

Analyst Day New York

April 4, 2018



Southwest Gas™
HOLDINGS

Management Participants



John Hester
President and CEO
Southwest Gas Holdings



Greg Peterson
SVP/CFO
Southwest Gas Holdings



Eric DeBonis
SVP/Operations
Southwest Gas Corporation



Justin Brown
VP/Regulation & Public Affairs
Southwest Gas Corporation



Paul Daily
President and CEO
Centuri Construction Group



Kevin Neil
EVP/CFO/Treasurer
Centuri Construction Group

Safe Harbor Statement



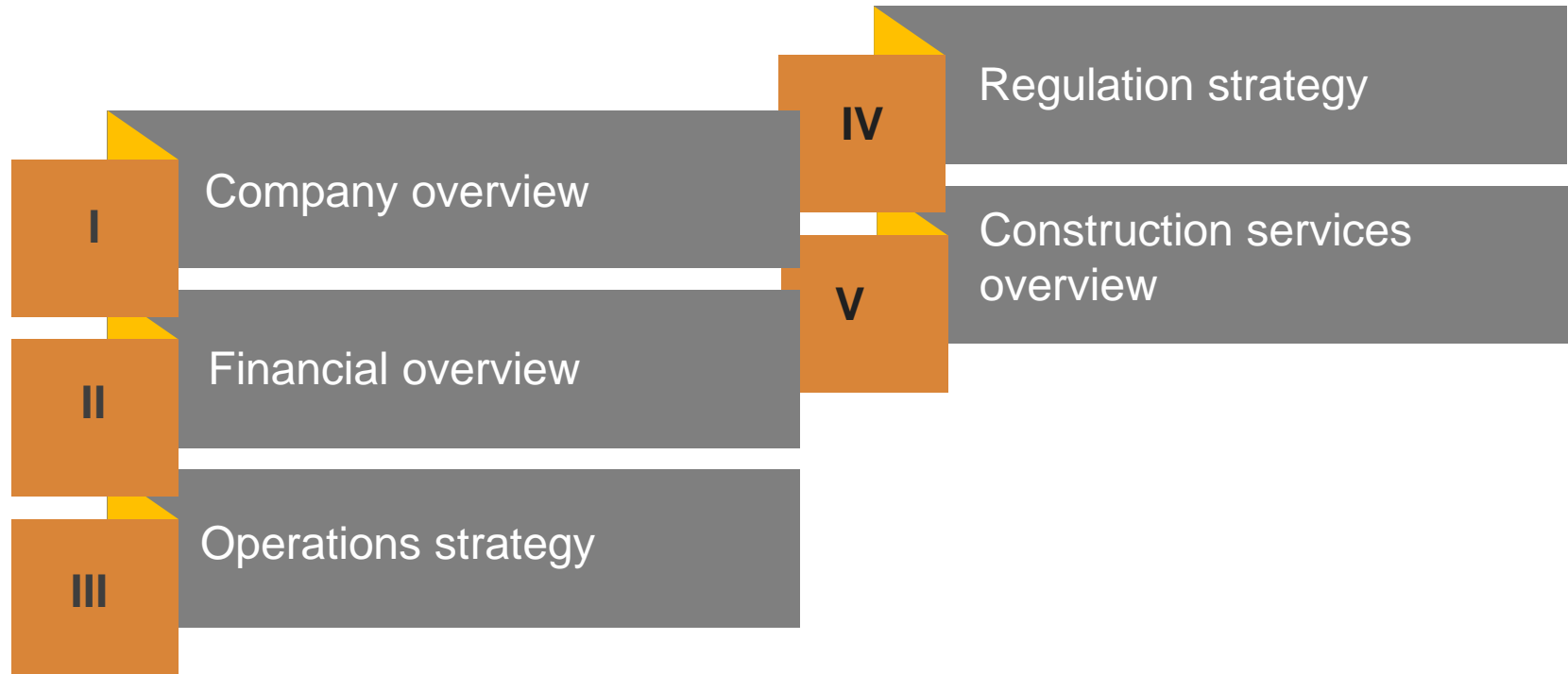
This presentation includes “forward-looking statements” as defined by the Securities and Exchange Commission (SEC). We make these forward-looking statements in reliance on the safe harbor protections provided under the Private Securities Litigation Reform Act of 1995. All statements, other than statements 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 2018 expectations for our construction services and natural gas operations segments, as well as statements regarding our expansion projects and other investment opportunities.

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 is 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 2017 Annual Report on Form 10-K 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 construction services segment;
- The impacts from acquisitions;
- 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.

Presentation Outline



Value Drivers



Southwest Gas
HOLDINGS



Corporate Platform



Southwest Gas
HOLDINGS

Natural Gas Operations



SOUTHWEST GAS



■ Natural Gas Operations
Service Territories

— Paiute Pipeline

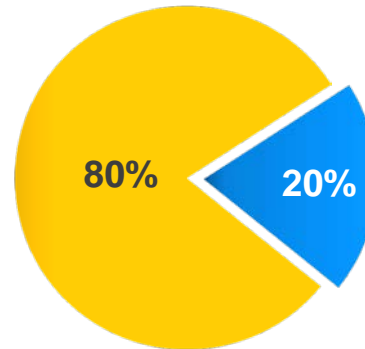
DIVERSIFIED LDC PLATFORM IN THREE STATES

- Largest LDC in Arizona and Nevada, also distribute and transport gas in parts of California
- Operate transmission system – Paiute Pipeline
- Over 2 million customers and growing, of which 99% are residential and small commercial
- Blended authorized ROE of 9.76%, and \$2.6 billion authorized rate base
- Constructive regulatory mechanisms which mitigate lag

Business Mix

\$194MM

TMTD 12/31/17 Net Income



Construction Services



CENTURI
CONSTRUCTION GROUP



ONE OF NORTH AMERICA'S LARGEST FULL-SERVICE UNDERGROUND PIPELINE CONTRACTORS

- Headquartered in Phoenix, AZ
- Operates in 25 markets across the U.S. and Canada
- Long-term, industry and customer commitments
- Over \$1.2 billion in revenues - 2017

2017 Achievements

Consolidated Results

- Achieved record EPS of \$4.04, (includes one-time income tax benefit of \$0.42)
- Dividend increased for the 12th straight year, 9.5% CAGR over past five years
- Shareholders approved elimination of cumulative voting
- Acquired the residual 3.4% equity interest in Centuri in August 2017

Natural Gas Segment

- Operating margin increased \$23 million over 2016
- Added 31,000 customers, \$9 million in margin
- Achieved milestone of 2 million customers in November 2017
- Invested \$560 million in our gas distribution system

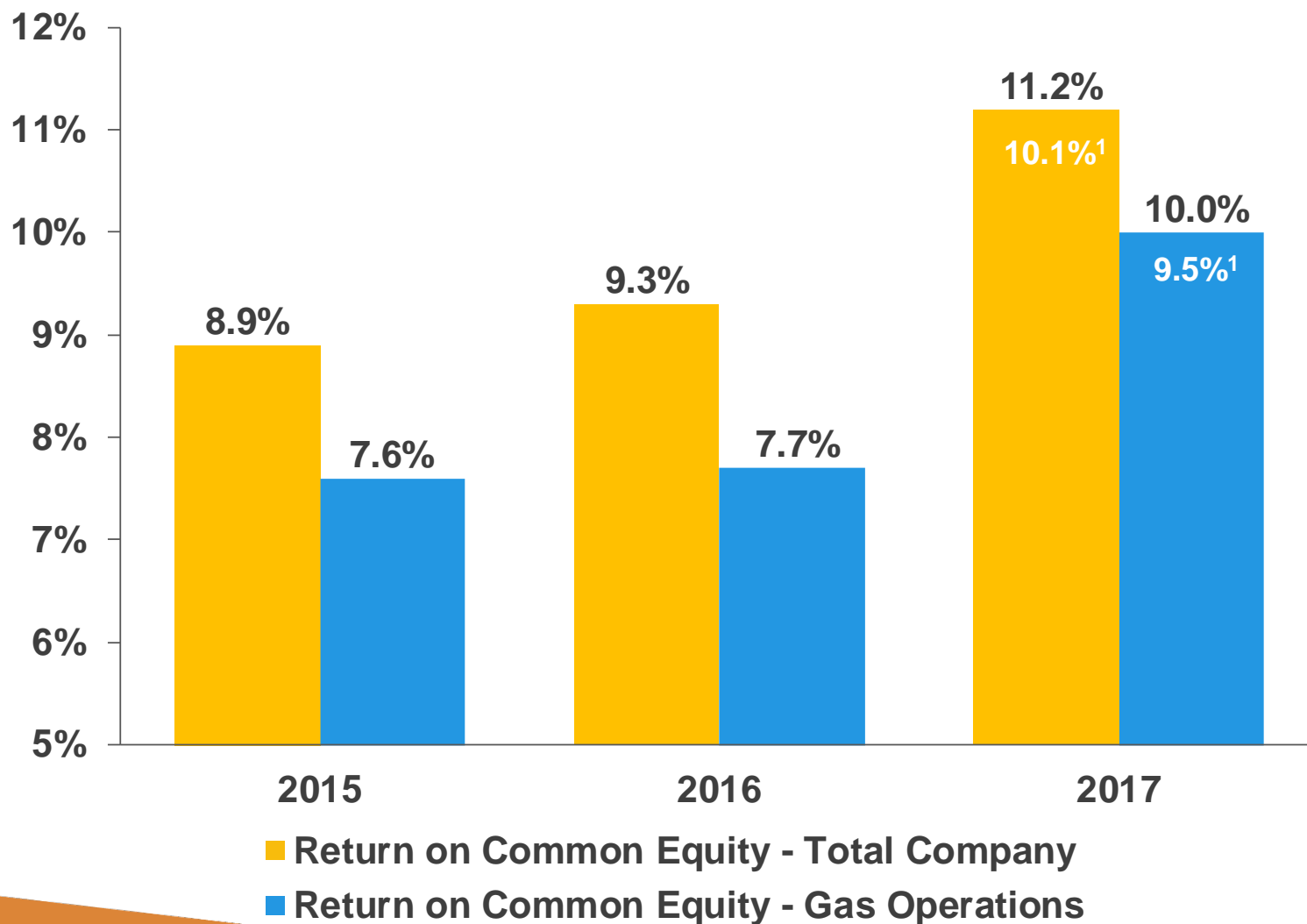
Construction Services Segment

- Achieved record revenues of over \$1.2 billion
- Amended its credit and term loan facility, increasing borrowing capacity to \$450 million
- Completed acquisition of Neuco in November 2017
- NPL Celebrated its 50th Anniversary

Return on Common Equity



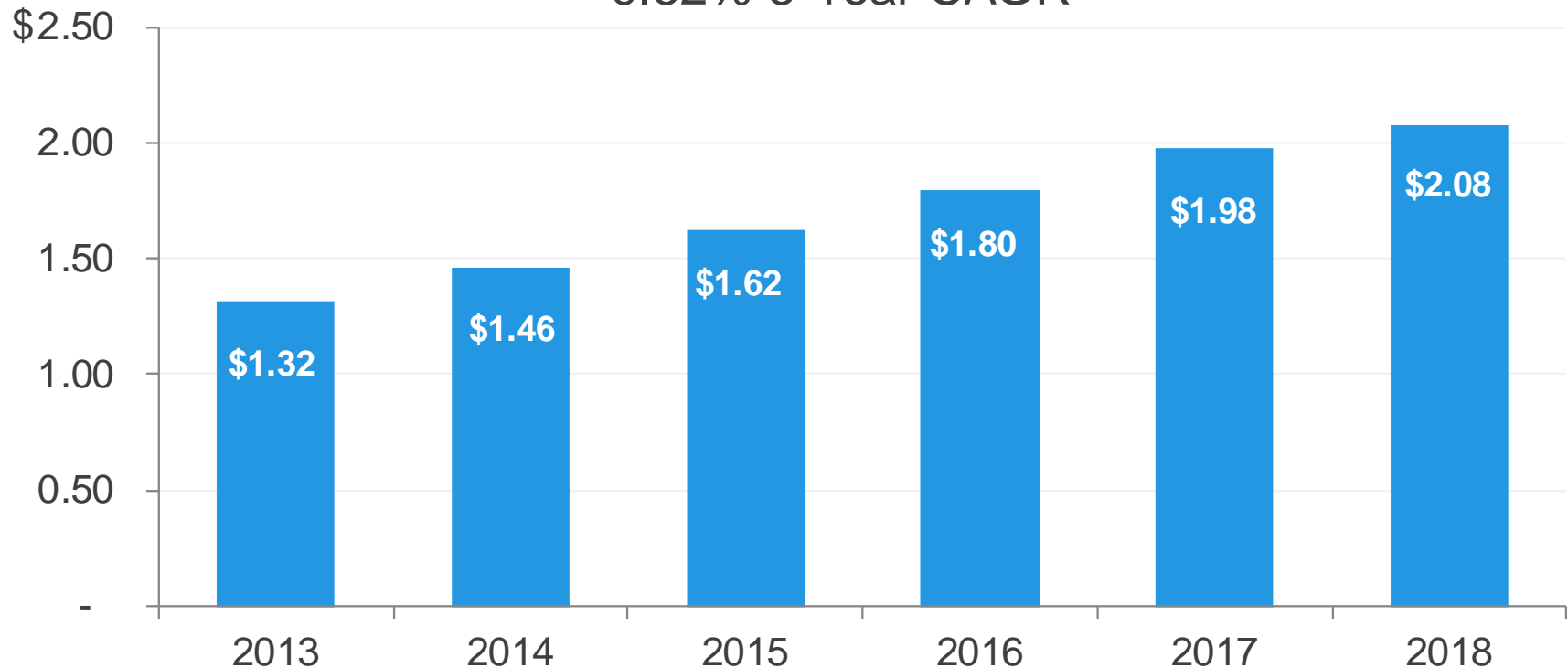
Southwest Gas
HOLDINGS



¹ Adjusted for the non-recurring tax benefit resulting from tax reform

Dividend Growth

9.52% 5-Year CAGR



CAGR = compound annual growth rate

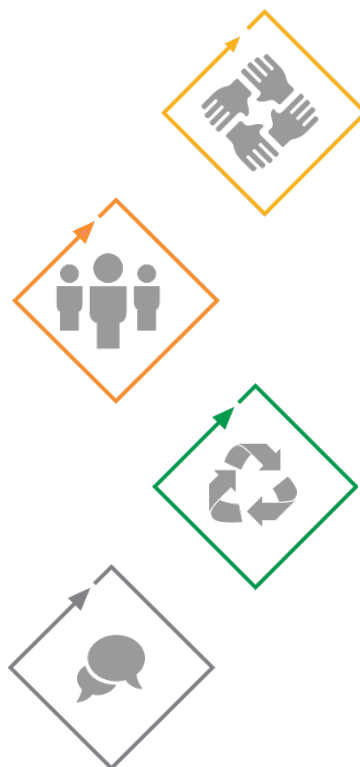
- Maintain ~ payout ratio between 55% – 65%
- Expect future dividends to increase at the earnings growth rate

Governance

Long-term focus on shareholder value, with “pay for performance” compensation program structured to mitigate excessive short-term risk-taking.

Nine of ten directors are independent. The Board of Directors brings deep and diverse management, financial and operational experience, significant expertise in the industries that matter most to our business and important ties to our key service territories.

We value input from shareholders and maintain a robust program of shareholder engagement on a range of topics, including our financial performance and matters of corporate governance.



Corporate governance practices that align with shareholder interests and support our core values, including robust stock ownership guidelines, annual election of all directors and the ability for shareholders to call special meetings and act by written consent

Sustainable and responsible business practices that protect the environment, preserve natural resources and support our local communities

Rate Base

Natural Gas Operations



\$2 billion capex over
next three years

12% annual CAGR

> 60% of capex with
immediate recovery

Over 6,700 miles
of vintage pipe
to replace

Attractive Rate Base Growth

Natural Gas Operations



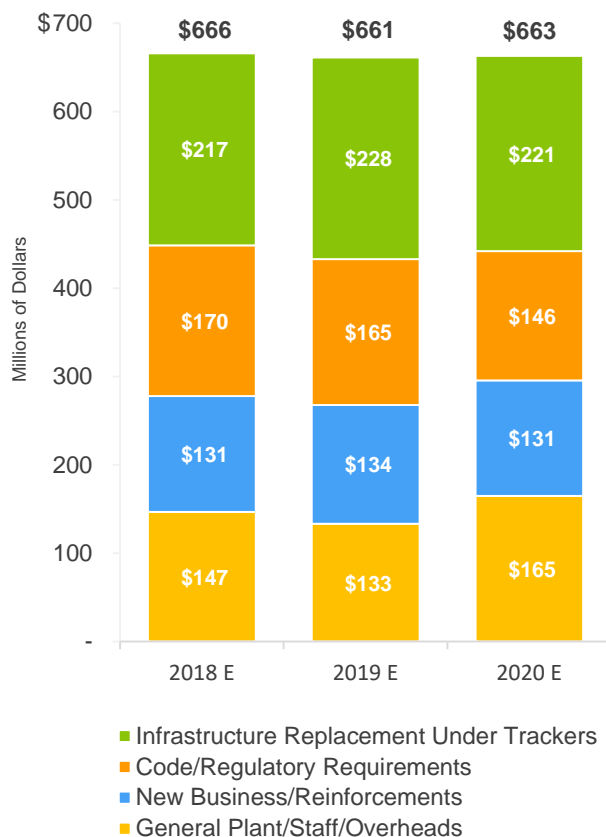
~ \$2 Billion of Capital Investment Through 2020

+

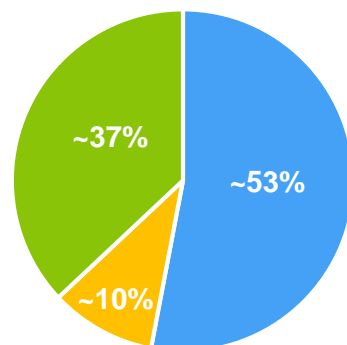
Constructive Rate Mechanisms
Reducing Regulatory Lag

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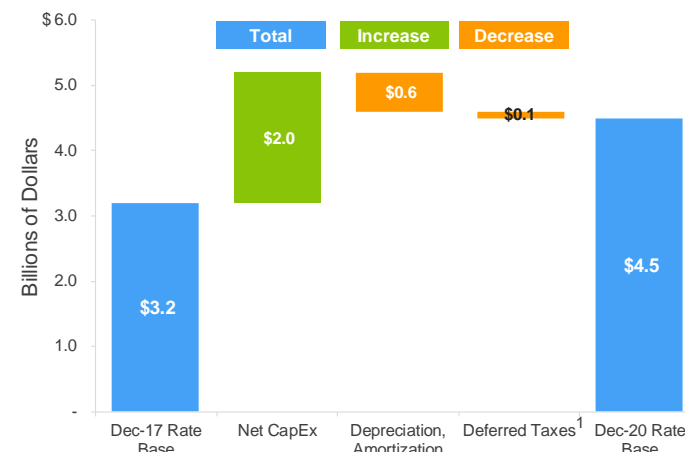
Attractive Rate Base
Growth of ~ 12% CAGR



Earning on Annual Investments



- Within 0-12 months
- Depreciation
- Greater than 12 months



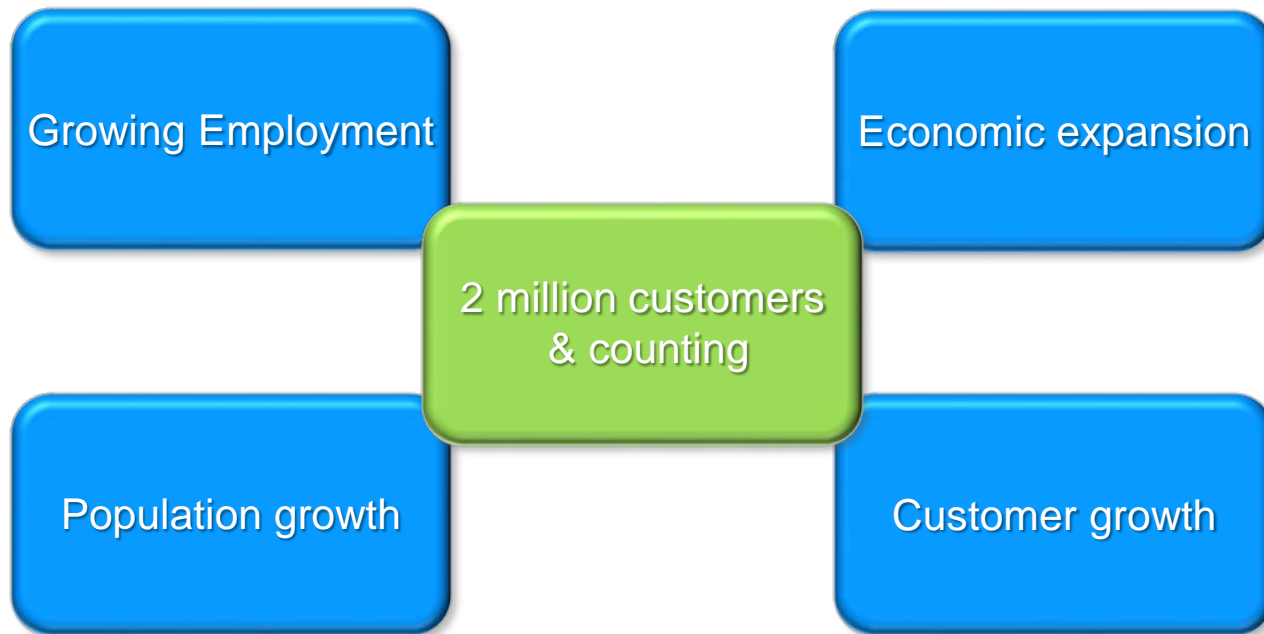
¹ Includes changes in the regulatory liability created due to tax reform.

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 12.0% CAGR in rate base over next 3 years

Economic Overview

Natural Gas Operations



Economic Overview – Service Area

Natural Gas Operations



	<u>Unemployment Rate</u>		<u>Employment Growth</u>	
	<u>Dec 2016</u>	<u>Dec 2017</u>	<u>Dec 2016</u>	<u>Dec 2017</u>
Southern California ¹	5.2%	4.1%	2.9%	3.4%
Southern Nevada ²	5.0%	4.9%	2.6%	3.1%
Northern Nevada ³	5.0%	4.4%	-0.4%	3.3%
Southern Arizona ⁴	4.3%	4.2%	0.4%	0.5%
Central Arizona ⁴	4.1%	3.9%	1.4%	1.8%

¹ [Source: State of California Employment Development Department, California Labor Market Review, <http://www.labormarketinfo.edd.ca.gov>]

² [Source: Nevada Department of Employment, Training and Rehabilitation (DETR), Economy In Brief, <http://nevadaworkforce.com>]

³ [Source: Nevada DETR, Data Search: Total Employment (Carson City, Churchill, Douglas, Elko, Humboldt, Lyon, and Pershing Counties, <http://nevadaworkforce.com>]

⁴ [Source: Arizona Office of Employment & Population Statistics, Employment Report, <https://laborstats.az.gov/>]

Economic Expansion – Service Area

Natural Gas Operations



SOUTHWEST GAS



Las Vegas Raiders - 2020¹



Las Vegas Ballpark – 2019²



Dot Foods Distribution Center,
Bullhead, AZ - 2018³



Caterpillar Headquarters,
Phoenix, AZ - 2019⁴

¹ Source: Review Journal (www.reviewjournal.com); Economists Weigh Economic Impact of Stadium for Raiders in Las Vegas

² Source: Review Journal (www.reviewjournal.com); Las Vegas 51s Moving to \$150M Summerlin Stadium in 2019

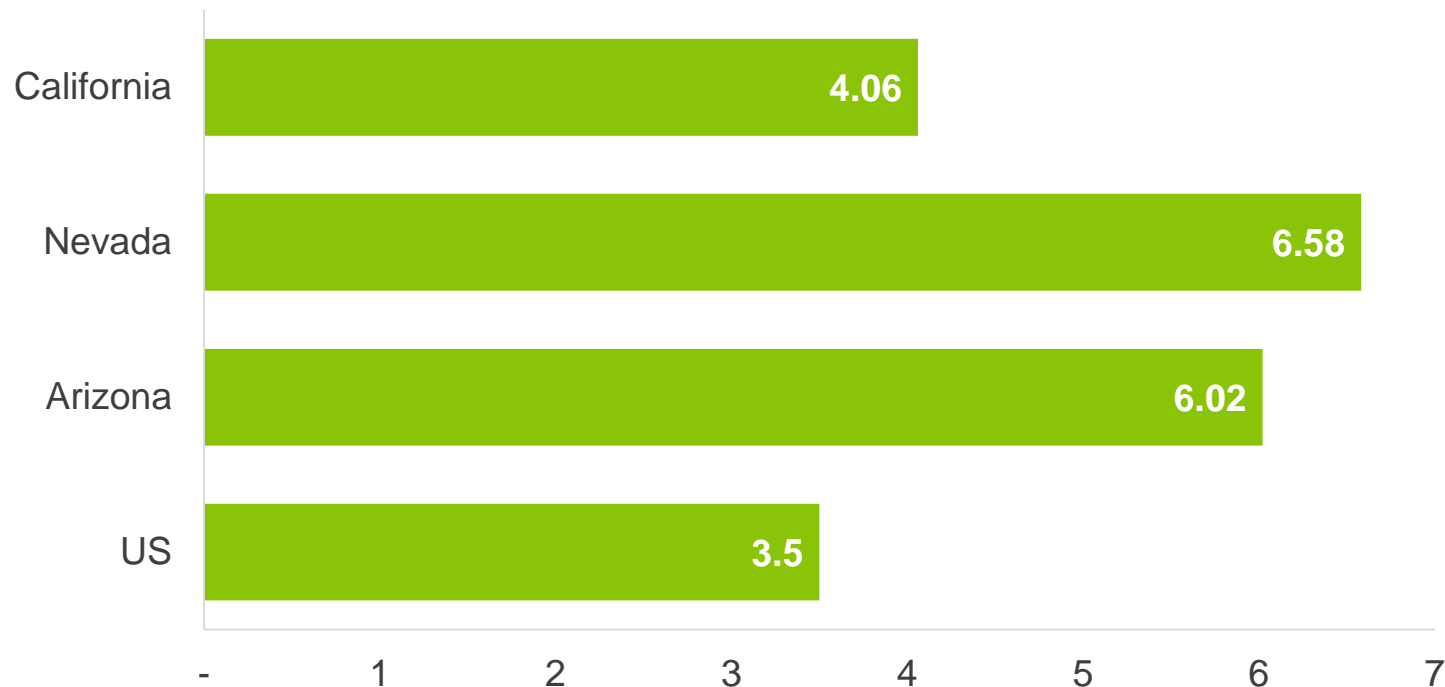
³ Source: Governor Doug Ducey (www.azgovernor.gov); America's Largest Food Redistributor Comes to Arizona

⁴ Source: AZ Big Media (www.azbigmedia.com); Arizona's Economic Developers Continue to Create Jobs

Projected Population Growth Service Territories



Projected Population % Change 2018-2023



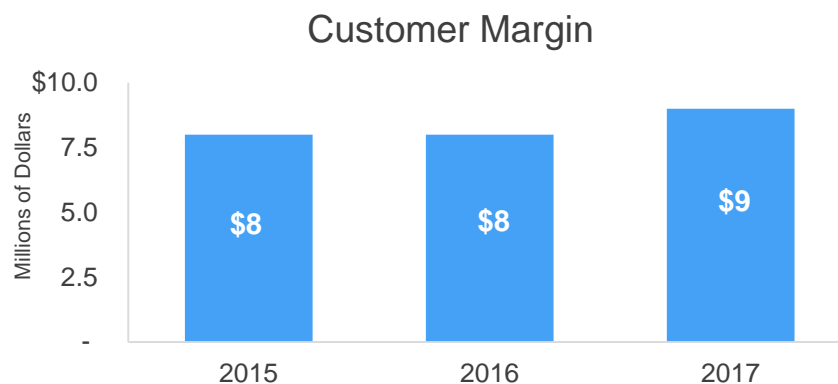
Customer Growth

Natural Gas Operations

(In Thousands)



	Twelve Months Ended December 31,			Projected Customer Growth		
	2015	2016	2017*	2018	2019	2020
Beginning period	1,930	1,956	1,984			
Net Customer Adds	26	28	31	32	33	34
Ending period	<u>1,956</u>	<u>1,984</u>	<u>2,015</u>			



*Achieved 2 million natural gas utility customers in early November 2017

Financial Overview

Continued
dividend growth

Favorable long-term
earnings growth
prospects

Favorable
regulated/unregulated
earnings mix

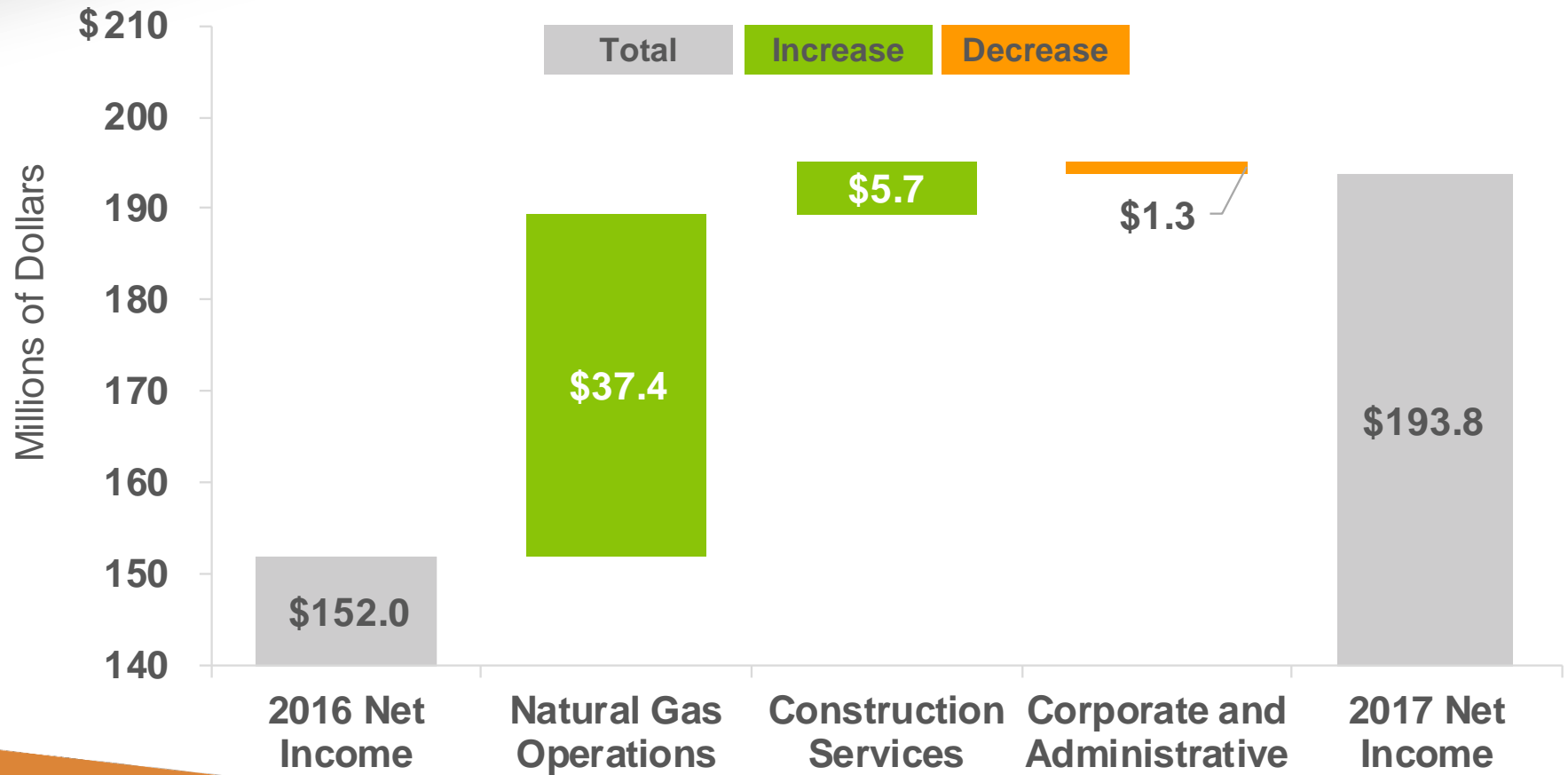
Focus on
improving earned
rates of return

Balanced
financing mix to
support capex spend

Strong investment
grade credit ratings

Consolidated Net Income - 2017

Total Increase - \$41.8 million



Stable Customer Base

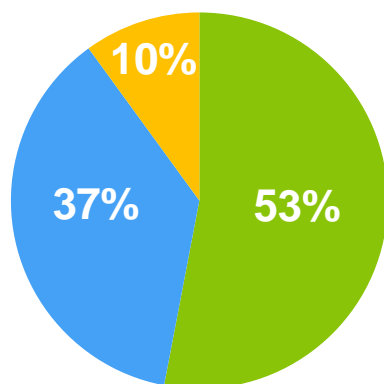
Natural Gas Operations



TMTD December 31, 2017 Customer & Operating Margin Distribution

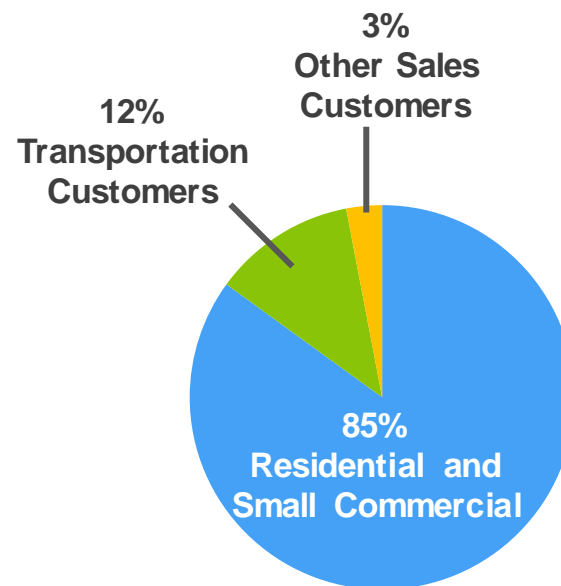
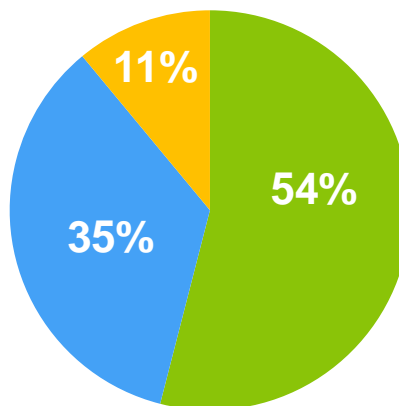
By State

Customers



■ Arizona
■ Nevada
■ California

Margin



Consistent trends year over year

Tax Reform



- Tax Cuts and Job Acts (TCJA) signed into law on December 22, 2017
- Corporate federal tax rate reduced from 35% to 21%
- Direct benefit to construction services segment
- Eliminates bonus depreciation for utility plant
- Utilities exempt from limits on interest deductions
- Going forward:
 - Customers will benefit through reductions in future rates
 - The elimination of bonus depreciation and lower tax rate reduces utility cash flows, once reflected in future rate changes
 - Higher rate base growth as a result of lower deferred taxes in the future

2017 Tax Reform Impacts



2017 impact due to the revaluation of net deferred tax liabilities

Natural Gas Operations:

- Non-recurring tax benefit of \$8 million (deferred tax balances not associated with utility plant)
- Increase in regulatory liabilities of \$430 million (deferred tax balances associated with utility plant)
- The excess deferred taxes recorded as a regulatory liability will be passed back to customers, generally through reductions in future rates

Construction Services:

- Non-recurring tax benefit of \$12 million
-
- While deferred tax liabilities were substantially reduced due to tax reform, they were not impactful to operating cash flows in 2017
 - Moody's (Jan-2018), S&P (Feb-2018) and Fitch (Mar-2018) reaffirmed current credit ratings

2018 Estimated Tax Reform Impacts



Natural Gas Operations:

- State regulatory actions initiated, but differ by state
- 2018 cash flows are not expected to be materially impacted
- Effective tax rate difficult to predict pending regulatory actions
- Income statement line item variances may be created without bottom line impact as regulatory changes are reflected

Construction Services:

- Effective income tax rate reduced to 27% - 28%
- No anticipated impact to interest deductibility
- Retention of benefits difficult to predict over time due to competitive nature of bidding process

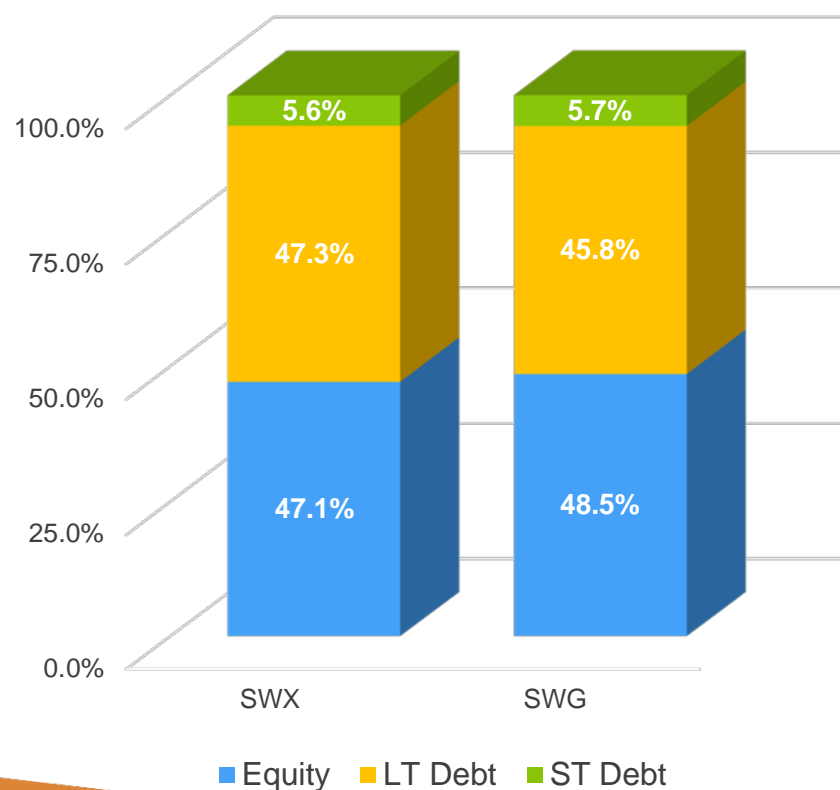
Strong Financial Condition

Capital and Liquidity Profile

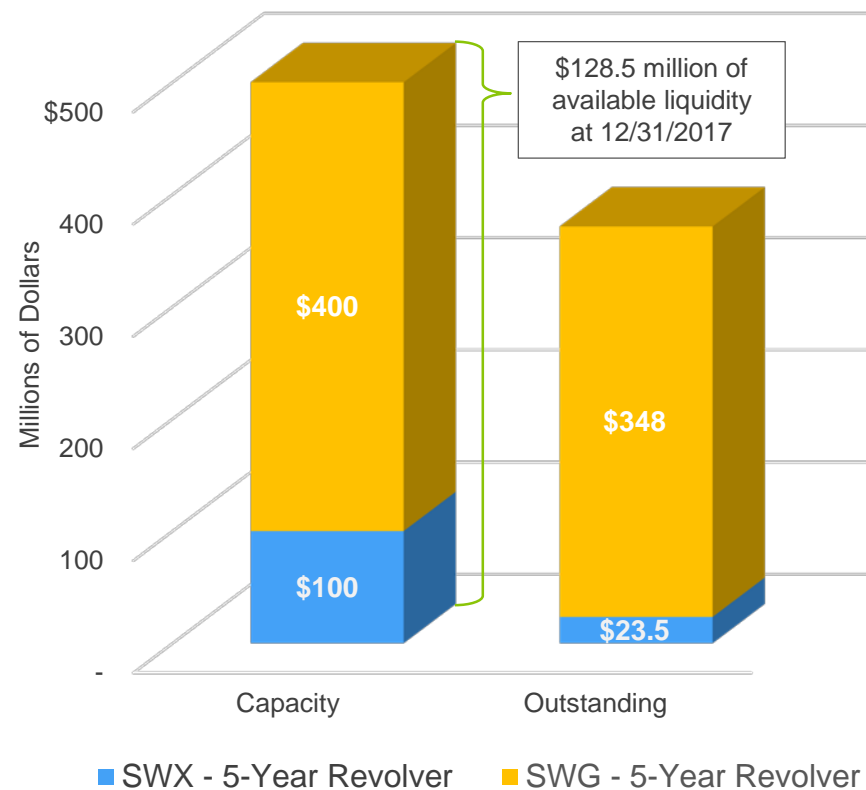


Southwest Gas
HOLDINGS

Total Capitalization at
December 31, 2017



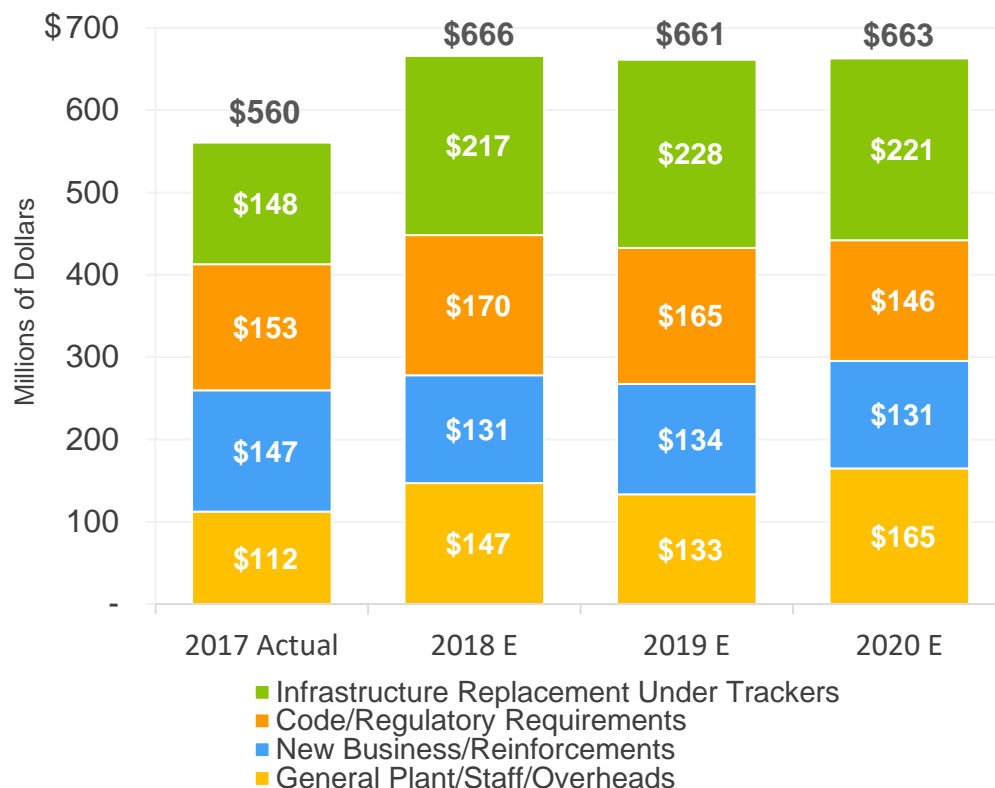
Liquidity Profile as of
December 31, 2017



Capital Expenditures

Natural Gas Operations

(In millions)



2018-2020 estimate of \$2 billion

LONG-TERM FINANCING ACTIVITY

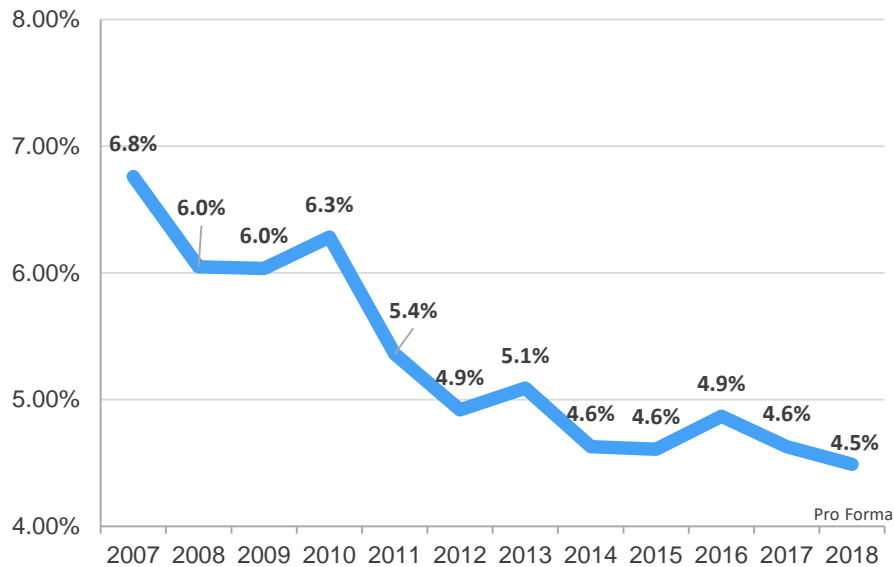
- Expect to fund 50-60% through internal cash flow
- March 2018 issued \$300 million, 3.7% senior unsecured notes due March 2028
- Anticipate funding remaining needs through a balance of debt and equity
- ATM program initiated at \$150 million, \$42 million utilized in 2017 and \$108 million available for 2018-2020

Improved Embedded Cost of Long-Term Debt

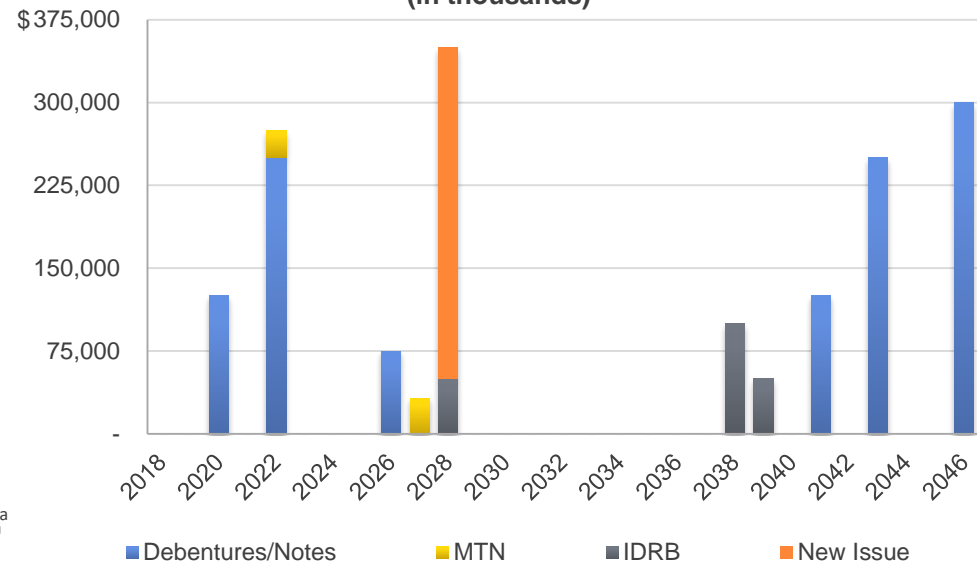
Natural Gas Operations



Embedded Cost of Long-Term Debt



Long-Term Debt Maturity Schedule (in thousands)



Credit Ratings



Investment Grade Ratings

Southwest Gas Holdings, Inc.

	Moody's	S&P	Fitch
Issuer Rating	Baa1	BBB+	BBB+
Outlook	Stable	Stable	Stable

Southwest Gas Corporation

	Moody's	S&P	Fitch
Senior Unsecured	A3	BBB+	A
Outlook	Stable	Stable	Stable

2018 Financial Influences



Natural Gas Operations

- Customer growth estimated at 1.6%
- Capital expenditure levels will necessitate financing activity
- Remaining Arizona rate relief will run through the first quarter
- Pension expense to increase \$8 million due to low interest rates at December 31, 2017
- Interest income and equity AFUDC (other income) anticipated to increase – from deferred infrastructure costs and expansion projects
- Effective income tax rate difficult to predict due to regulatory actions underway
- Nevada general rate case filed prior to June 2018 with new rates to become effective January 2019

Construction Services

- Neuco full year results expected to drive revenue growth
- Customer negotiations on water contract not factored into forecast
- Lower tax rates are beneficial overall, but will increase magnitude of seasonally low (loss) first quarter results

2018 expectations can be useful in estimating a range for net income. However, income statement line item variances may occur when compared to actual results due to potential regulatory requirements arising from tax reform.

2018 Estimated Line-Items

Guidance



Natural Gas Operations

Description	2017 (in millions)	2018E
Operating Margin	\$947	~ 2% increase
O&M Expense	411	2% - 3% increase and \$8 million in increased pension expense
Depreciation & General Taxes	260	Flat – result of rate reduction from Arizona rate case (April 2017)
Operating Income	277	Expected to be flat or modestly up
Net Interest Deductions	70	Increase \$9 to \$11 million
Other Income (COLI, Interest Income & Equity AFUDC)	13	COLI – normal returns of \$3-5 million, interest income and AFUDC Equity- \$5-6 million
Income Taxes	63	Use 36%
Net Income	\$157	
Capital Expenditures	\$570	\$670 million (\$2 billion for years 2018-2020)

2018 expectations can be useful in estimating a range for net income. However, income statement line item variances may occur when compared to actual results due to potential regulatory requirements arising from tax reform.

2018 Estimated Line-Items Guidance

Construction Services



Description	2017 (in millions)	2018E
Revenues	\$1,246	~ 5% - 7% greater
Operating Income	48	~ 5% - 5.5% of revenues
Net Interest Deductions	8	Expected between \$11-\$12 million
Foreign Exchange		Changes in foreign exchange rates could influence outcomes
Income Taxes	2	27% - 28% rate
Net Income	<u>\$38</u>	

2018 expectations can be useful in estimating a range for net income. However, income statement line item variances may occur when compared to actual results due to potential regulatory requirements arising from tax reform.

Comparative Total Returns



Total Returns for Periods Ended December 31, 2017

	1-Year	3-Year	5-Year	10-Year
Southwest Gas Holdings	7.55%	12.06%	16.68%	13.69%
S&P 400 MidCap Gas Index	10.67%	10.77%	16.44%	10.02%
S&P Composite Utilities Index	12.16%	8.03%	13.08%	7.12%
S&P 500 Index	21.87%	11.40%	15.77%	8.48%

Total Return = Price appreciation plus gross dividends reinvested

Operations

Natural Gas Operations



Continuous
operational
improvements

Industry-leading
safety metrics

Enhanced customer
experience

Reliability
initiatives

Managing \$2 billion
3-year capital spend

Public Safety – Damage Prevention

Natural Gas Operations



- Public outreach
- Field damage prevention administrators
- Company contractor executive engagement

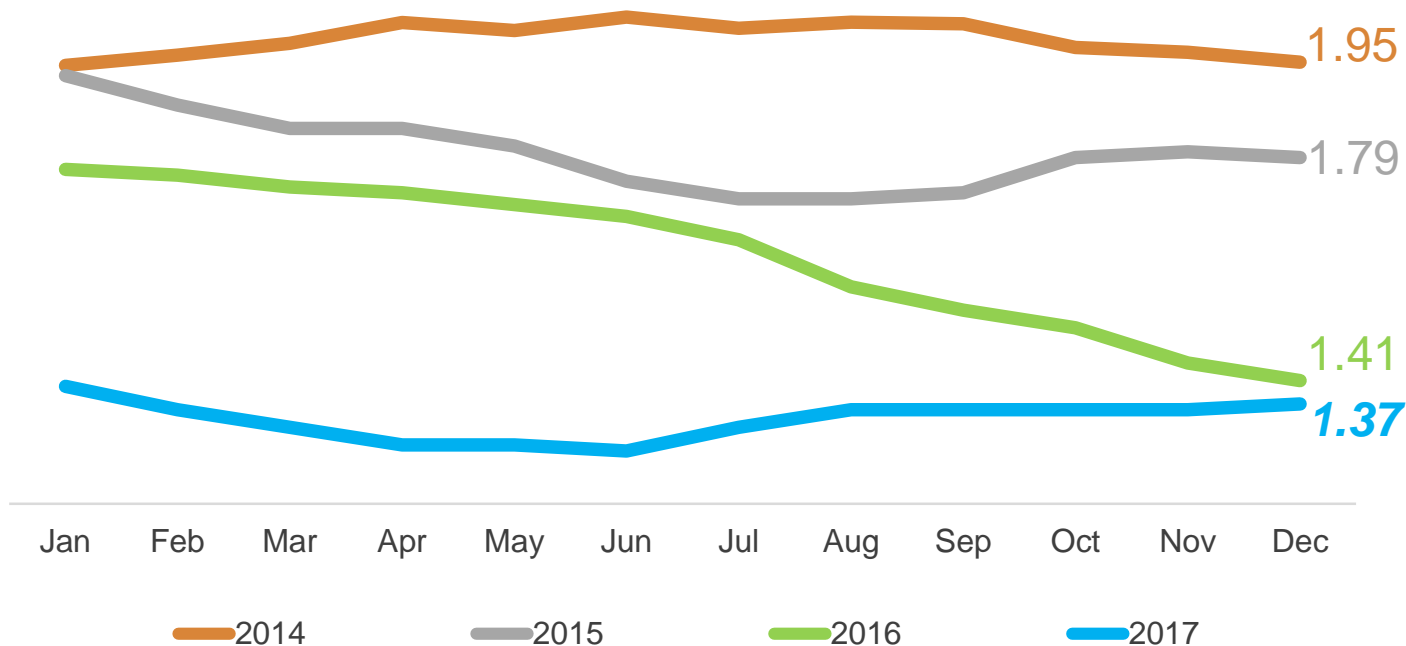


Public Safety – Damage Prevention

Natural Gas Operations



Damages Per 1,000 Tickets - Rolling 12-Months



Ranked second among AGA peer companies in 2017

Public Safety – Emergency Response

Natural Gas Operations

Dispatch operations

- Viewing technology
- Simulation training



Public Safety – Emergency Response: Team Training

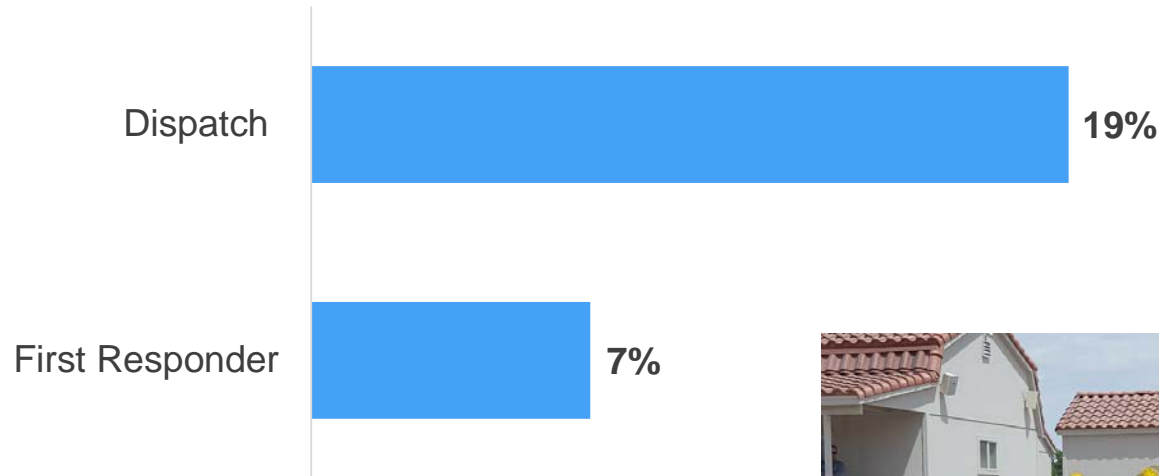
Natural Gas Operations



Public Safety – Emergency Response

Natural Gas Operations

2014 - 2017 Improvement in Response Time



Employee Safety

Natural Gas Operations



SOUTHWEST GAS

- Scenario-based training
- Stop work responsibility
- Vehicle safety initiatives



STOP WORK PROGRAM

Every Southwest Gas Employee is empowered, responsible, and is expected to **Stop Work** if working conditions or behaviors are considered unsafe.

For program unresolved issues, call **(702) 364-3698**

Ken Baldwin
Operations Risk
Manager

Frank Stanbrough
Vice President
Risk Management &
Compliance Officer

*The Three A's
of the
Stop Work
Program:*



Assess the Situation

Analyze the Situation

Act to ensure the Situation is Safe



SOUTHWEST GAS

Safety Culture

Natural Gas Operations

- Tone at the Top
 - “Walk the Talk” program
- Employees sharing lessons learned
 - Local safety meetings
 - Impromptu field visits
 - Bi-weekly employee & pipeline safety call



Employee Quotes

“We work safe because we are a close group. We know we have each other’s backs. We know each other’s families and want to make sure each of us get back to them each day.”

“Our job is to protect people and property. If we don’t work safe we can’t protect the public.”

“We constantly talk about safety during department meetings, when reviewing close calls, and when reviewing emergency responses - looking for ways to improve.”

Continuous Process Improvement

Natural Gas Operations



- Pipeline Safety Management System (American Petroleum Institute RP 1173)
- In-depth gap analysis
- All ten elements are in place
- Detailed enhancement plan

how can we do it
BETTER?

Industry Partnerships

Natural Gas Operations



- American Gas Association (AGA) peer review program
 - Subject and reviewer
- AGA best practices committee
- AGA technical committees
- Western Energy Institute



Operational Efficiency

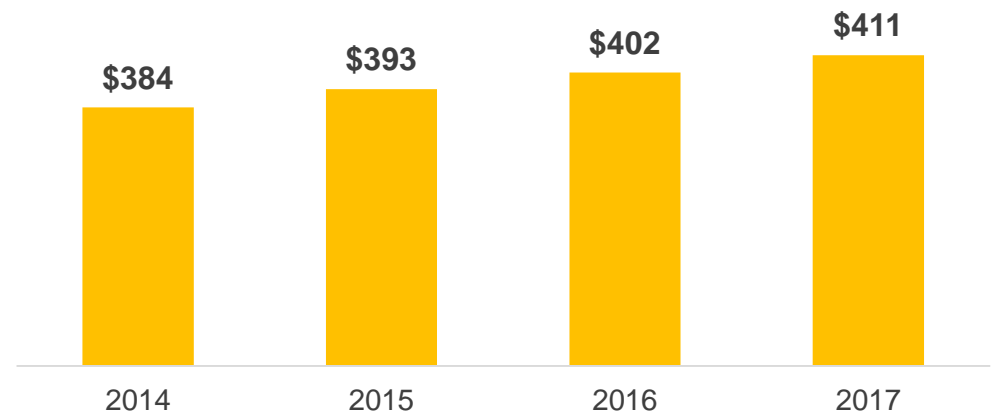
Natural Gas Operations



2014 – 2017 Compound Annual Growth Rate



Total O&M Expenditures (in millions)



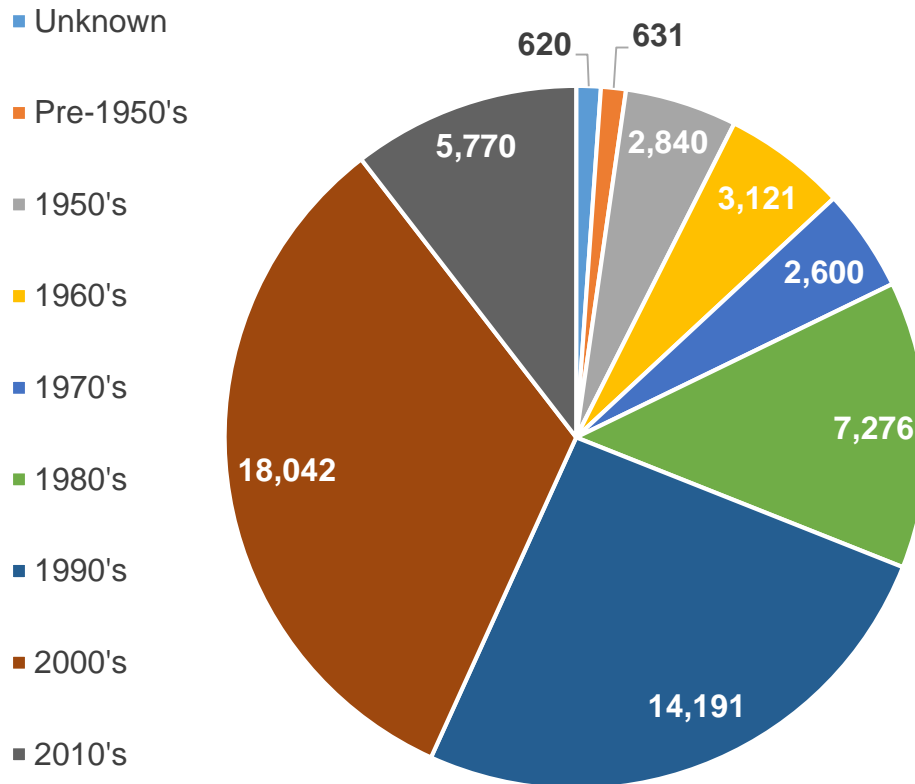
¹ Source: <https://www.minneapolisfed.org/community/financial-and-economic-education/cpi-calculator-information/consumer-price-index-and-inflation-rates-1913>

System Description

Natural Gas Operations



Miles of Pipe by Decade of Installation



- 70% installed post-1990
- No cast iron
- No unprotected bare steel
- Vintage plastic pipe replacement
- Vintage steel pipe replacement in AZ and NV

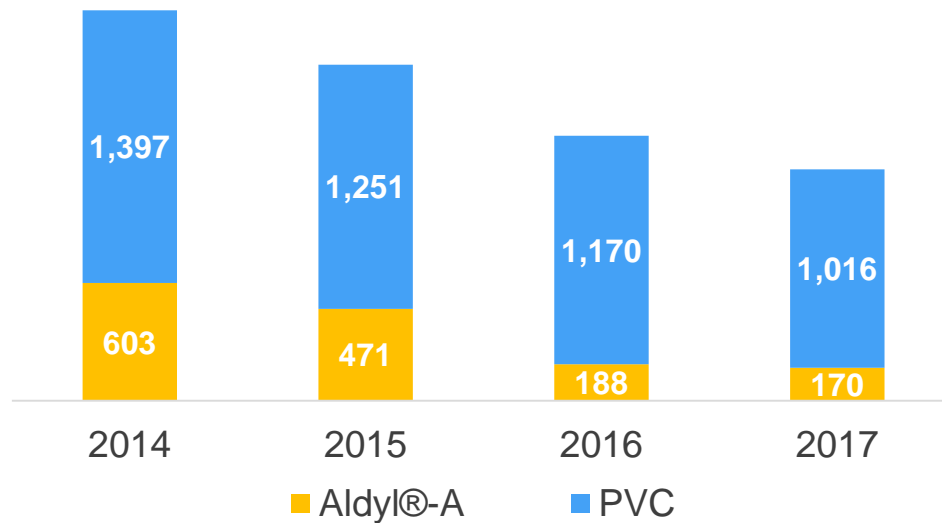
53,500 total miles of distribution main & service

Vintage Plastic and Steel Inventory

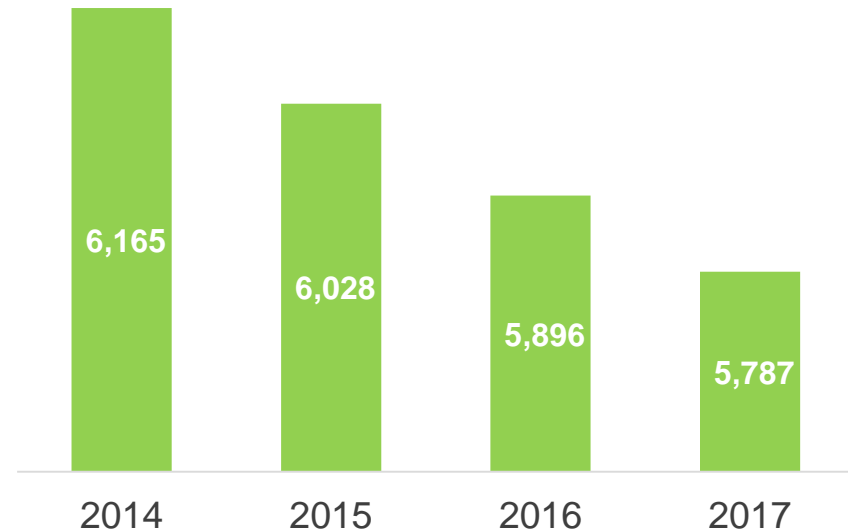
Natural Gas Operations



Vintage Plastic Pipe
(Miles)



Vintage Steel Pipe Inventory
(Miles)



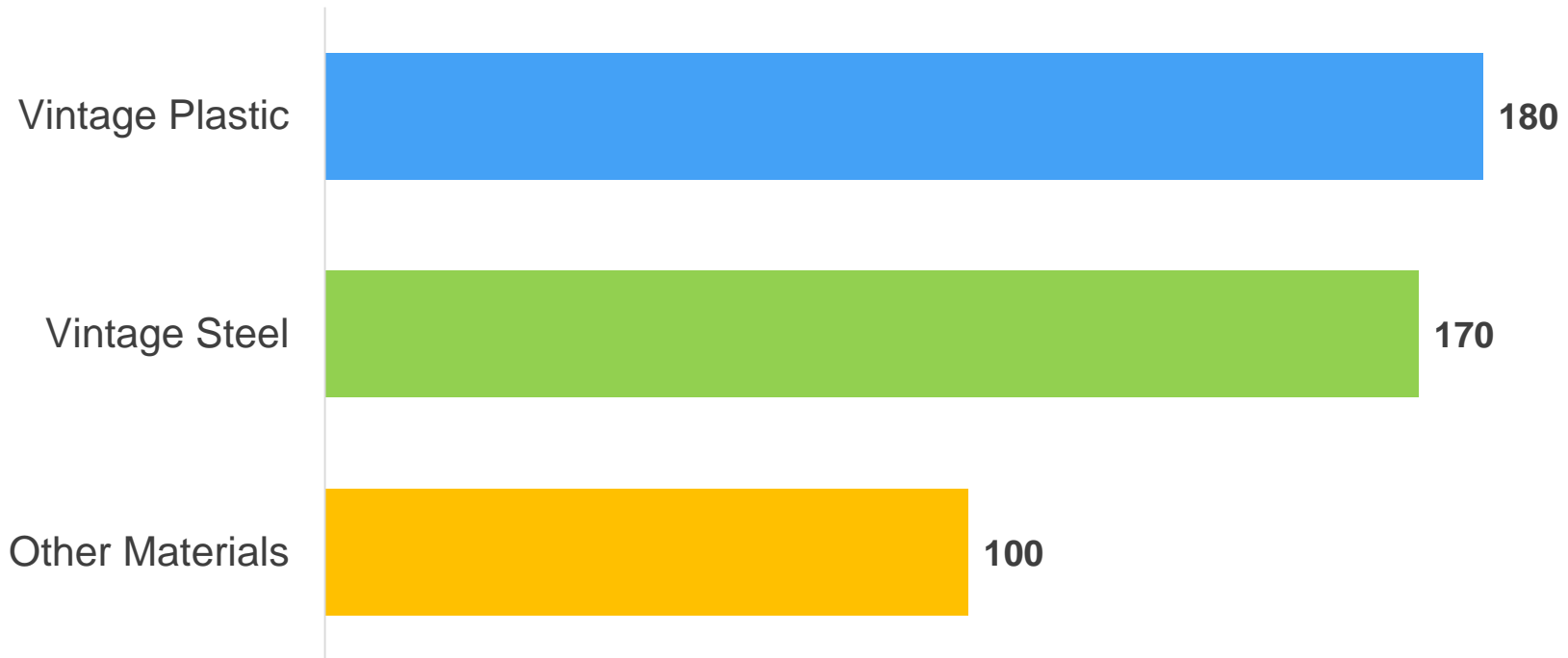
Leak rate reduced by 10% from 2014 to 2017

Estimated Replacement Miles

Natural Gas Operations



Average Annual Replacement Miles
2018 - 2020

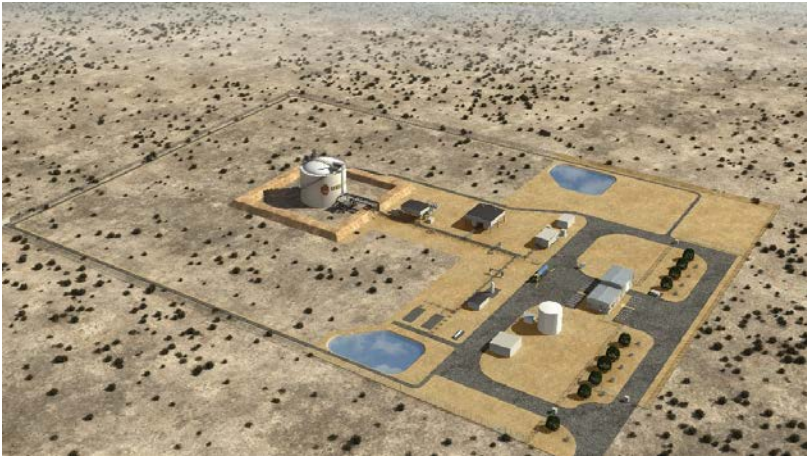


Reliability Initiatives

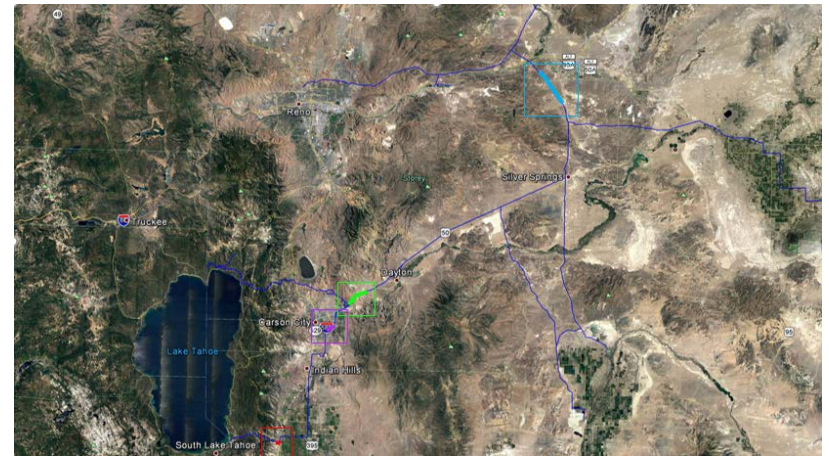
Natural Gas Operations



Southern Arizona LNG Plant



2018 Paiute Pipeline Expansion



Southern Nevada Transmission Line



Paiute Pipeline Elko Lateral Completion



Infrastructure Under Tracker/Deferral Programs



SOUTHWEST GAS

Natural Gas Operations

Arizona:

- Customer Owned Yard Line (COYL) program
- Liquefied Natural Gas (LNG) Storage project
- Vintage Steel Replacement (VSP) program

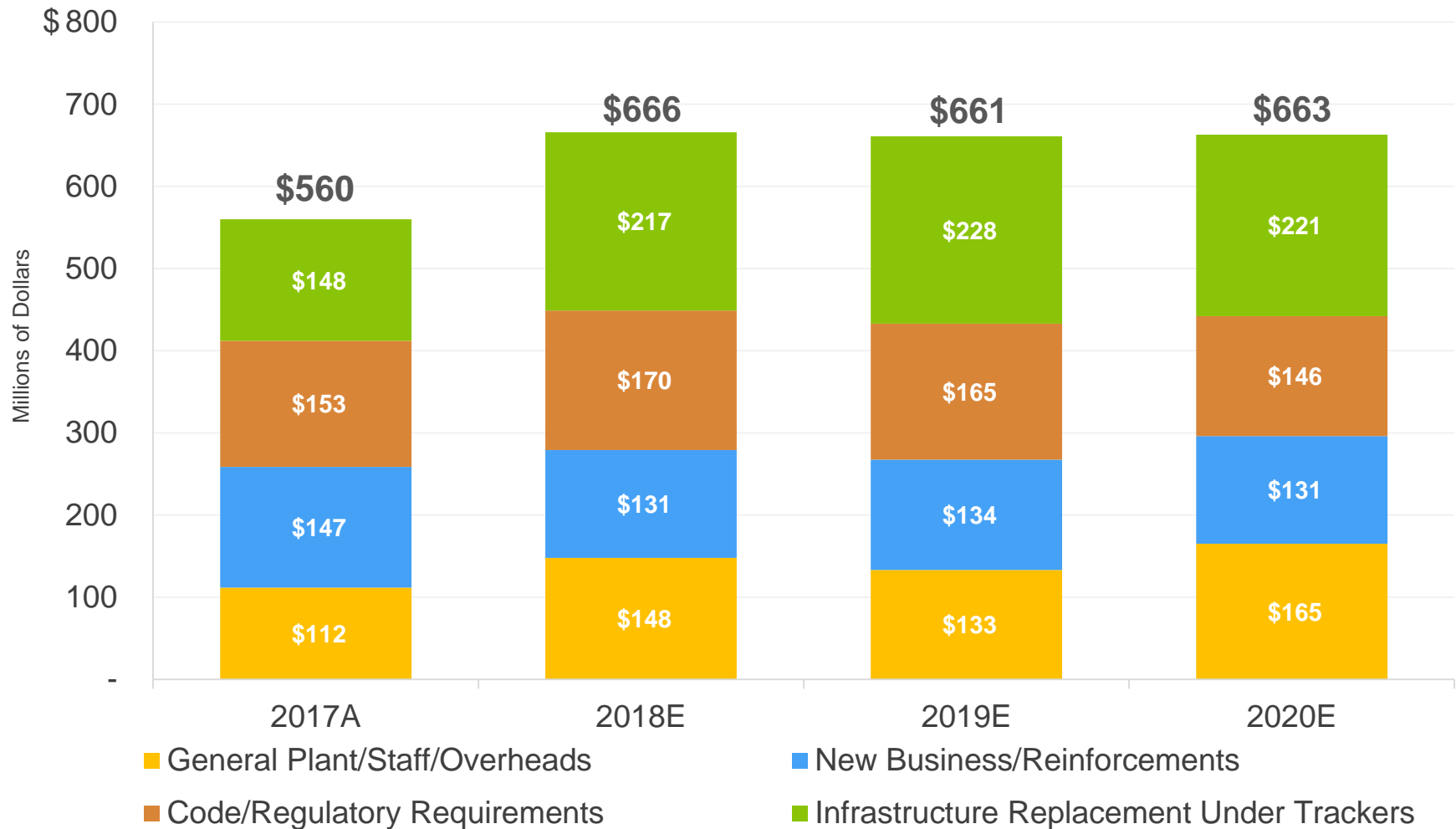
Nevada:

- Early vintage plastic pipe
- Gas Infrastructure Replacement (GIR)



Capital Expenditures

Natural Gas Operations



Enhancing the Customer Experience

Natural Gas Operations



- Customer Experience Committee
- Customer operations enhancements
- Technology enhancements on the horizon



Improved Call Answer Speed



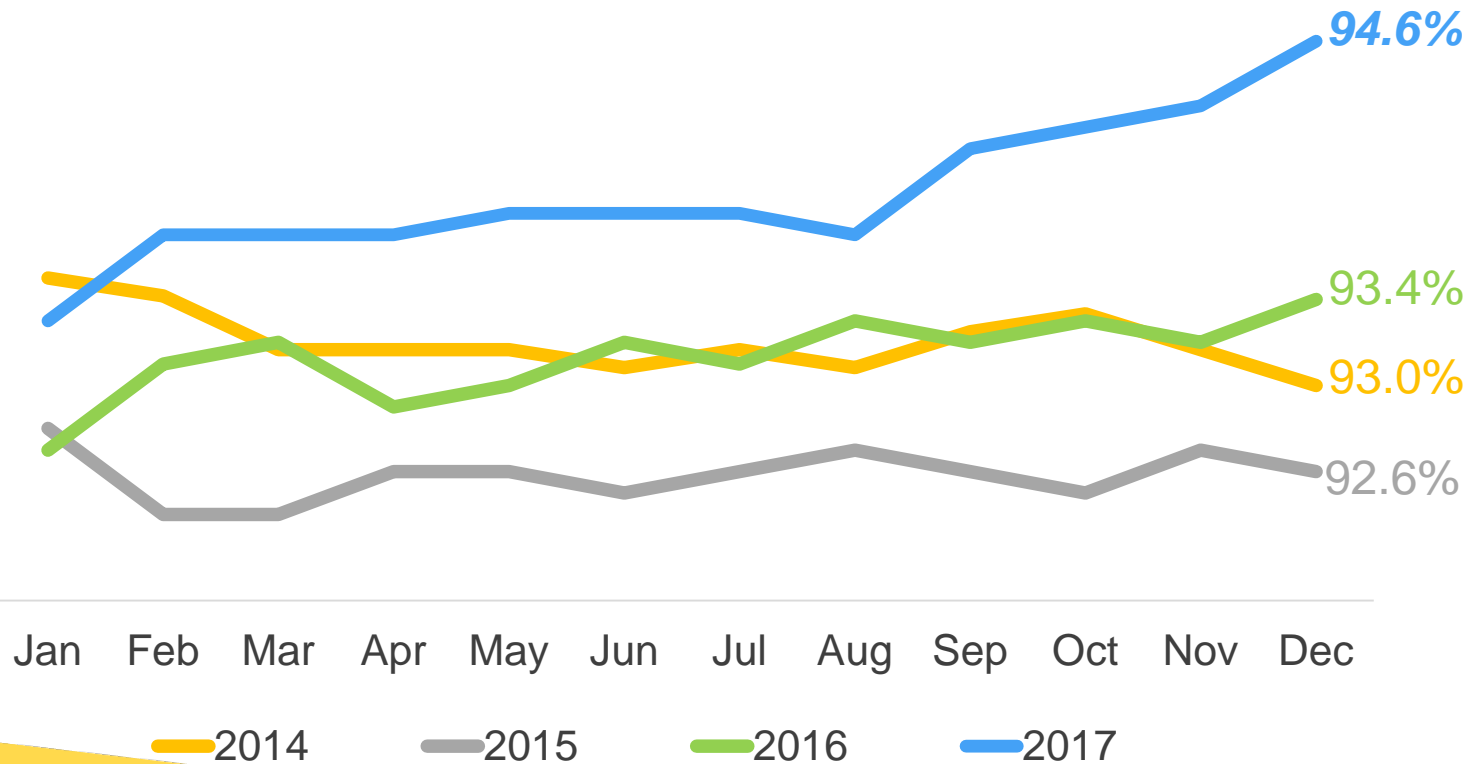
Increased Customer Appointments

Customer Satisfaction

Natural Gas Operations



Customer Satisfaction- Rolling 12-Months

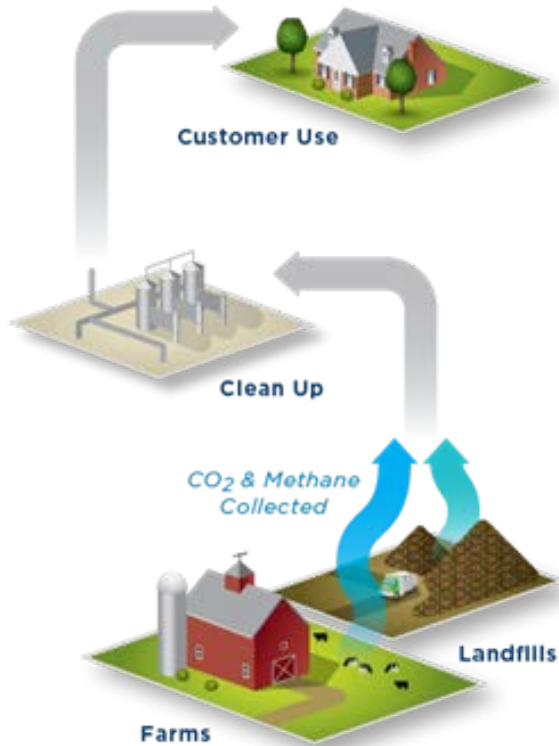


Sustainability Efforts

Natural Gas Operations



RENEWABLE
NATURAL GAS



- Reduce greenhouse gas emissions
 - Facilities
 - Fleet and CNG conversions
- Modifying field procedures
- Renewable Natural Gas committee

GHG
REDUCTION



GHG
EMISSIONS

From Fleet & Building Facilities

Community Involvement

Natural Gas Operations



BLUE Building Lives
Up Everywhere[®]

Employee Volunteerism
Powered by Southwest Gas



FUEL for **LIFE**[®]

Employee Giving
Powered by Southwest Gas



Regulatory Collaboration

Natural Gas Operations



Collaborative
regulatory approach

Infrastructure
trackers in all
jurisdictions

Margin trackers
in all jurisdictions

Upcoming Nevada
general rate filing

Tax reform
proceedings update

Regulatory Collaboration

Natural Gas Operations



Regulatory Collaboration Has Enabled:

- Decoupling of rates
- Replacement of aging pipeline (infrastructure mechanisms)
- Pre-approval of expansion projects
- Enhanced programs and training to ensure compliance with evolving industry rules and regulations

Outcome:

- Improved safety and reliability for customers
- More predictable earnings and cash flows
- Reduced regulatory lag
- Long-term sustainable growth opportunities
- Alignment of all stakeholders needs (customers, employees, shareholders)

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 Return on Common Equity (ROE)	Decoupled	Authorized Common Equity Ratio
Arizona	\$ 1,324,902	51 %	7.42 %	9.50 %	✓	52.30 %
Southern Nevada	825,190	32	6.46	10.00	✓	42.74
Northern Nevada	115,933	4	7.88	9.30	✓	59.06
Southern California	159,277	6	6.83	10.10	✓	55.00
Northern California	67,620	3	8.18	10.10	✓	55.00
South Lake Tahoe	25,389	1	8.18	10.10	✓	55.00
Paiute Pipeline Company ¹	87,158	3	8.46	11.00	✓	51.75
Total	<u>\$ 2,605,469</u>	<u>100 %</u>				
Weighted average authorized ROE				<u>9.76 %</u>		

¹Estimated amounts based on rate case settlement.

ACC – Arizona Corporation Commission
PUCN - Public Utilities Commission of Nevada
CPUC - California Public Utilities Commission
FERC - Federal Energy Regulatory Commission

Regulation – General Rate Case Calendar



Natural Gas Operations

Arizona Rate Case Settlement

- New rates effective April 1, 2017
- Impact to operating income:
 - 2017 - \$45 million
 - 2018 - \$16 million
- Rate case moratorium until **May 2019**

Next Nevada Rate Case

- Commitment to file **before June 2018**
- New rates expected to be **effective January 2019**

Next California Rate Case

- CPUC approved Southwest's request to extend rate case cycle
- Expected to file next rate case by **September 2019**
- Continuation of post test year annual attrition increases of 2.75% through 2020
 - Incremental revenue of \$2.7 million effective January 2018

Tax Reform Proceedings



Arizona

- The ACC issued an order February 6 directing all utilities to apply regulatory accounting treatment, including regulatory assets and liabilities, to track all impacts resulting from tax reform and to file plans within 60 days for how to address ratemaking impacts.

Nevada

- The PUCN opened a docket and directed utilities to file written comments by April 4 on how the utility plans to adjust rates or otherwise pass on savings to customers associated with tax reform changes.

California

- As part of the CPUC approved agreement to extend our rate case cycle, Southwest was directed to establish a memorandum account to track changes resulting from changes in tax law, procedure or policy.

Paiute Pipeline Company

- The FERC recently issued a Notice of Proposed Rulemaking. If the proposal is approved by the FERC, pipelines will be directed to make a filing on the rate effect of the new tax law and to explain how the pipeline plans to adjust rates to reflect the change in tax law or provide an explanation why a change in rates is not necessary.

ACC – Arizona Corporation Commission
PUCN - Public Utilities Commission of Nevada
CPUC - California Public Utilities Commission
FERC - Federal Energy Regulatory Commission

Regulation - Infrastructure Replacement Programs



Natural Gas Operations

Arizona COYL

- \$54 million of cumulative expenditures as of December 31, 2017
 - \$23.1 million included in authorized rate base with recovery embedded in new rates
 - \$30.9 million included as part of current mechanism (2016 expenditures of \$12.1 million)
- ACC approved surcharge revenue of \$1.8 million effective June 2017
- **Pending ACC filing requests surcharge revenue of \$4.2 million effective June 2018**
 - **Incremental revenue of \$2.4 million associated with the 2017 expenditures of \$18.8 million**

Regulation - Infrastructure Replacement Programs

Natural Gas Operations



Arizona VSP

- Approved as part of last general rate case
- 2017 Partial Year of Activity
 - Installed 40 miles of VSP at a cost of \$27 million
- **Pending ACC filing requests surcharge revenue of \$3.1 million effective June 2018**
- **Targeting VSP replacement projects of \$100 million in 2018**

Regulation - Infrastructure Replacement Programs

Natural Gas Operations



Nevada GIR

- 2017 Results
 - PUCN authorized \$57.3 million replacement work for construction in 2017
 - PUCN approved surcharge revenue of approximately \$4.5 million effective January 2017
- 2018 Planned Activities
 - PUCN authorized \$65.7 million replacement work for construction in 2018
 - **PUCN approved surcharge revenue of approximately \$8.7 million effective January 2018 (\$4.2 million was incremental revenue)**

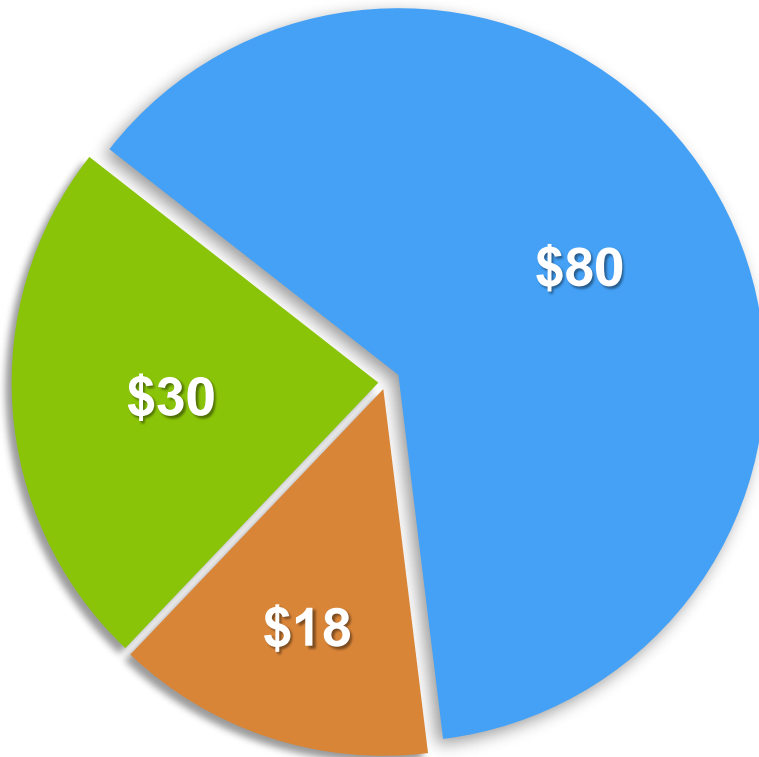
Regulation – Expansion Projects

Natural Gas Operations



SOUTHWEST GAS

Millions of Dollars



ARIZONA LNG FACILITY

- Approved \$80 million, 233,000 dekatherm LNG facility
- Construction underway, \$34.8 million spent through December 2017
- Construction expected to be completed by end of 2019

SOUTHERN NEVADA EXPANSION

- Filed for pre-approval to expand natural gas services to Mesquite, Nevada, in accordance with the SB 151 regulations
- Proposed estimated cost of \$30 million

PAIUTE PIPELINE COMPANY EXPANSION

- Proposed \$18 million project consists of approximately 8.5 miles of additional pipeline infrastructure
- Paiute filed a formal FERC certificate application in July 2017
- The new facility is expected to be in place by the end of 2018

Monthly Household Bills

Natural Gas Operations



Natural Gas Bills Lowest Among Residential Utilities



Natural Gas	Water	Cable/Satellite TV	Electric	Mobile Phone
\$39	\$78	\$101	\$123	\$161

Sources:

- **Natural Gas \$39** - 2017 Southwest Gas average monthly residential bill
- **Water \$78** - Circle of Blue (www.circleofblue.org); Price of Water 2017: Four Percent Increase in 30 Large U.S. Cities
- **Cable/Satellite TV \$101** – USA Today (www.usatoday.com); TV Rate Hikes: Why Cable Bills are Rising Again and What Can You Do
- **Electric \$123** – U.S. Energy Information Administration (www.eia.gov); Electricity data
- **Mobile Phone** - Federal Communications Commission (<https://apps.fcc.gov>); March 2017 average cell phone bill for 2 smartphones
- **Photo** – Richmond American Homes (www.richmondamerican.com); Granite Falls

Long-term Value

Construction Services



Extensive
North American
footprint

High quality,
long-tenured
customer base

Consistent earnings
growth history

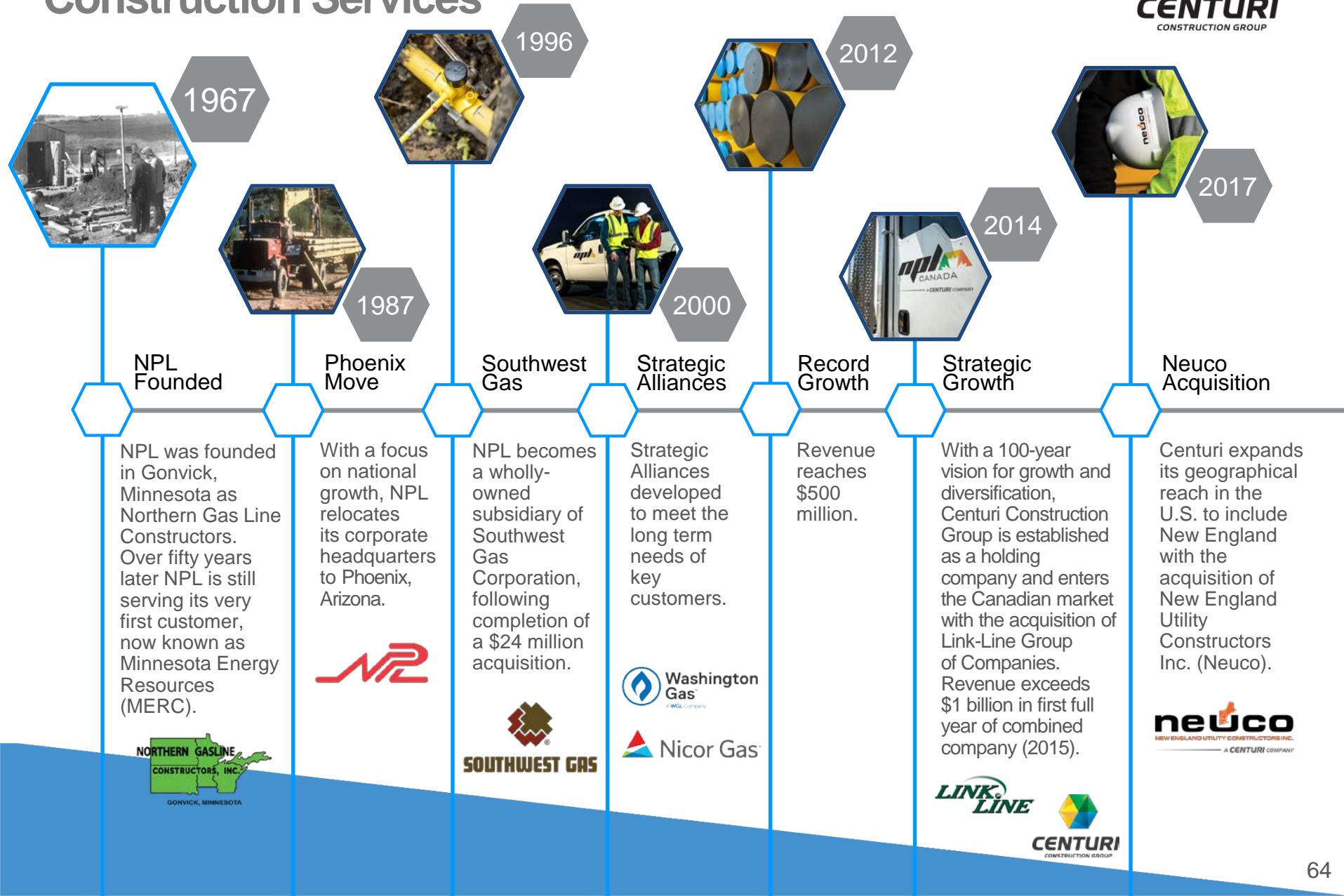
Favorable
long-term market
outlook

Competitive
advantages of scale
and capabilities

Commitment to
safety and
quality

Company History

Construction Services



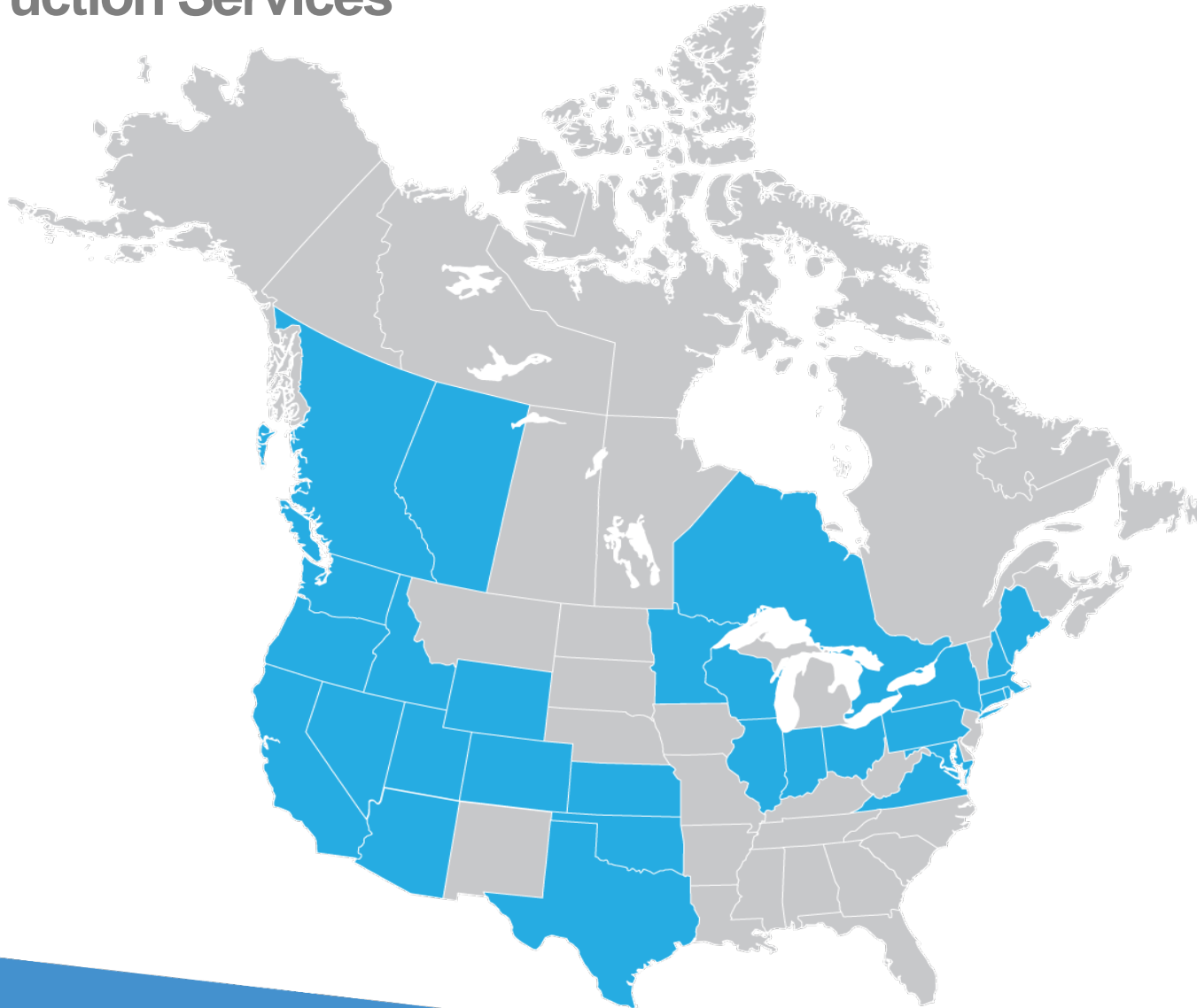
Business Units

Construction Services



Markets Served

Construction Services



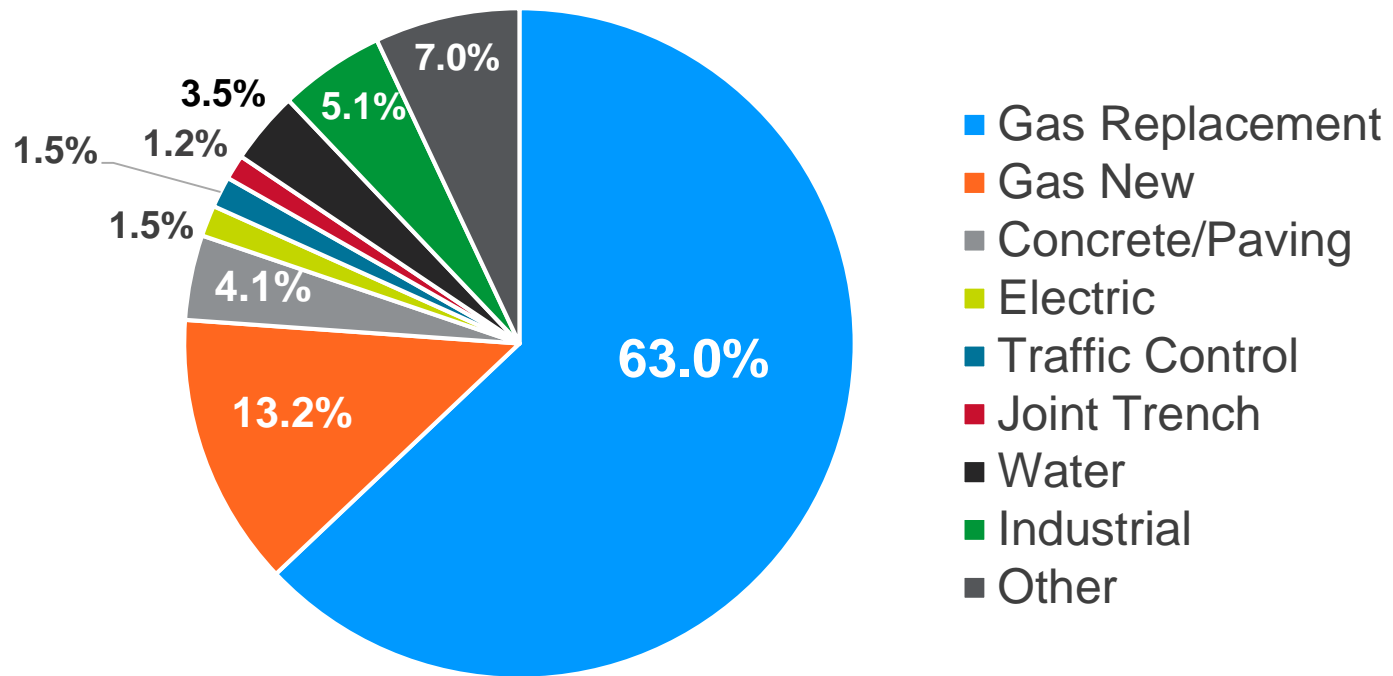
Work Type by Distribution

Construction Services



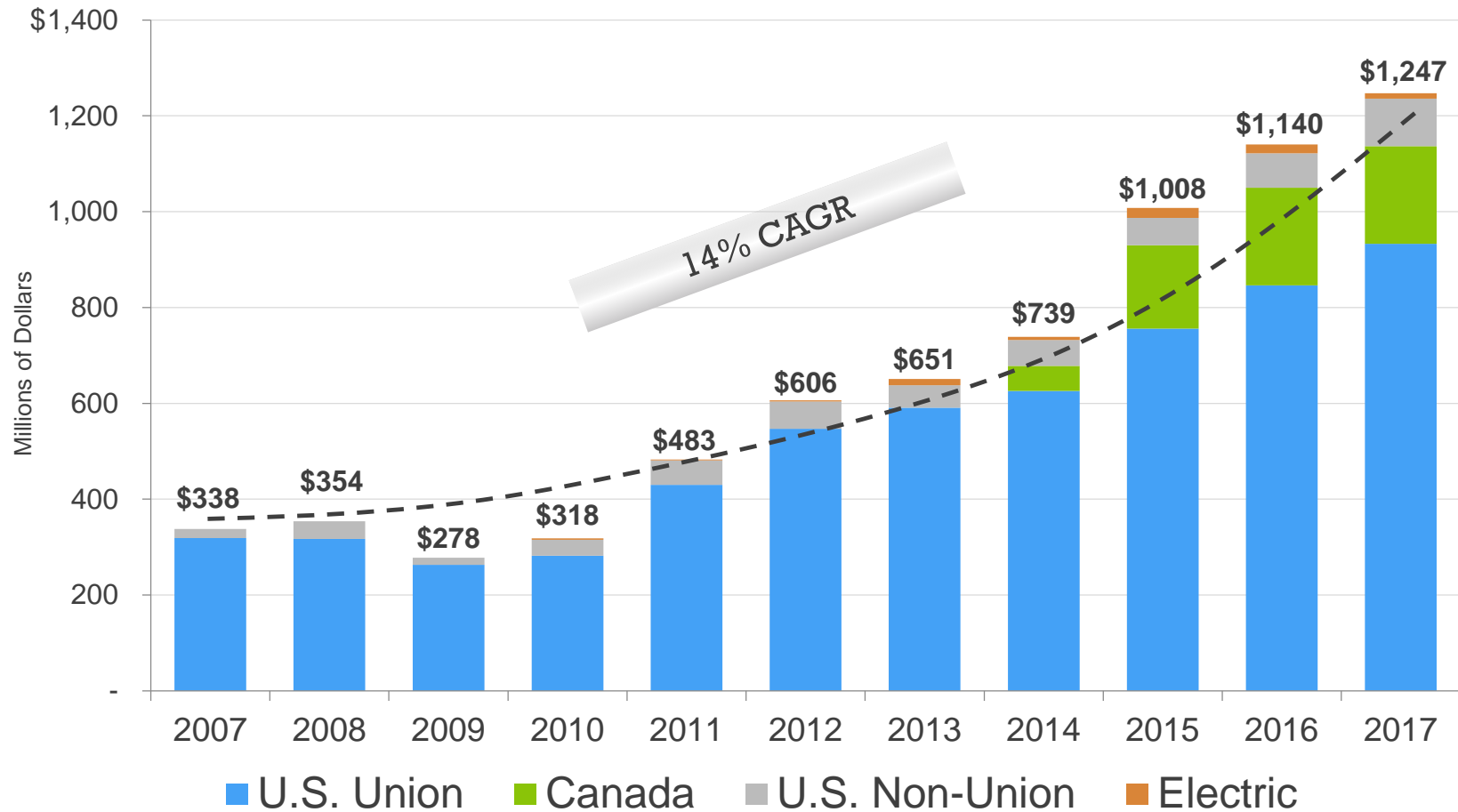
2017 Revenue by Work Type

Centuri Total \$1.2 Billion



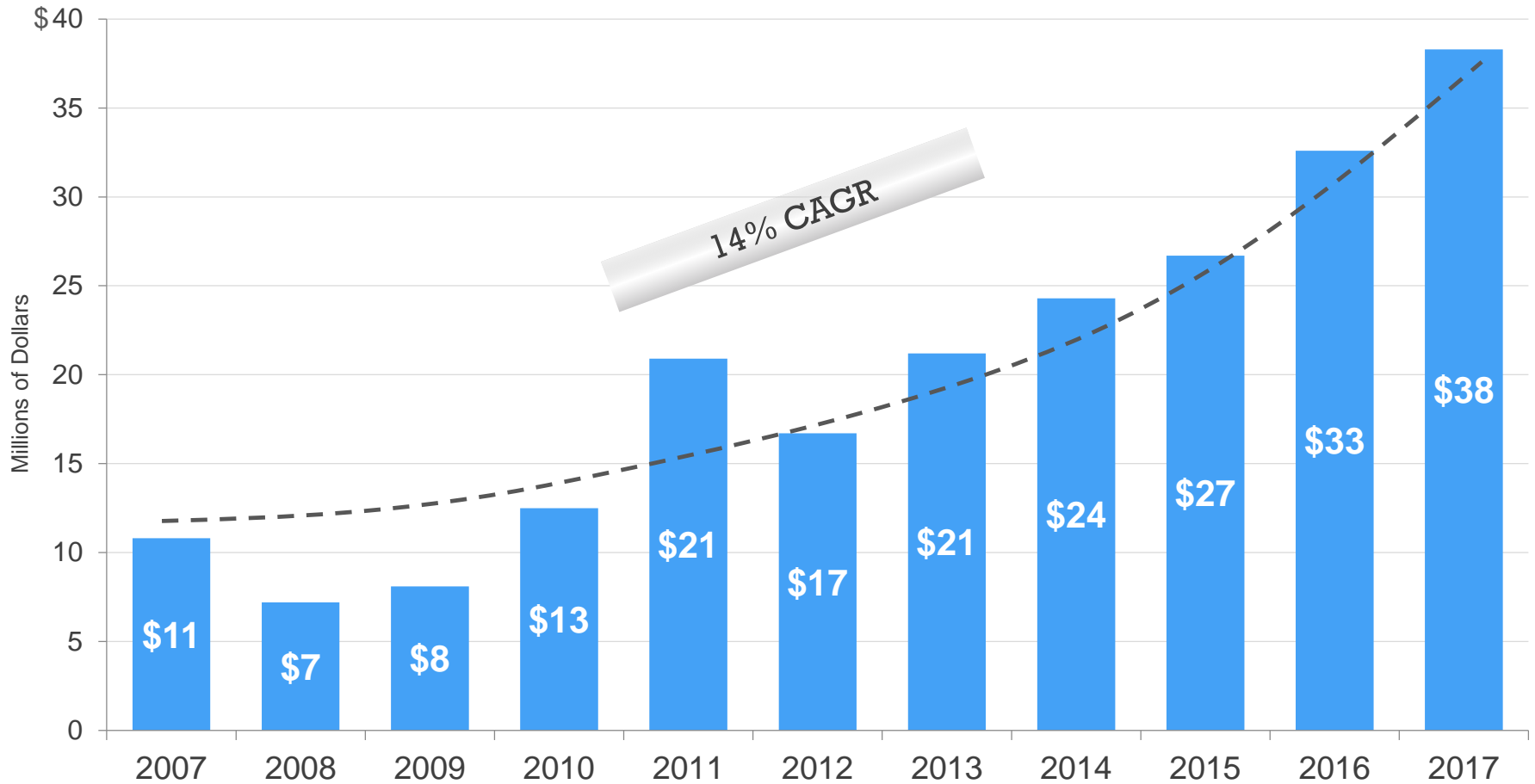
Revenue History

Construction Services



Net Income History

Construction Services

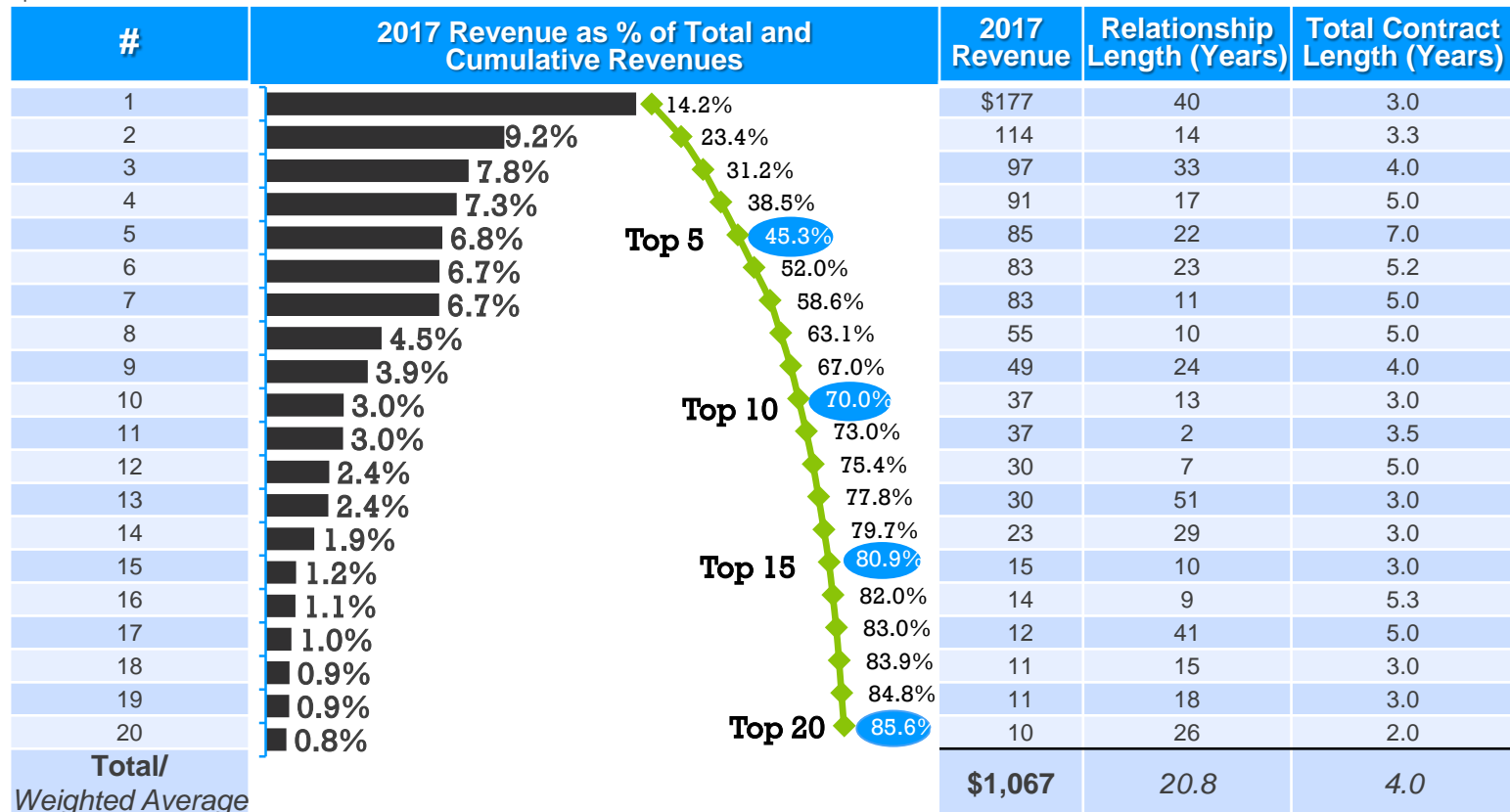


Top 20 Customers

Construction Services



\$ in Millions



Broad Customer Base

Construction Services



Favorable Regulatory Environment

Construction Services



- Natural Gas and Hazardous Liquids Pipeline Safety Acts
 - Established 1960s and 1970s
- Additional mandates established in early 2000s continue
- 2010 San Bruno incident amplifies the need for accelerated replacement
- Numerous multi-decade improvement projects begin across the U.S.
 - Cast iron and bare steel
 - Vintage plastics

Gas Growth Cycles

Construction Services



CYCLE 1 2008-2013	CYCLE 2 2016-2021	CYCLE 3 2025-2030
Transmission Integrity and Distribution Replacement	Industrial and Power Generation Renaissance	Transmission Integrity and Distribution Integrity
\$32 to \$43 Billion (+34%) ¹	\$43 to \$65 Billion (+49%) ¹	\$65 to \$80 Billion (+23%) ¹
<ul style="list-style-type: none">▪ Shale gas and oil exploration expansion▪ Interstate transmission network expansion▪ TIMP acceleration of activity▪ Distribution replacement programs start▪ DIMP plan preparation	<ul style="list-style-type: none">▪ Transmission and high pressure distribution lateral construction▪ NGL and shale oil transmission system built out – replacement for rail transport▪ Distribution replacement programs accelerating▪ Housing starts accelerating	<ul style="list-style-type: none">▪ Interstate transmission replacement programs accelerating▪ DIMP acceleration of activity▪ Early distribution plastics replaced▪ Rising natural gas prices increase domestic gas production
Robust spend forecast continues to drive long-term legacy improvement projects.		

¹ Construction spend including construction materials

Competitive Advantages

Construction Services



- Broad footprint across U.S. and Canada
- Ability to deliver scalable solutions
- Over 50 years of industry experience
- Long-standing customer alliance relationships
- Management expertise (long term and tenured)
- Community involvement at local level
- Industry leader in safety and quality

Strategic Goals

Construction Services



Safety	Growth, Profitability and Diversification	Strategic Employment	Organizational Excellence	One Team
Create a world class safety culture throughout Centuri supported by a commitment to zero incidents.	Drive profitability across all business units through expansion of services, responsible deployment of capital, increased efficiencies and productivity, protection of key accounts, and cost control.	Centuri and its companies will attract and retain the industry's best people through strategic employment, leadership development, and succession planning.	Establish and embrace high performing enterprise processes that support our core businesses to achieve organizational excellence.	Foster collaboration and unilateral support among the management teams to maximize economic value added throughout the enterprise.

Long-Term Strategic Growth Opportunities

Construction Services



GROWTH, PROFITABILITY AND DIVERSIFICATION

STRATEGIC EMPLOYMENT

ORGANIZATIONAL EXCELLENCE

ONE TEAM

SAFETY

1. Protect the **Core**
2. Diversify into **Electric Distribution, Transmission** (light) and **Maintenance** (substations)
3. Further penetrate **Pipeline Integrity** market
4. Expand into **Local Transmission** and **Midstream** for current customers
5. Grow **Non-Union** services and footprint
6. Leverage **Enterprise Footprint** of key relationships
7. Invest in **Employees**

Acquisition Opportunities

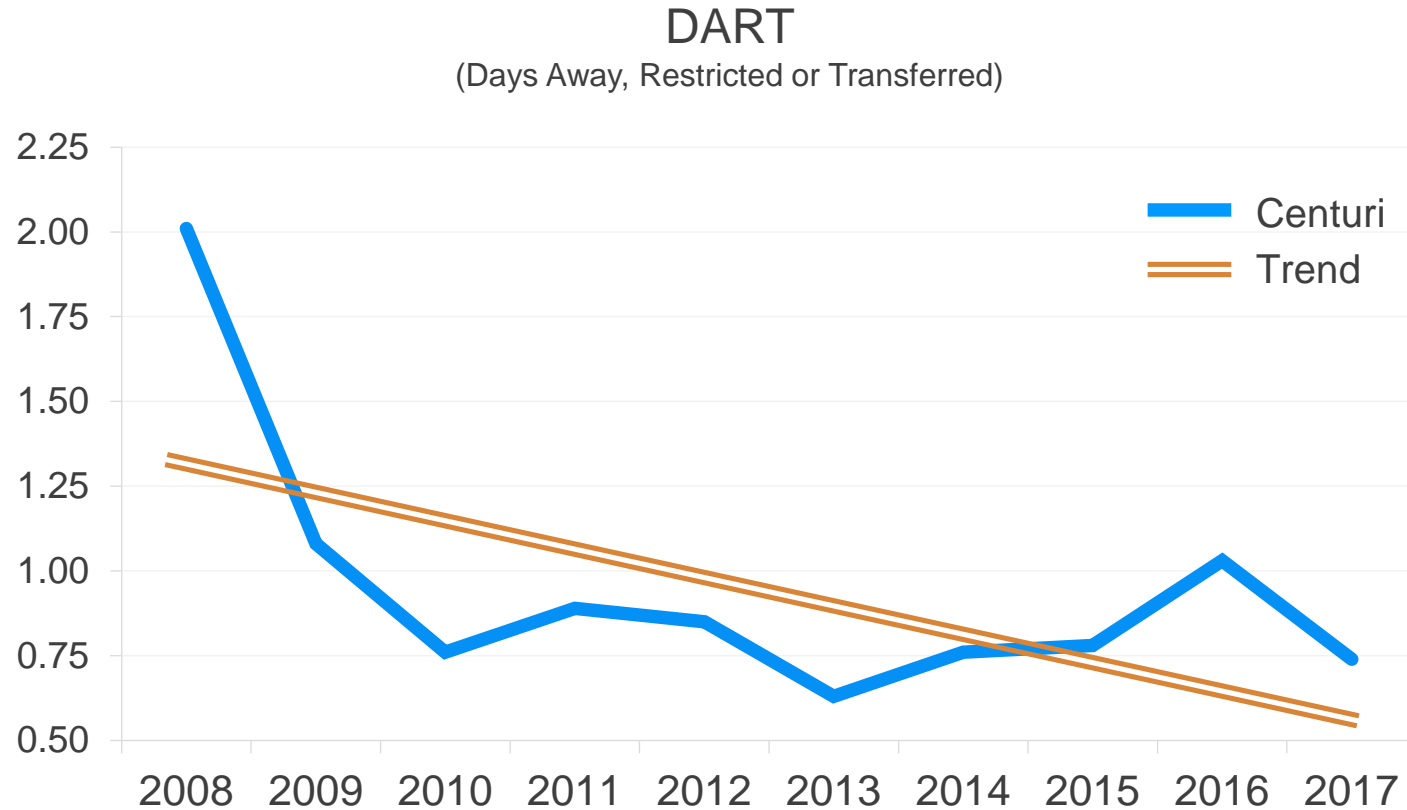
Construction Services



- Completed Acquisitions
 - Link-Line group of companies (2014)
 - Enterprise Trenchless Technologies, Inc. (2016)
 - New England Utility Constructors, Inc. (2017)
- Focused Markets for Future Potential Expansion
 - Electric transmission and distribution
 - Pipeline integrity
 - Related infrastructure construction and maintenance services
- Business Opportunities
 - Expansion of services to existing customers
 - Serving new customers and markets

Safety Statistics

Construction Services



This safety metric helps employers determine how many workplace injuries and illnesses required employees to miss work, perform restricted work activities or transfer to another job within a calendar year

Sustainability Framework



SAFETY IS WHAT WE STAND FOR

QUALITY IS WHAT WE LEAVE BEHIND

ENVIRONMENT IS OUR HOME

COMMUNITY IS WHO WE SERVE

ECONOMY IS A LONG-TERM INVESTMENT

EMPLOYEES ARE OUR LIFEBLOOD

Compelling Value Proposition



Southwest Gas
HOLDINGS

STRONG, FINANCIAL FOUNDATION

- 2017 - \$4.04 EPS (includes income tax benefit of \$0.42)
- 10% gas segment ROE (9.5% excluding tax benefit)
- \$0.10, or 5%, 2018 dividend increase; 9.5% CAGR 5-Year dividend growth
- High investment grade credit ratings (BBB+, Baa3, BBB+ - Holdings, and BBB+, A3, A – Gas Services) with ample liquidity

ATTRACTIVE SERVICE TERRITORY AND CUSTOMER GROWTH

NATURAL GAS SERVICES

- Customer growth over 31,000 a year for 2018-2020
- Exceeded 2 million in customers in 2017

CONSTRUCTION SERVICES

- One of the largest, and STILL growing, underground pipeline contractors in North America
- Acquisition of Neuco

DIVERSIFIED ASSET/CUSTOMER BASE WITH CONSTRUCTIVE REGULATION

NATURAL GAS SERVICES

- Regulated distribution assets in three states
- Constructive rate mechanisms reduce regulatory lag

CONSTRUCTION SERVICES

- Serving 25 markets across the U.S. and Canada
- Broad utility customer base with over 20 customers making up 85% of revenues

STRONG RATE BASE GROWTH AND MARKET OUTLOOK

NATURAL GAS SERVICES

- Approximately \$2 billion in capital investment for three years, 2018-2020, of which ~ 80% associated with continued safety and reliability
- A 12% CAGR in rate base for next three years
- Earning on over 63% of capital expenditures within 12 months of spend

CONSTRUCTION SERVICES

- Increased pipe replacement work due to aging infrastructures and heightened regulation and safety