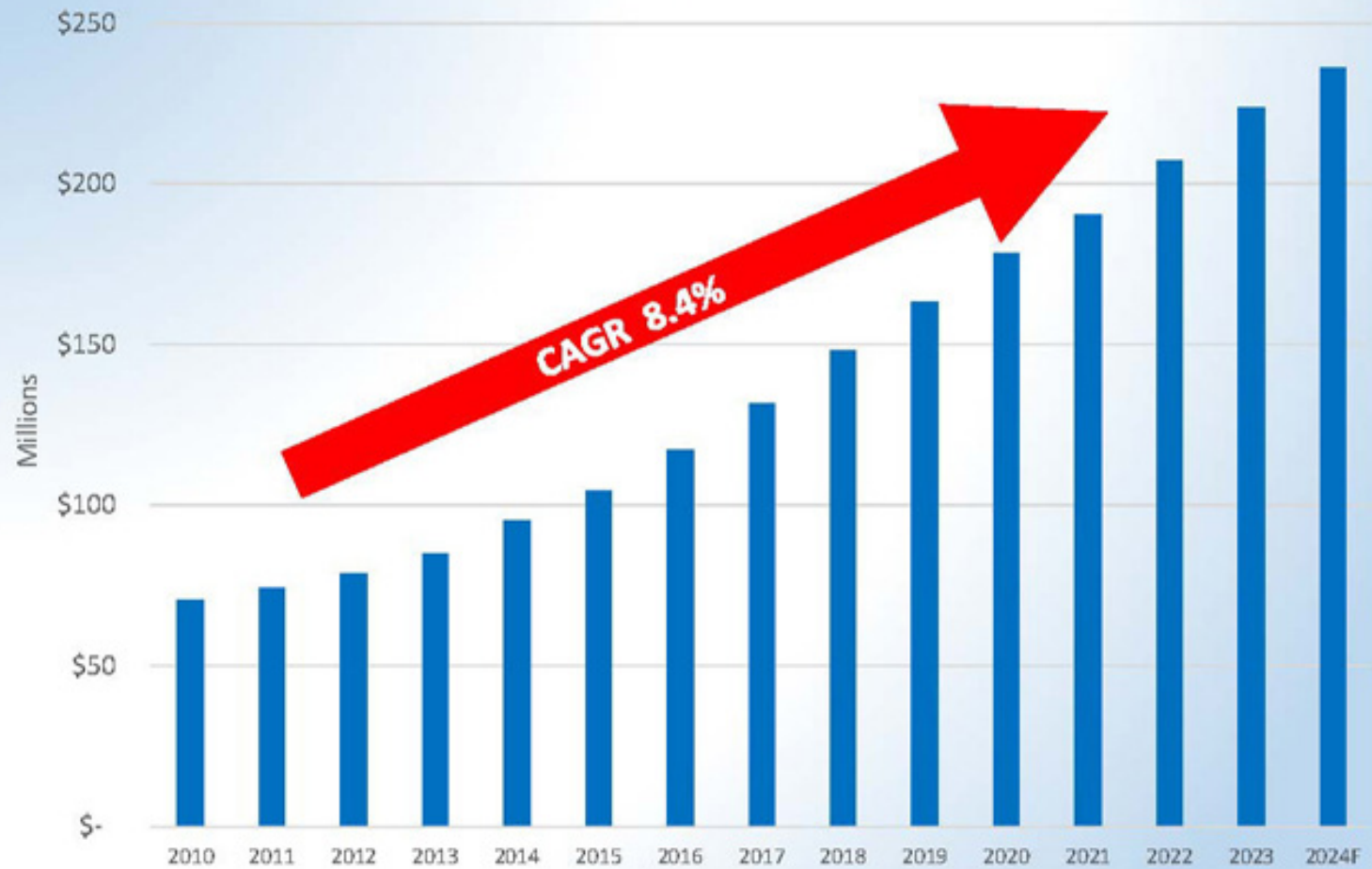
# Volumes & Heating Degree Days



# Capital Investment



# Rate Base



# System Growth

- Blue Ridge and new housing
- Carilion, VTC, FBRI Medical Corridor
- Industrial and commercial

**Main miles:      ≈ 140**

**Services:         ≈ 6,000**



# Modernization

- 6 Gate stations
- Automated Meter Reading

**Main miles:        ≈ 100**

**Services:            ≈ 7,700**



## LNG Plant

- Boil-off compressor
- Two boilers
- 1MW natural gas generator
- Turbine controls
- Tank repainted

# Renewable Natural Gas

- Co-located at WVWA
- In service March 2023
- Reducing emissions by 13,700 metric tons annually
- Generating RIN credits, shared with WVWA





# Human Capital

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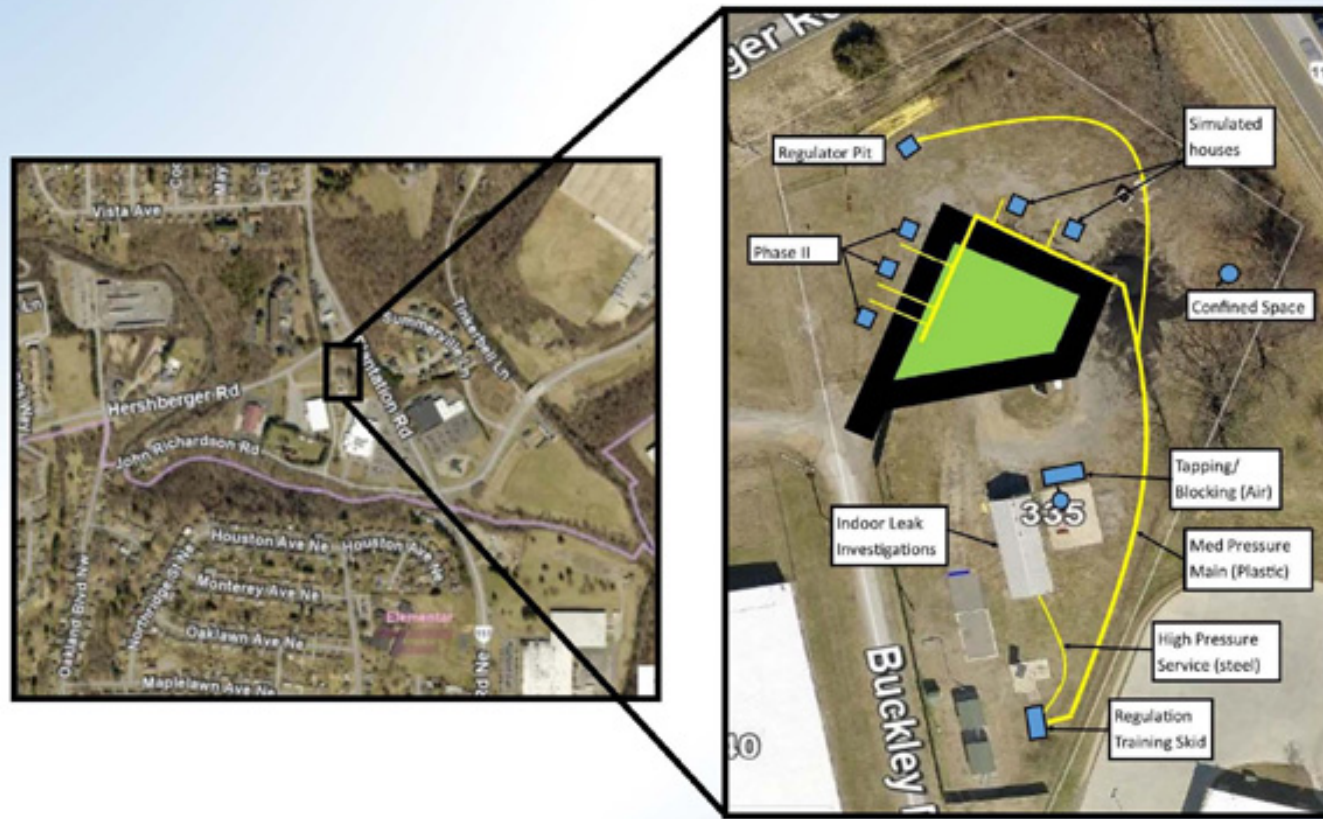
## Goals:

- ✓ Strengthen safety culture
- ✓ Develop opportunities
- ✓ Align rewards

- Hire and retain
- Organization wide development planning
- Investing in technology and training infrastructure

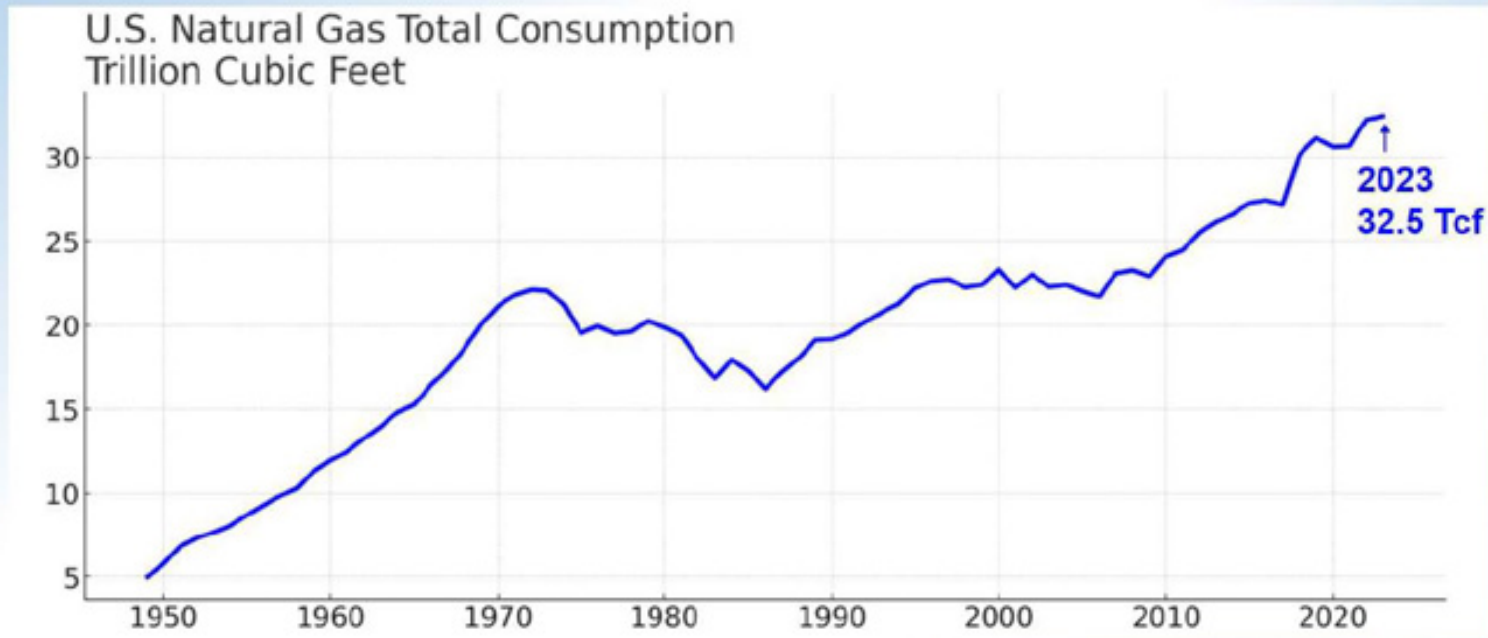


# Operations Training Center



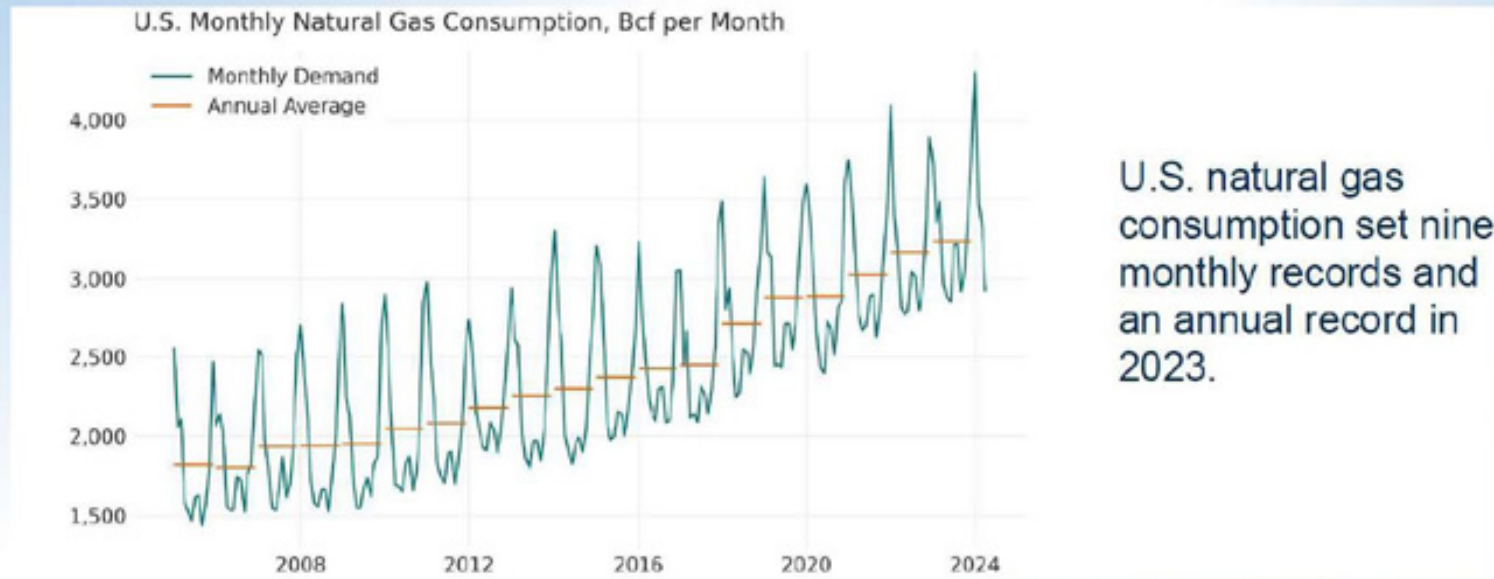
# Outlook

# Natural Gas: Going or Coming?



Source: US Energy Information Administration

# Natural Gas: Record Consumption

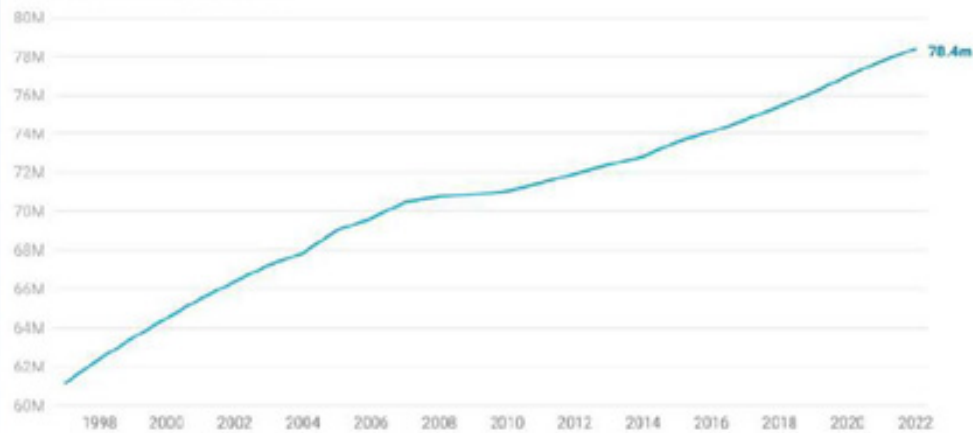


Source: S&P Global Commodity Insights

# Natural Gas: Consumers say “Yes”

## More than one consumer per minute connects to the natural gas system

U.S. Natural Gas Consumers, Millions

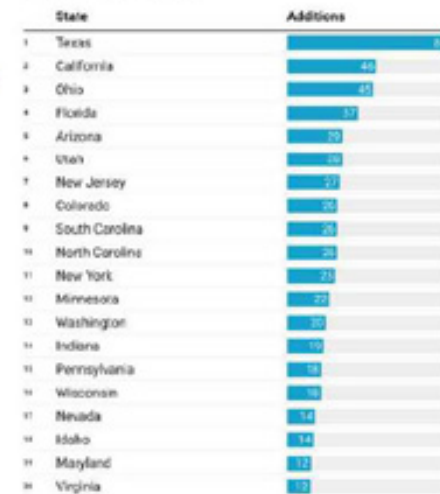


Residential, Commercial, Industrial, Electric Power, and Vehicle Fuel Consumers Included

Source: Energy Information Administration - Created with Datawrapper

## U.S. Natural Gas Consumer Additions by State in 2022

Thousands of Natural Gas Consumers



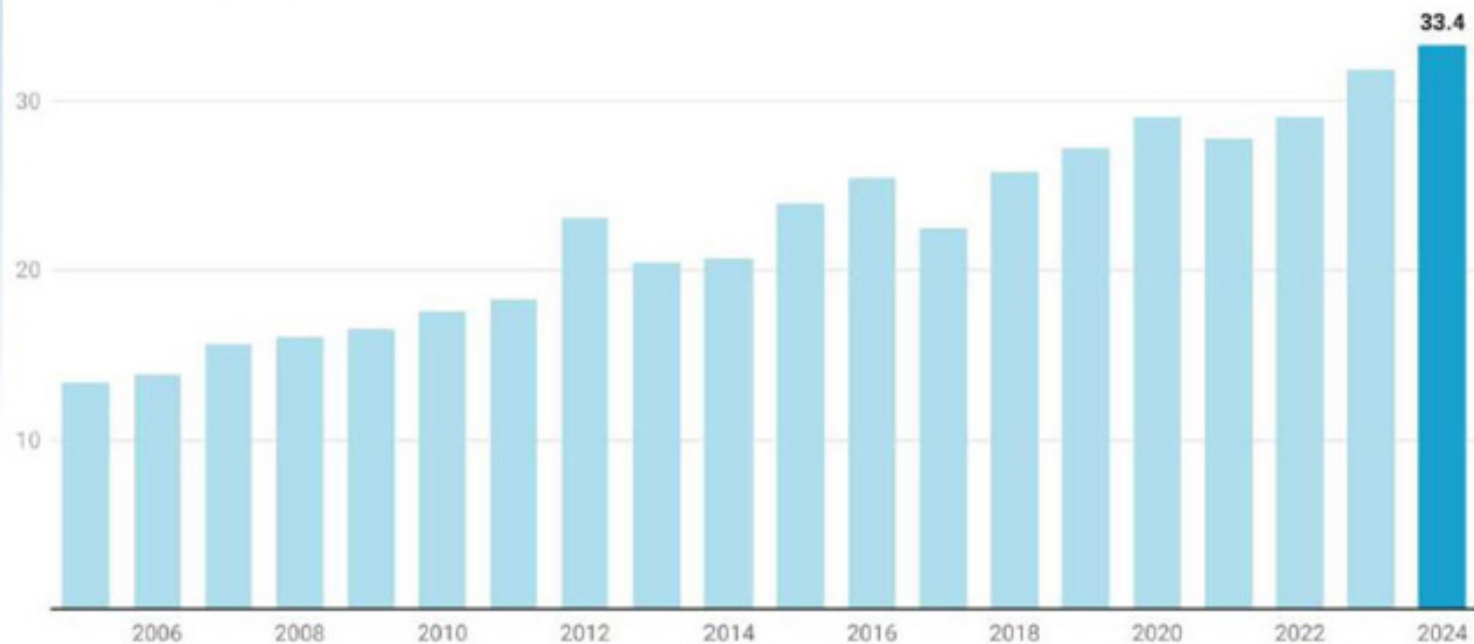
Residential, Commercial, Industrial, Electric Power, and Vehicle Fuel Consumers Included

## 650,000 new natural gas consumers in 2022

# Natural Gas: Fueling Electricity

## U.S. Natural Gas Demand for Electric Power, Year to Date through June 23

Billion Cubic Feet per Day



Source: S&P Global Commodity Insights

## 2025 Drivers

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- Rate case outcome
- Capital plan similar to 2024
- Expense management
- Interest rates trending favorably
- RGC Midstream contribution to EPS modest
- Consistent dividend payout ratio



# Regulatory Update

## Rate Case

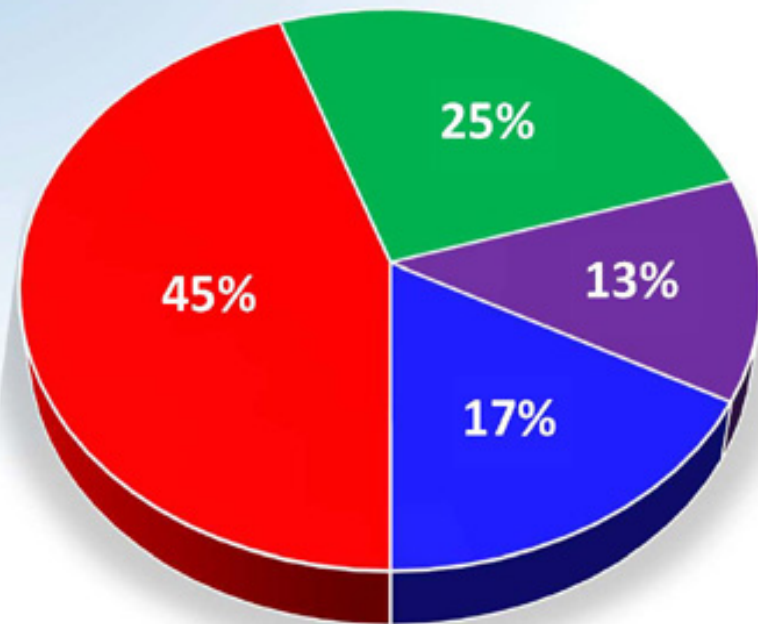
- \$4.33M additional revenue (annual) began in July, subject to refund
- Proposed 10.35% ROE, 59% equity ratio
- 5-year depreciation study complete
- Expect resolution in Q2 of fiscal 2025

## Riders

- RNG Rider – Final Order issued September 4
- SAVE Rider – Expect Final Order this month

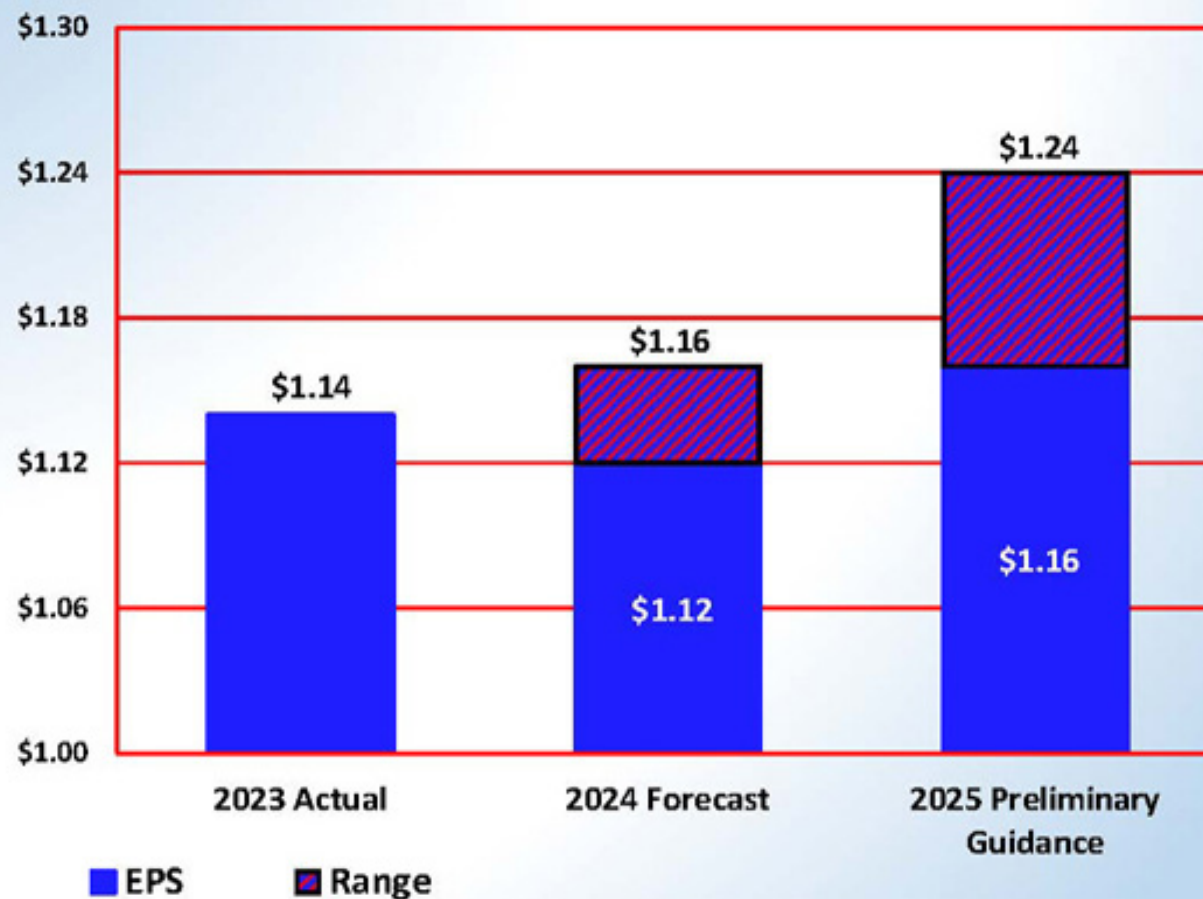
# 2025 Capital Forecast

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<b>SAVE &amp; Renewals</b>	<b>\$ 9.7</b>
<b>Utility Upgrades</b>	<b>3.7</b>
<b>Customer Growth &amp; System Expansion</b>	<b>5.5</b>
<b>MVP Growth</b>	<b>2.8</b>
<b>Total</b>	<b><u>\$ 21.7</u></b>

# Earnings Per Share



# Stock Price and Dividends Per Share



Data through August 30, 2024

# Why Buy RGCO?

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## Demonstrated Track Record of Delivering Shareholder Value

- Total Shareholder return of 236% since 2009
- 80+ years of consecutive dividend payments
- 20+ years of consecutive dividend increases

## Highly Stable Business Model

- Consistent regulatory environment
- Prospective cost recovery mechanisms
- Private shelf agreements to support debt capital needs

## Attractive Fundamental Environment

- Natural gas has cost/reliability advantages to other fuels
- Natural gas recognized as part of long-term energy solution
- Virginia THE top ranked state for business<sup>1</sup>

## Significant Growth Potential

- Continued steady growth in existing footprint
- Service territory in largest metro area in Western Virginia
- Expansion into Franklin County
- Regional impact of MVP flowing 2B+ Dth/day

<sup>1</sup> CNBC "Top States for Business 2024" – July 2024



# Consolidated Financial Results

**For the periods ended June 30,**

*(Presented in thousands, except per share data)*

	Three Months Ended		Year to Date	
	2024	2023	2024	2023
Operating revenues	\$ 14,458	\$ 13,660	\$ 71,537	\$ 84,972
Operating expenses	12,901	11,862	54,698	68,038
Operating income	1,557	1,798	16,839	16,934
Equity in earnings of unconsolidated affiliate	283	519	2,980	524
Other income (expense), net	(69)	7	141	203
Interest expense	1,567	1,423	4,770	4,189
Income before income taxes	204	901	15,190	13,472
Income tax expense	47	214	3,570	3,187
Net income	<b>\$ 157</b>	<b>\$ 687</b>	<b>\$ 11,620</b>	<b>\$ 10,285</b>
Basic earnings per share	\$ 0.02	\$ 0.07	\$ 1.15	\$ 1.04
Diluted earnings per share	\$ 0.02	\$ 0.07	\$ 1.15	\$ 1.04