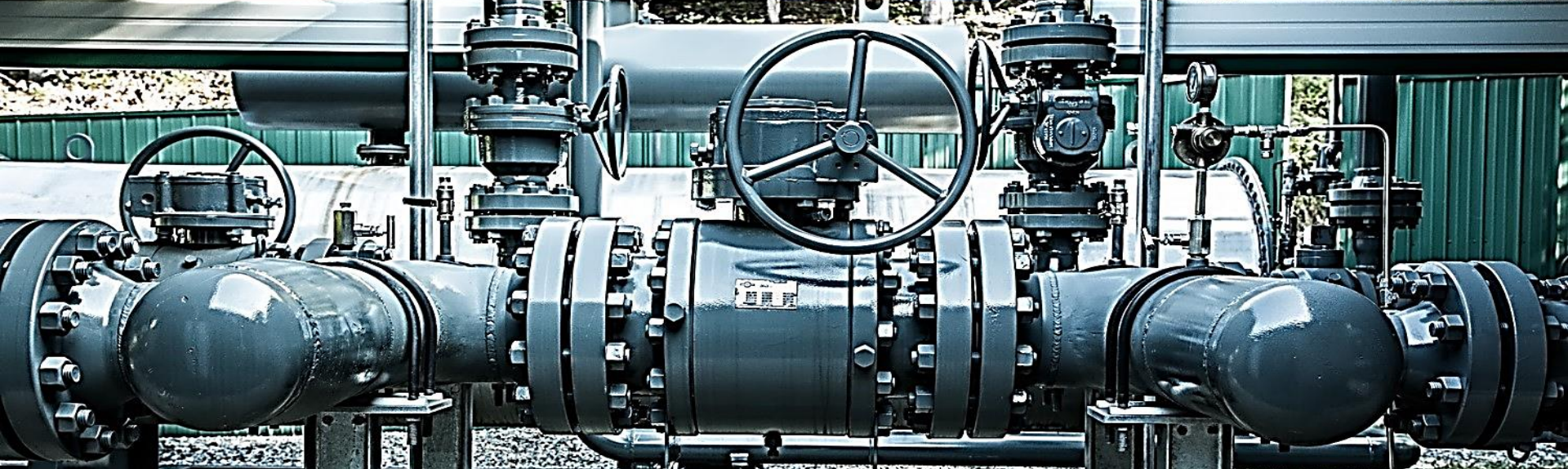
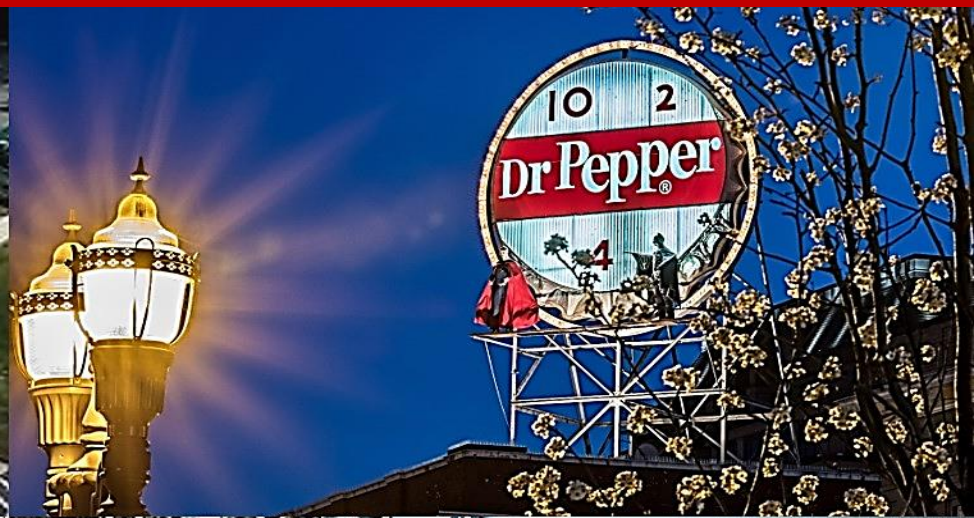


# Gas & Electric Utilities Conference



January 2022



# 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, EBITDA, future expansion opportunities, 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, possibility of system expansion, general potential for customer growth, relationship of Company with primary regulator, future capital expenditures, current and future economic growth, estimated completion dates for Mountain Valley Pipeline ("MVP") and MVP Southgate milestones, potential of MVP to provide an additional source of natural gas, additional capacity to meet future demands, increased capital spending and area expansion opportunity and potential new customers and rate growth 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 and EBITDA, technical, political or regulatory issues with natural gas exploration, production or transportation, impact of increased natural gas demand on natural gas price, 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, delay in completion of MVP, increase in cost to complete MVP, including by an increase in cost of raw materials or labor to due economic factors or regulatory issues such as tariffs, economic challenges that may affect the service area generally and customer growth or demand and deterioration of relationship with primary regulator, and those risk factors described in the Company's most recent Annual Report on Form 10-K and, if applicable, Quarterly Report on Form 10-Q 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). Additionally, the COVID-19 pandemic and its variants create significant economic uncertainty for the foreseeable future.

The statements made in this presentation are based on information available to the Company as of the first day of the month set forth 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.

# Agenda

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- ❑ Company Overview
- ❑ Financial Profile
- ❑ Growth Strategy
- ❑ Outlook





# Organizational Structure



NASDAQ: RGCO  
C-Corp formed 1998

Regulated



- ☐ Local Distribution Company (LDC), located in Roanoke, VA
- ☐ Founded in 1883

Non-Utility



- ☐ Partner in Mountain Valley Pipeline (MVP)
- ☐ Partner in proposed MVP Southgate project



# Roanoke Gas Service Territory

❑ Serve over 62,600 natural gas customers

❑ Customer Count breakdown:

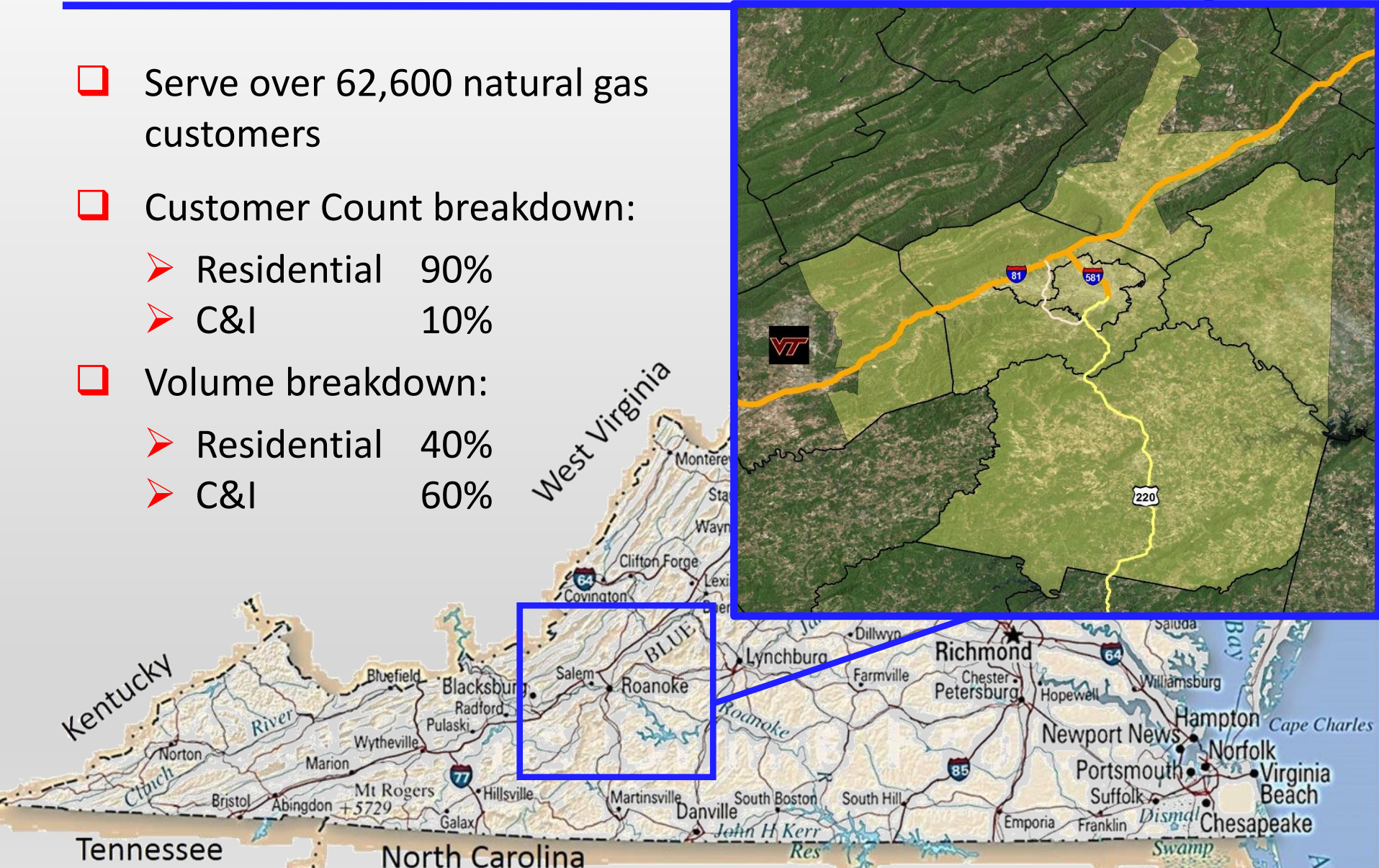
➤ Residential 90%

➤ C&I 10%

❑ Volume breakdown:

➤ Residential 40%

➤ C&I 60%



Note: Total customers and volume breakdown per most recent fiscal year end.

# Roanoke Gas

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**Highly Stable  
Business Model**

## **Regulated Utility**

- ❑ VA State Corporation Commission (SCC)
  - 9.44% authorized ROE
- ❑ Alternative Cost Recovery Mechanisms
  - Weather Normalization
  - Revenue Sharing
  - Infrastructure Riders
    - SAVE infrastructure replacement rider approved through 2024

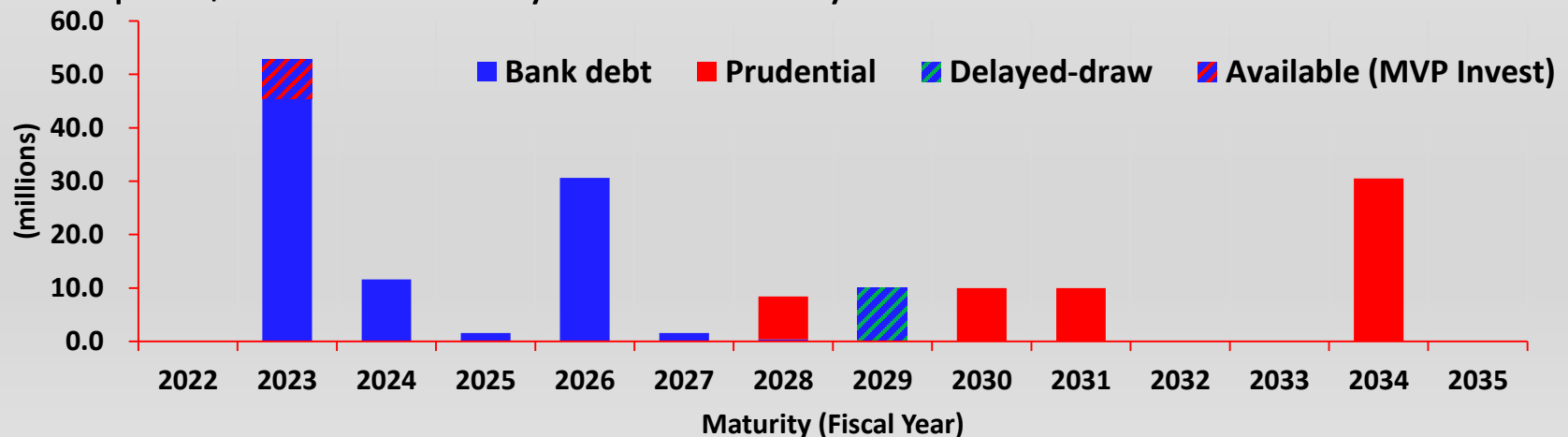
# Equity and Debt Profile

## Equity:

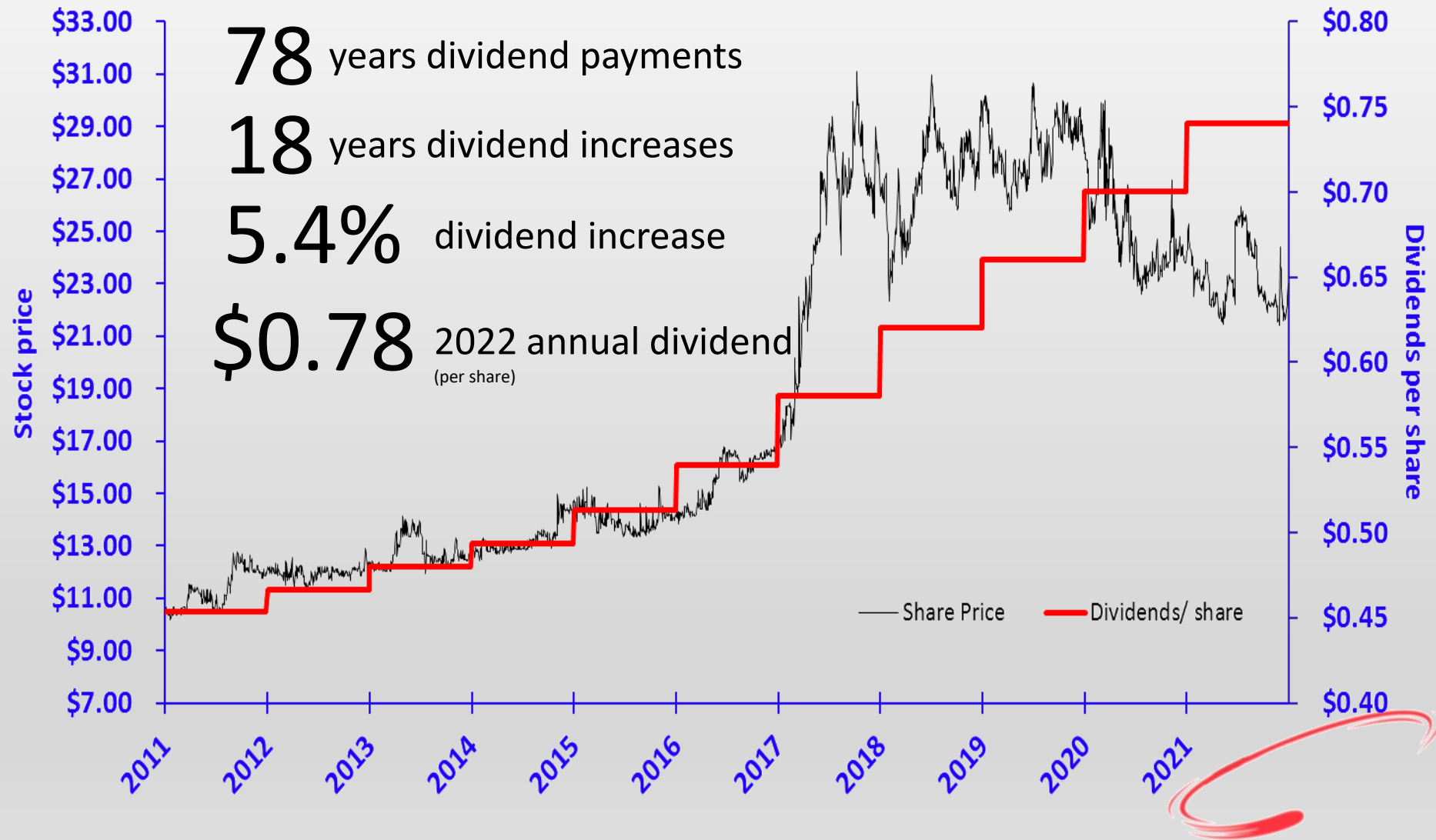
- ❑ Top shareholders:
  - T. Rowe Price 7%
  - Vanguard 5%
  - Anita G. Zucker 5%
  - Russell Investments 4%
- ❑ 6% insider ownership
- ❑ \$190M Market Capitalization
- ❑ Common shares issued and outstanding: 8,386,188
- ❑ \$37M availability on equity shelf
  - \$12M at the market (ATM)

## Debt:

- ❑ Remaining \$110M on shelf facilities
- ❑ Up to \$40M availability on LOC facility



# Shareholder Return





# Growth Strategy

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## ☐ Regulated Utility Investment

- CapEx

## ☐ Ongoing Regulated Utility Growth

- Customer Growth

- Volumes Delivered

## ☐ Non-Utility Investments

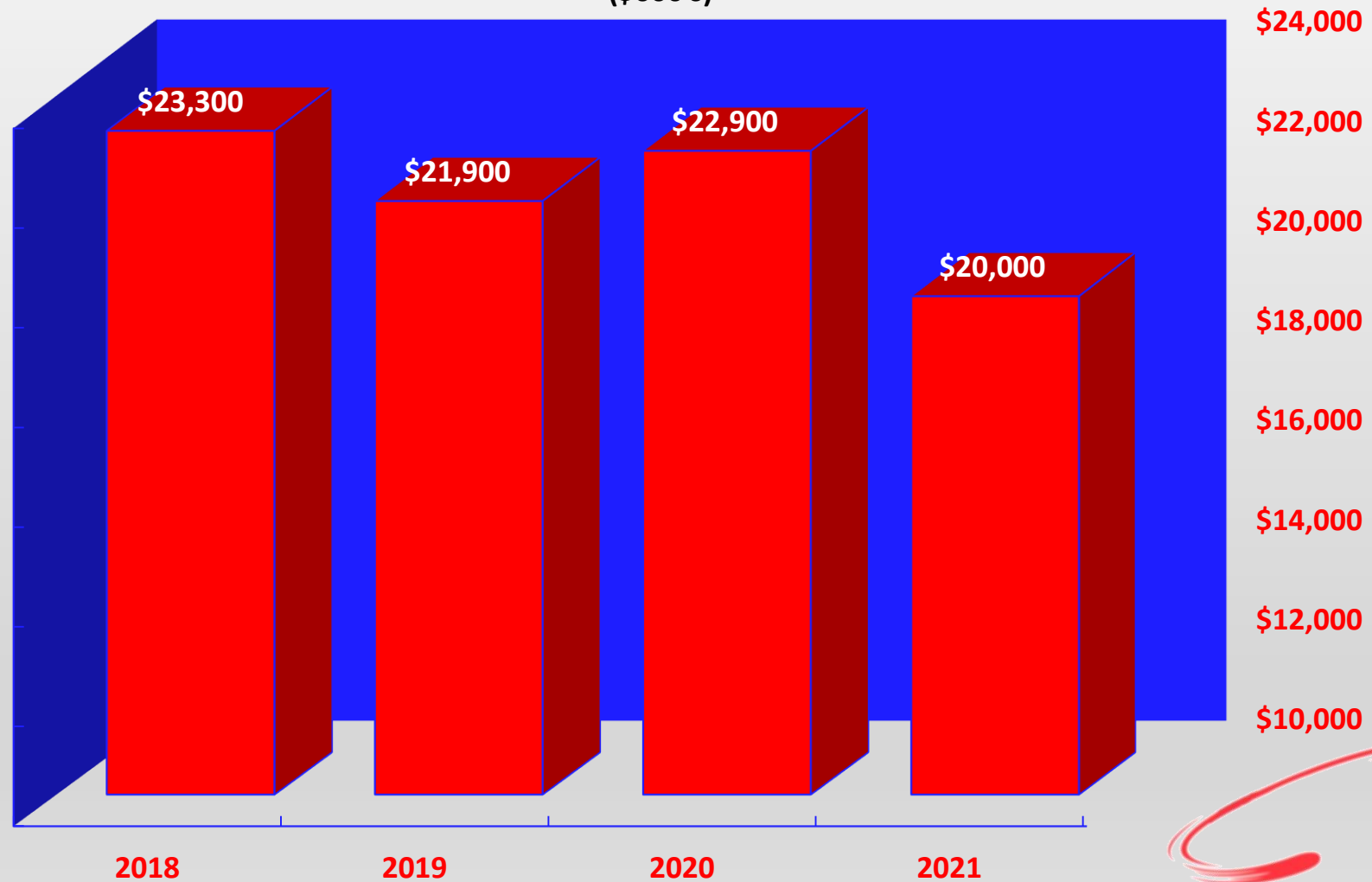
- MVP

- MVP Southgate



# Roanoke Gas CapEx

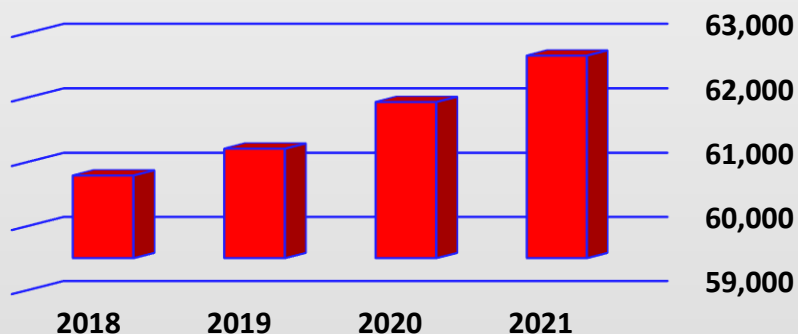
Fiscal year ended September 30:  
(\$'000's)



# Customers

**3% growth since 2018**

**Average Customers**  
(Fiscal year ended September 30)



## New customer additions:

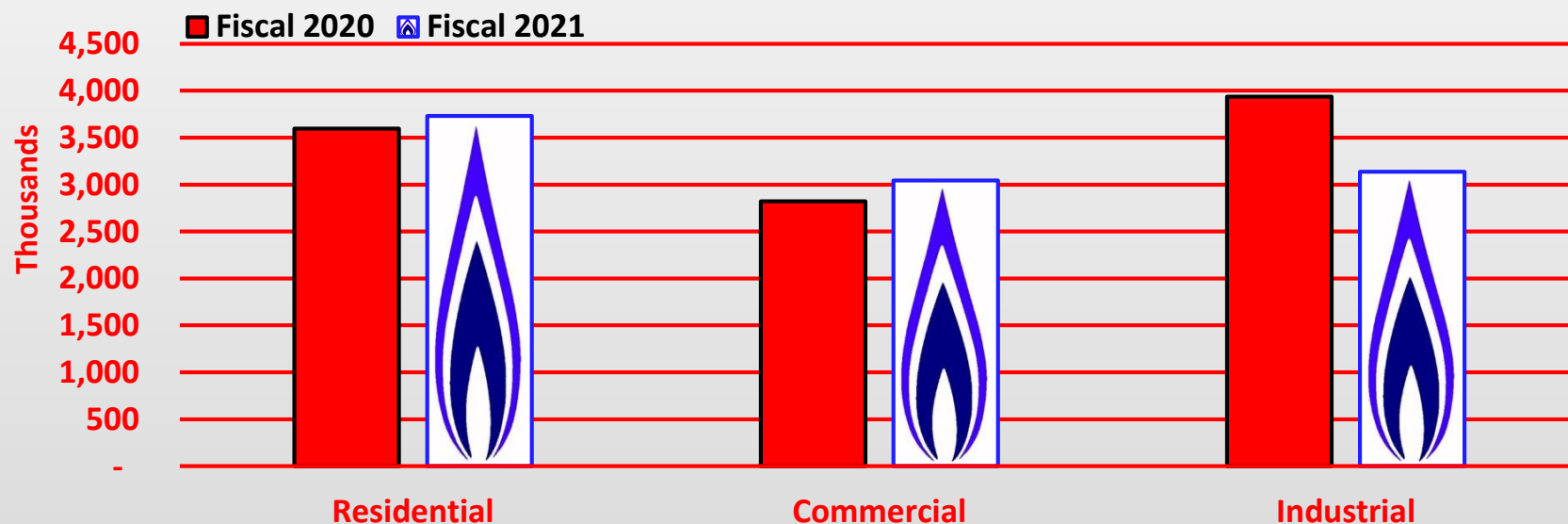
Fiscal 2021	600
Fiscal 2020	550
Fiscal 2019	670
Fiscal 2018	600





# Natural Gas Volumes

## Volumes Delivered (DTH)



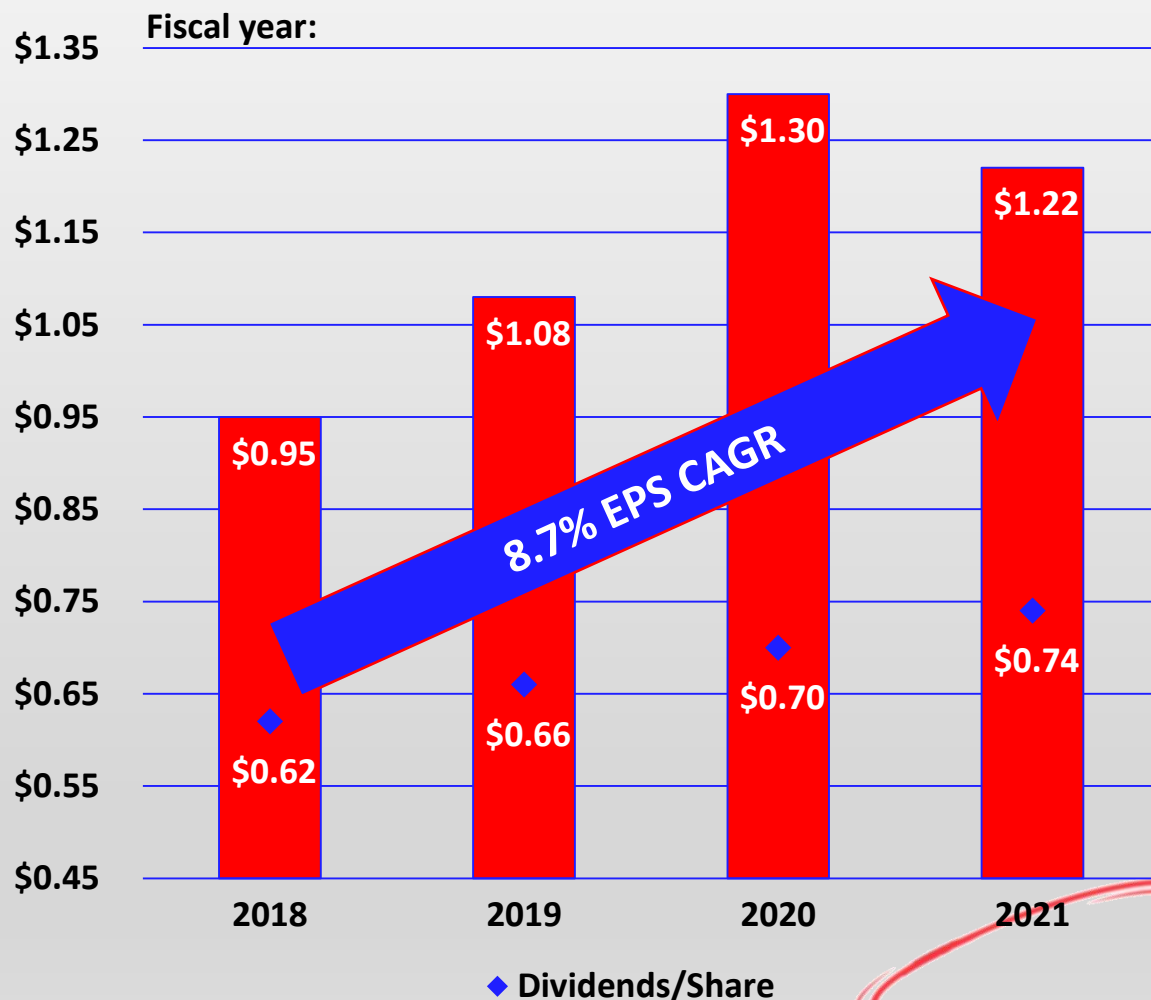
## 2021 vs 2020

Total Volumes	(4%)
Residential	4%
Commercial and Industrial	(9%)

# Earnings Per Share

Fiscal year ended  
September 30:

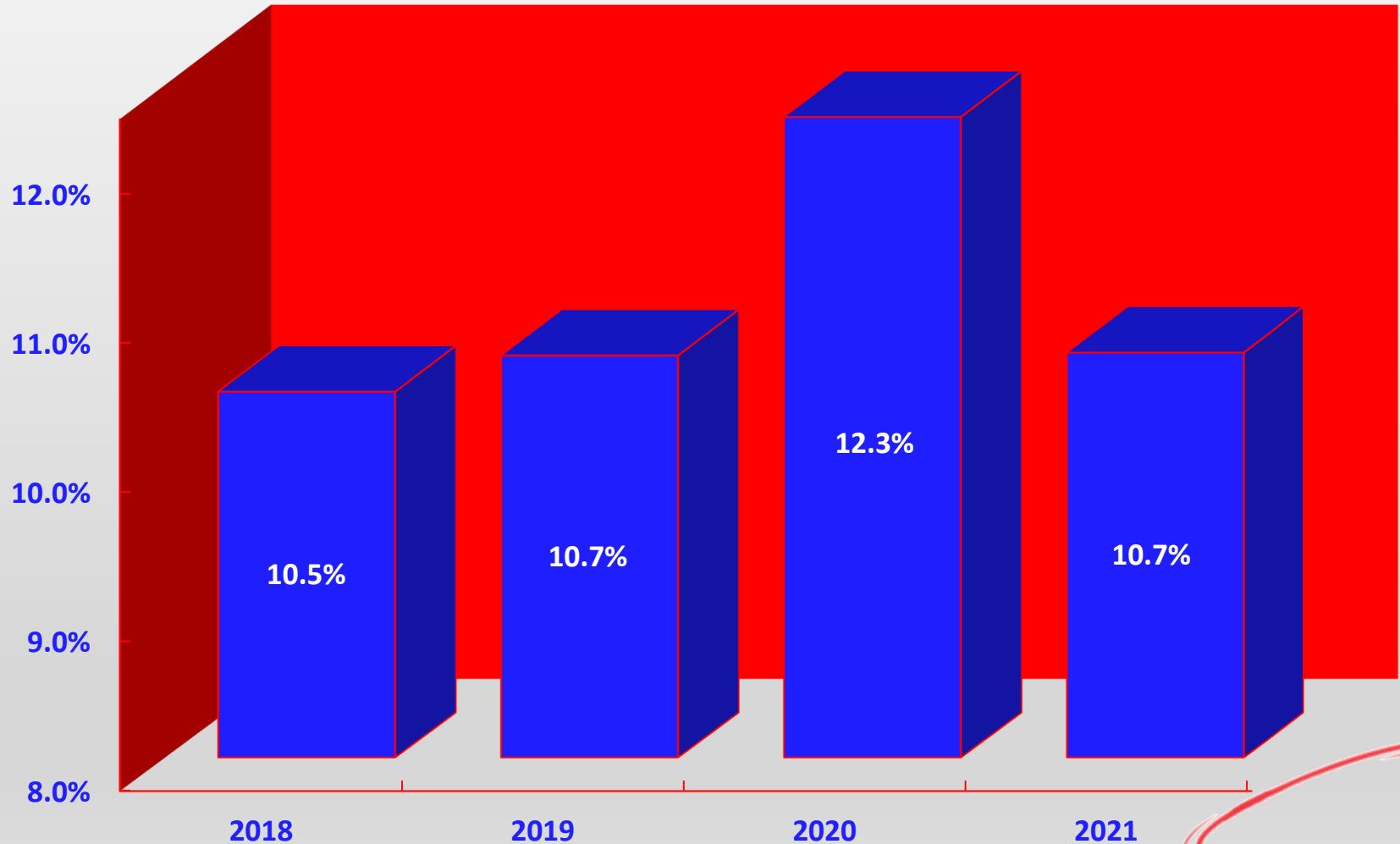
	<u>2021</u>	<u>2020</u>
Basic:	\$1.22	\$1.30
Diluted:	\$1.22	\$1.30



# Return on Equity

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Fiscal year ended September 30:

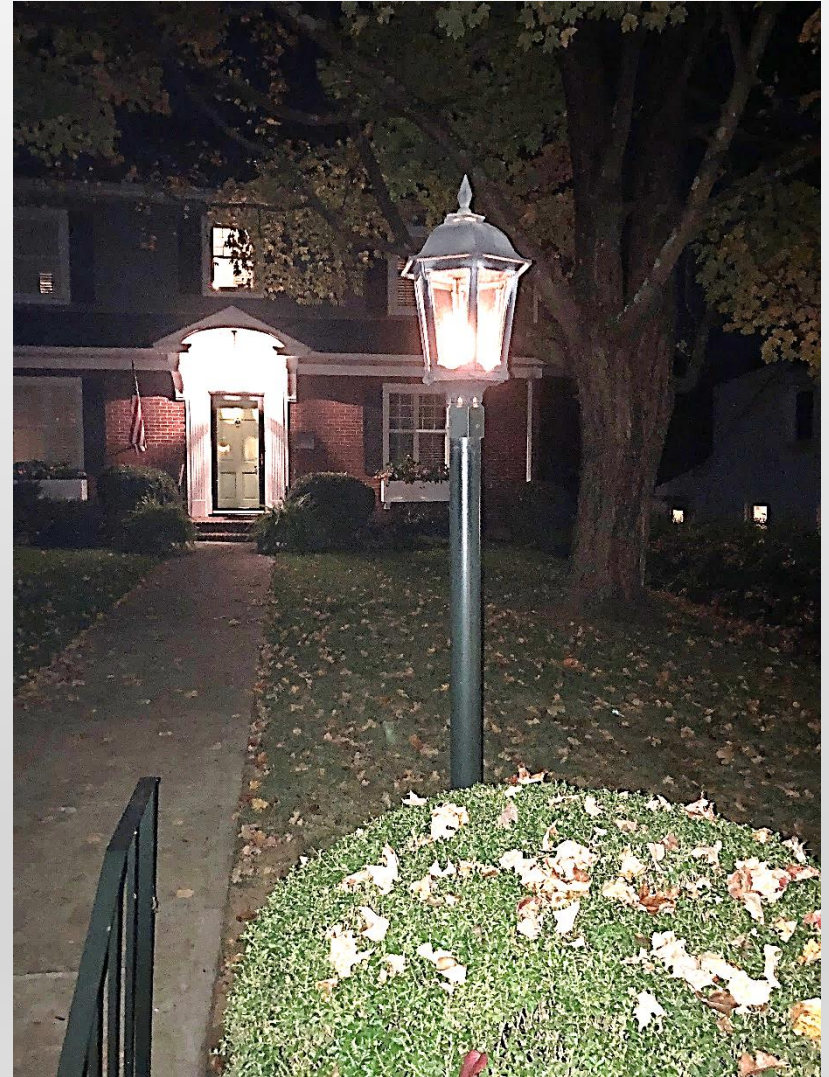




# Outlook

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- ❑ ESG
- ❑ Strategic Opportunities
- ❑ Economic Development



## **EEnvironmental**

- ✓ System Modernization
- ✓ Emissions Reductions
- ✓ Reduced Carbon Footprint
- ✓ Customer Partnerships

## **Social**

- ✓ Employees
- ✓ Community Engagement
- ✓ Safety
- ✓ Economic Development

## **GGovernance**

- ✓ Diverse Board of Directors
- ✓ Compliance and Risk Management
- ✓ Diversified Shareholder Ownership
- ✓ Incentive Compensation Aligned with Mission



# Strategic Opportunities

☐ Midstream

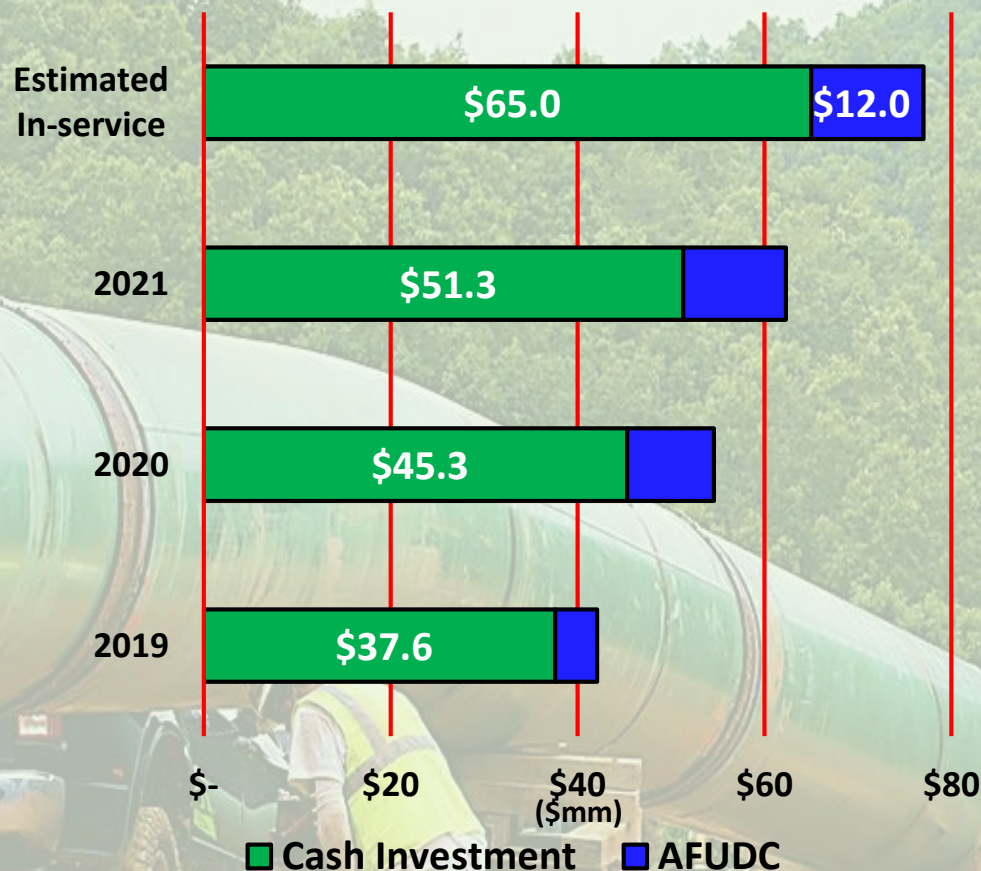
☐ CapEx

☐ System  
Expansion





## MVP Investment (cumulative)



## MVP

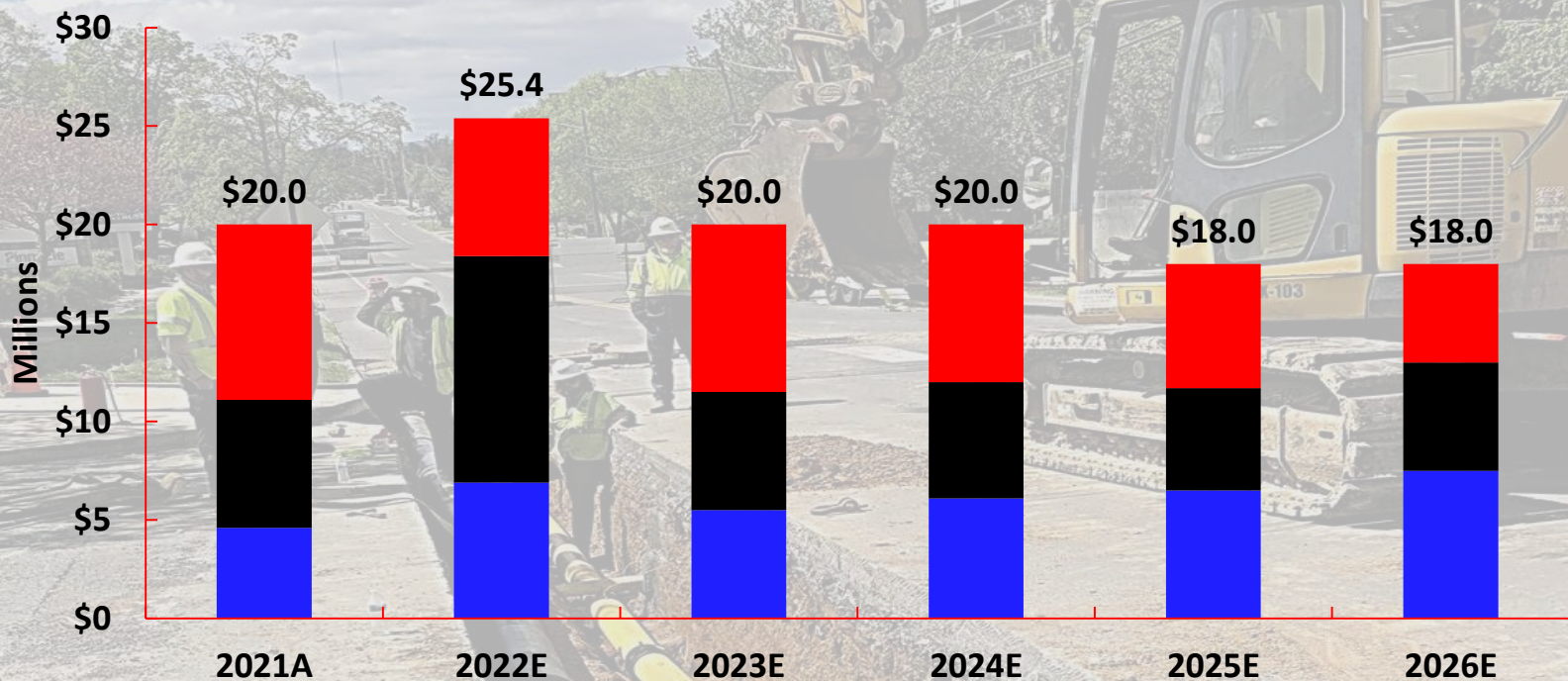
- ☐ Project over 90% complete
- ☐ Target summer 2022

## Southgate

- ☐ 75 mile MVP extension
- ☐ Target spring 2023



# Roanoke Gas Capital Budget



Forecast totals through 2025:

**SAVE Infrastructure Replacement** **\$34.8**

**Customer Growth & System Expansion** **\$34.1**

**Utility Maintenance** **\$32.5**

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**Total** **\$101.4**



# Roanoke Gas System Expansion

## Blue Ridge Expansion

- ❑ Phases I and II complete
- ❑ Phase III
  - \$0.7 million
  - 7,800 feet

## Customer Growth

- ❑ 7 main extension miles FY21





# EPS Analysis

