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PRESENTATION

Operator

Welcome to Southwest Gas Holdings third quarter, 2024 earnings conference call. Today's call is being recorded and our webcast is live. A replay will be available later today and for the next 12 months on the Southwest Gas Holdings website. At this time, all participants are in a listen-only mode, a question-and-answer session will follow the prepared remarks. If you would like to ask a question at that time, please press star one on your phone. I will now turn the call over to Justin Frosberg, Vice President of Investor Relations, and Treasurer of Southwest Gas Holdings.

Justin Forsberg - *Southwest Gas Holdings Inc - Vice President, Investor Relations*

Thanks Deon and hello everyone. We appreciate your interest in Southwest Gas.

This morning, we issued and posted to the Southwest Gas Holdings website. Our third quarter, 2024 earnings release and the associated form 10-Q.

The slides accompanying today's call are also available on Southwest Gas Holdings website. We'll refer to those slides by number throughout the call today.

Please note that on today's call, we will address certain factors that may impact this year's earnings and discuss some longer-term guidance. Some of the information that will be discussed today contains forward-looking statements, these statements are based on management's assumptions on what the future holds but are subject to several risks and uncertainties including uncertainties surrounding the impacts of future economic conditions and regulatory approvals. This cautionary note, as well as a note regarding non-GAAP measures is included on slides, two and three of this presentation.

Today's press release and our filings with the Securities and Exchange Commission, which we encourage you to review these risks, and uncertainties may cause actual results to differ materially from statements made. Today, we caution against placing undue reliance on any forward-looking statements and we assume no obligation to update any statement as shown on slide 4 on today's call. We have Karen Haller, President, and CEO of Southwest Gas holdings. Robert Stefani, Chief Financial Officer of Southwest Gas Holdings, and Justin Brown, President of Southwest Gas Corporation, as well as other members of the management team available to answer your questions during the Q&A portion of the call today.

I'll now turn the call over to Karen.

Karen Haller - *Southwest Gas Holdings Inc - President, Chief Executive Officer, Director*

Thanks Justin. Thank you for joining us today to discuss the Southwest Gas holdings results and outlook.

Starting with slide 5. Southwest Gas continues to press forward on our transformational strategy of becoming a premier fully regulated natural gas utility following the successful century IPO. Last April, we continued to monitor market conditions with respect to our separation strategy options and look forward to completing the separation of century during the quarter. We continued to make progress, positioning the utility for long term success and growth as Justin Brown will address in more detail in a few minutes. We filed our general rate case in California in September advanced our air Arizona rate case. And following the completion of our general rate case in Nevada, we are seeing the positive impact associated with the recovery of our investments to enhance safety and reliability and meet the needs of our growing customer base. Additionally, we finished the third quarter with the extension of record operating margin performance on a trailing 12-month basis.

Customer growth and demand remains strong, and the entire Southwest Gas team is intensely focused on safely addressing the needs of our customers. Investing in the communities we serve and delivering value for our shareholders. We are strategically deploying capital and investing in our operations so that we can meet the demand for safe, reliable and affordable energy solutions while also working constructively with our regulators and legislators to complement our strong organic rate based growth that has been invested for the benefit of our customers.

Southwest Gas has strong momentum heading to the end of 2024 and we now expect full year utility net income to finish within the top half of the guidance range of $233million to $243 million. We are reaffirming our other guidance estimates.

We expect our revenue to benefit from our refreshed rate structures which will which reflect the significant investments we have made for the benefit of our customers over the past few years.

As demonstrated with the constructive regulatory outcome in Nevada. We believe the nature of expected revenue increases from rate. A rate cases will provide net income growth. We expect this growth to be nonlinear over the forecast period as a result of rate case timing, our confidence in our future is further demonstrated by a reaffirmed expected rate base compounded annual growth rate of over the 2024 to 2026 period in the range of 6.5% to 7.5%. As well as our commitment to maintaining a strong investment grade balance sheet and competitive dividend.

As you can see on slide 6, we have made excellent progress on this year's strategic priorities, and we are on track to achieve them all as it relates to century full separation. We are recently out of the post IPO lock up period and typical quiet period associated with the quarterly earnings cycle. We have been focused on placing a permanent CEO at century as you likely saw yesterday century announced Chris Brown will become Century CEO. On December 3rd. Chris brings expertise in leading large complex organizations through significant evolution and growth in the energy and industrial sectors. He has a wealth of leadership experience and has a proven track record of success. We continue to evaluate century exit options in conjunction with market conditions and we'll provide further updates on timing and structure when available. We may ultimately separate the business through a series of sell downs or share exchanges or some combination thereof. The successful execution of a sell down or share exchange is contingent on favourable market conditions. So, we continue to preserve the alternative of a tax-free spin. But we expect our significant net operating loss balance could serve as an offset to a taxable transaction.

We remain committed to separating century, and we are confident that we have taken the appropriate steps and actions to preserve flexibility, thereby allowing us to separate in an efficient manner for shareholders. In any scenario.

Justin Brown will discuss our regulatory progress in more detail in a moment, but I will note that we are pleased with our progress so far this year and are on track to achieve all of our regulatory and operational priorities.

As noted on 57, at the end of the third quarter, we had more than $450 million of cash on hand. We have adequate liquidity to honour our commitments and execute our strategy in 2024 and we no longer expect to issue equity this year. Our financing plan continues to show limited financing needs through 2025. Additionally, we are executing on our planned utility optimization initiatives and our rate case progress, and our cost discipline efforts reinforce our confidence that we are well positioned moving forward.

I want to point out a few achievements of those highlighted on fall I seven at the utility. We continue to see very strong growth as a result of the economic activity that is driving significant in migration with about 41,000 new meter sets added during the last 12 months.

And our strong balance sheets are providing us the flexibility to be thoughtful in our approach to capital investments and our efforts to deliver shareholder value. We are excited about the future of the company.

Go ahead, Justin.

Justin Brown - *Southwest Gas Holdings Inc - President - Southwest Gas Corporation*

Thanks Karen.

On slide 9. You'll see an overview of the progress we've made executing on our regulatory strategy for 2024. Earlier this year, we completed the general rate case in Nevada with a positive outcome. Having received approval to start recovering the investments we've made in the state.

The final decision authorized an increase in rate base of nearly 20% and a revenue increase of about $59 million compared with our original proposal of nearly 74 million. This revenue outcome represents 98% of our request after the depreciation adjustment and before adjustments to reflect changes in cost of capital at Great Basin, refresh rates went into effect in September subject to refund and we're actively engaging stakeholders and settlement discussions to see if we can reach mutually acceptable outcome.

If we are unable to reach an agreement, we will proceed with the procedural schedule shown on the slide with an expected hearing in February of 2025.

I'll discuss Arizona and California in more detail on the next two slides. But I'm pleased with the progress our team has made in each of our jurisdictions to reach constructive outcomes and to make progress on our regulatory goals.

Turning to slide 10, our Arizona rate case continues to progress toward a constructive outcome. And you can see on the slide the difference between staff's testimony and what we originally requested in the case, we believe our settlement discussions to date have been productive and we intend to continue our dialogue with all stakeholders in hopes of reaching a mutually beneficial outcome.

Ultimately, this case represents a proposal to increase revenues by nearly $126 million and will allow us to start recovering the nearly 650 million of investments we've made to serve our customers.

This results in an increase in rate base of nearly 24%.

One key element of our proposal is to develop regulatory mechanisms that help reduce regulatory lag. One such mechanism is our proposed capital tracker program referred to as our safety improvement mechanism.

The proposal will allow us to implement a surcharge each year to recover non-revenue producing investments. We make to help support the safety and reliability of our system for the benefit of our customers. Our proposal represents approximately 40% of the company's annual investment in Arizona each year while we are optimistic about the settlement discussions that have occurred if we are unable to reach a comprehensive settlement agreement, we will continue to follow the procedural schedule as outlined on the slide, including a hearing date that begins later this month. Regardless of the path forward, we anticipate new rates as early as next spring. We plan to keep you updated on further outcomes of the settlement discussions as they arise.

One other key item in Arizona that I'd like to touch on is the commission's ongoing inquiry into changes to their test year rules. The commission continues to make progress on their investigation into alternative rate making and regulatory construct changes to help reduce regulatory lag for the benefit of all utilities doing business in the state.

In early October, they held a workshop where they heard from various stakeholders and the primary focus was on formula rate models. We've been actively participating in those workshops and we are optimistic that the commission is thoughtfully considering the key factors that could lead to the utilities throughout the state, having the opportunity to earn returns that are closer to their commission authorized returns.

The dialogue continues to be directionally positive and we plan to continue participating in the process.

Yes.

On slide 11, we highlight some details from our recent general rate case filing we made in California. We requested a nearly $50 million increase in revenue which represents approximately $285 million increase in rate base. This 65% increase in rate base reflects, reflects the significant investments we've made in our California jurisdictions for the benefit of our customers. Since we last went through the forward test year rate case process back in 2019. As with our other rate case filings, the two primary drivers supporting our request are rate based growth and changes in O&M associated with the inflationary pressures we've experienced over the past few years while this is the largest revenue request in the history of Southwest Gas in our California jurisdiction, we believe the investments we've made in the state for the benefit of our customers have been prudent and are not controversial. We have, we have not requested any significant change to rate design and our requested return on equity is only slightly higher than our currently authorized return in California following the automatic triggering mechanism, adjustment that became effective in January under our regulatory structure.

While we do not have an approved procedural schedule, you will see on the slide, the proposed schedule. In the case, we expect rates to be in effect by January of 2026.

Turning to slide 12 as Karen noted economic activity and demand for natural gas service has remained strong throughout our service territory and continues to drive the need for us to invest in the communities in which we provide service today. I thought it would, I would highlight for you some stories recently published by the Arizona Republic about the impact TSMC semiconductor manufacturing facility in North Phoenix is having in the area as we've discussed in the past. While TSMC is a large industrial customer of ours, the significance of a project this size for our company lies in the surrounding economic development that a sizable project brings to our service area.

According to the article, the TSMC project has jump started housing and business development throughout North Phoenix. With regional planners currently forecasting a 95% increase in the surrounding population over the next 25 years, which would be an increase of more than 300,000 people for Southwest Gas. This potential growth would result in more meter sets and more residential and small commercial customers, which currently represents 85% of our existing customer mix in the surrounding area. Recently named Halo Vista. There are currently 2,500 apartment units under construction within 10 miles of the plant. In addition to the 3,500 that have opened since TSMC off the land in 2020 an additional 1.8 million square feet of industrial space is under construction in the same area as well as 190,000 square feet of new retail buildings. And without any rezoning, the land available could allow nearly 100,000 additional units of housing.

One developer highlighted in the story has applied for the rezoning of 6,300 additional acreage. This entire area could hold nearly 30 million square feet of buildings including hotels, industrial buildings, offices, apartments, retail, and public uses like education facilities. According to the article, these types of projects become quite impactful for our business because more than 90% of the new homes built in our Arizona service territory end up with a gas meter and become Southwest Gas customers.

As shown on slide 12, we have been actively fielding other inquiries from potential customers regarding large scale data centre development, particularly in Arizona and Nevada which continue to be seen as high potential areas for data centre growth.

The customer inquiries are for both base load and peak shaving projects using either natural gas turbines or fuel cell technology as well as projects looking for emergency natural gas backup generation to ensure load reliability capable of meeting data centre demand.

Investors have become aware that these data centre projects could be large such as the 2000 acre [20,000,000,00 billion]1.8 gigawatt data centre campus that track is currently working to permit in Buckeye, Arizona just outside of Phoenix.

Well, it is little while it is a little early to predict the type size and energy sources that will be utilized for each project. We are excited about the continued interest across our service territory for these types of large projects and we believe we're in a good position to help meet their energy needs. Like we highlighted with the TSMC article a moment ago, the related economic activity and development associated with these projects should drive further upside to our already strong crust customer growth numbers that Karen noted during her opening remarks today and with that, I will turn it over to Rob who will review our financial performance for the third quarter.

Robert Stefan - *Southwest Gas Holdings Inc - Chief Financial Officer, Senior Vice President*

Thanks Justin. On slide 14, we outline our earnings per share performance for the year. The company's consolidated GAAP and adjusted EPS are owned by each consolidated entity.

The utility finished September with a very strong balance sheet and record net income and progress. So far on our regulatory strategy and cost management initiatives have enabled us to now expect our 2024 utility net income to finish within the top half of the guidance range. As Karen mentioned, Southwest gas holdings finished the third quarter of 2024 with more than 450 million of cash on hand and nearly a billion of liquidity on a consolidated basis following the full collection from utility customers of the previously deferred natural gas costs as well as centuries paid out of debt. Using proceeds from the IPO consolidated adjusted EPS at holdings was 9 Cent per share during the third quarter, which reflects a decrease of 8 Cent per share. When compared to the third quarter of 2023 overall, the utility performed well but on a consolidated basis, the company was impacted by lower quarter over quarter performance of century due to lower volumes of MSA and bid work and the timing of offshore wind projects and partially due to higher interest expense at the whole holding company in the appendix, we provide a reconciliation of adjustments by operating company. The vast majority of the, the third quarter, 2024 adjustments relate to the amortization of intangible assets and receivable, securitization related costs at century and separation related transactions adjustments. While the third quarter of 2023 adjustments also include impacts from consulting fees related to utility optimization.

Now, I'll provide a walk through on the performance of Southwest gas holdings and the utility turning to slide. 15, we depict on a consolidated earnings walk on an adjusted basis. During the third quarter, the utility benefited from continued customer growth and rate relief as well as higher COLI results. These were partially offset by a modest increase in O&M as well as reductions in interest, income and higher depreciation and amortization and interest expense. All of which are discussed in detail on the next slide. Centuries consolidated results were lower for the quarter as the third quarter of 2023 benefited from higher offshore wind work and above average natural gas bid work that did not recur in this year's third quarter. This year's third quarter saw unforeseen operational issues including equipment breakages that led to higher rental and repair and maintenance costs and corresponding downtime at century as well as unfavourable self-insurance adjustment claim costs from work conducted in prior years. In a in addition, centuries saw a lower interest expense over the period due to the IPO related debt reduction of note. Centuries net income results for the quarter. The consolidated Southwest gas level differ from centuries reported standalone net income results on an interim basis. Due primarily to the impact of non-controlling interest.

The hold code was impacted by higher interest expense compared to the third quarter. 2023 primarily associated with higher variable interest rate impacts associated with the term loan and to a lesser extent amounts outstanding on the revolving credit facility.

Moving on to slide 16, you will see the quarter over quarter performance drivers for our utility Southwest Gas Corporation. In the third quarter, 2024 utility operating margin increased by nearly 23 million compared to the same period last year. This improvement was driven primarily by $16 million of increased rate relief largely resulting from prior investments in Nevada and California.

We also saw 2 million of improved margin as a result of customer growth throughout our service areas where we continue to see strong customer increases.

The remaining increase largely relates to the combined impacts of certain infrastructure and similar tracking mechanism. Surcharge components which combined with the variable interest expense adjustment mechanism in Nevada resulted in 3 million of higher operating margins. This quarter O&M increased 7 million primarily related to survey and line locating activities and debt reserve compensation component and insurance costs.

These increases were partially offset by reduction in external contractor and professional services costs.

Confident that we will be able to achieve our stated goal. Continue to keep O&M costs flat on a per customer basis through 2026 and year-to-date O&M is only up 2% which is less than inflation in the proper macro-economic measures. Over the same period, the $6 million increase in depreciation and amortization and general taxes largely associated with the 8% increase in average gas plant service compared to the third quarter of 2023 plus 1 million of increased amortization related to regulatory accounts.

Other income increased approximately 2 million primarily driven by a $5 million increase in values associated with COLI policies and a $2 million increase in [AFEC] equity which is associated with our construction activity throughout our service areas.

These increases were partially offset by 5 million of lower interest income related to less carrying charges associated with lower regulatory account balances. Notably, the deferred purchase gas cost balances which flip from a receivable balance from customers of nearly 690 million in September of 2023 to a net liability balance of 180 million at the end of this year's third quarter. Also, an increase in the non-service-related components of employee pension and other postretirement benefit costs offset the COLI and a [FU DC] equity increases interest expense at the utility increased by $6.5 million from the prior year. Third quarter, primarily due to regulatory treatment. Timing related to the utilities, industrial development, revenue bonds including the impacts of deferrals and return, and recoveries included in the revenue and operating margin that are amortized through interest expense. The impact of which was offset in margin, as I mentioned earlier, additionally, contributing to the increase with interest incurred on the over collective balance of the PGA overall third quarter and year-to-date performance at the utility has been strong, supporting our expectation that the 2024 net income should finish within the top half of the guidance range on slide. 17, we have provided our 2024 financing plan for both Southwest gas holdings and Southwest Gas Corporation that has been updated to reflect that we no longer plan to issue equity in 2024 and which assumes consolidation of century through the end of 2024 we continue to expect cash flow from operations to more than fund the entire capital expenditure program forecasted in 2024. In addition, based on the strength of our balance sheet and successful recent refinancing efforts, we do not expect to have significant capital markets needs over the next 12 months depending on post IPO sec separation execution form. It's important to note that our near-term equity needs are now limited to less than 100 million in 2025 which is expected to be covered through the ATM.

In the third quarter, we extended the $550 million Southwest holdings term loan to July 31st, 2025, as well as the $400 million revolver at the utility which now expires in August 2029. The holdings term loan extension included a 17.5 basis point reduction in applicable spread from so far plus 130 down to so for plus 112.5 basis points, we continue to expect limited debt financing or refinancing needs at the utility through the end of 2025. At holdings, we reiterate our plan to target a solid investment grade balance sheet moving to slide 18, we take a look at our balance sheet strength and our commitment to maintaining an investment grade profile. On the left-hand side, we walked through net debt by operating company. We finished the quarter with more than 450 million of cash largely due to the full collection of the previously deferred purchase gas costs from the winner of 2020 22 2023 season.

As a result at the utility, the PGA balance has flipped as I previously indicated from the liability balance of 180 million on September 30th, 2024. This is compared with a liability balance of just over 80 million at the end of this year's second quarter and an asset balance of nearly 680 million at the end of last year's third quarter. On slide, 26 additional details are provided on the PGA balance. As mentioned on the previous slide, we continue to expect the large utility cash balance to significantly obviate the need to pursue additional financing in the near term.

On the right hand side of slide, 18, we know that we had no changes to our credit ratings or outlook from the three rating agencies since our second quarter, 2024 earnings call. I'll now turn the call back over to Karen and Slide 20 discuss our guidance.

Karen Haller - *Southwest Gas Holdings Inc - President, Chief Executive Officer, Director*

Thanks, Rob, turning to 520. We believe our third quarter results are evidence of the progress we continue to make, executing our strategy and we are enthusiastic about the rest of 2024 and beyond last quarter, we increased our 2024 utility net income guidance range to 233 to $243 million and we now expect to finish within the top half of that range. This reflects performance thus far as well as expectations over the balance of the year. We believe that's a strong regional economic outlook in our service territories. The Nevada rate case outcome as well as expected results of our cost management efforts provide us confidence in our net income guidance range and our team remains focused on optimizing utility operations. We reaffirm our 2024 utility CapEx at approximately 830 million. While nearly 50% of our forecasted capital spending relates to maintaining a safe and reliable system for the benefit of all of our customers. The balance is to serve the needs of our growing customer base and our continuous improvement initiatives which we expect to lead to future cost savings at the utility.

Looking further out, we affirm our expected compounded annual growth rate for net income at the utility to fall within the range of 9.25 to 11.25% from 2024 to 2026 which uses 2024 as the base year. While the impact of the regulatory cycle is expected to result in nonlinear net income growth over the forecasted period. Our regulatory strategy and our goal to achieve a flat O&M per customer trend over that same period are expected to be important components of our growth story.

Additionally, you can find the 2024 to 2026 drivers in the appendix of our presentation on slide 27.

We also reaffirm our rate base compound annual growth rate to be in the range of 6.5 to 7.5% over the same 2024 to 2026 period. And we continue to expect to invest about $2.4 billion in total of CapEx over those three years.

We continue to hold the dividend flat. While we evaluate century separation options.

Before we open the call up to Q&A, I want to point to slide 21 and emphasize that our teams are focused on executing our strategic priorities, delivering strong financial results, and providing exceptional service to our customers at Southwest gas holdings. We are confident in our path forward. As a premier pure play natural gas utility, we plan to continue delivering steady organic rate-based growth through strong regional demand dynamics, as well as earnings growth through financial discipline, operational excellence and constructive regulatory relationships will continue to execute toward the planned full separation of century to create a more attractive value proposition for stockholders. With that. I'd like to open the call for questions.

QUESTIONS AND ANSWERS

Operator

Thank you. Ladies and gentlemen, we will now begin the question-and-answer session. (Operator Instructions)

We'll take our first question from Richard Sunderland of JP Morgan. Please go ahead.

Richard W Sunderland - *J.P. Morgan Securities LLC - Analyst*

Hi, good morning. Thank you for the time today.

Karen Haller - *Southwest Gas Holdings Inc - President, Chief Executive Officer, Director*

Good morning, Rich.

Richard W Sunderland - *J.P. Morgan Securities LLC - Analyst*

Are there any guardrails you can put on the timing of the future separation, the reference in the release, you know, I guess now that a new century CEO has been named. Are you open to near term action here?

Karen Haller - *Southwest Gas Holdings Inc - President, Chief Executive Officer, Director*

So we really don't have you know, a time frame obviously that we have to do this within, you know, we just came out of the lock up period and obviously you're subject to, you know, quiet periods as we move forward. But our primary goal at the next step was to get the CEO in place, which we have done, you saw the announcement yesterday on that. And so, we feel really strong about having our CEO at century in place moving forward and, and we will continue to watch the market conditions which are going to drive, you know, the timing really of when we execute on the next step.

Richard W Sunderland - *J.P. Morgan Securities LLC - Analyst*

Got it. Thank you for the, the thoughts there. And then I guess turning to Arizona, how do you see the settlement backdrop in your rate case? I'm curious if you have a path that you see the settling, you know, with the system improvement mechanism in that settlement or would you settle without that, given the state is focused on the broader red flag efforts as well? Thank you.

Karen Haller - *Southwest Gas Holdings Inc - President, Chief Executive Officer, Director*

That's new. I think that.

Justin Brown - *Southwest Gas Holdings Inc - President - Southwest Gas Corporation*

Hey Rich, it's Justin. I mean, I think the encouraging thing is the staff is supportive of the mechanism and their direct testimony. So, I think we feel pretty good about a future where that's included, obviously anything subject to the commission's ultimate approval. But I think we feel pretty good about where staff came in on that. And then, you know, we're they have rebuttal test or sir rebuttal testimony, do I think on the 15th? And so, I think that's kind of the next step in the process. And then I think the plan is for the parties will try to continue the dialogue. We feel like the conversations to date have been pretty constructive. Just ran into some timing conflicts with commitments that different parties had and with APs rehearing that they had this last week. So, we plan on continuing to have dialogue and, and again, we feel good about where the staff is in their position. Vis a vis the mechanism itself.

Richard W Sunderland - *J.P. Morgan Securities LLC - Analyst*

Got it. Thanks. And just a quick follow up there. What is the kind of formal settlement window as you're thinking about it in the case, any natural milestones in the procedural schedule going forward within which a settlement makes sense?

Justin Brown - *Southwest Gas Holdings Inc - President - Southwest Gas Corporation*

Yeah, it's a good question. II I don't think there's really any formal window. I would say just generally speaking, you know, it kind of begins when we receive their direct testimony, which we got, right? And then we noticed settlement discussions, the staff did, and we had an opportunity to do that. I think we ended up, you know, running into a procedural timing where we needed to get our rebuttal testimony filed which we did. The staff has theirs on the 15th. I think the parties can continue. There's nothing that prevents the parties from continuing to have discussions around a settlement all the way up until the hearing day. I think typically in Arizona, what we've experienced is that even if we settled the case in advance, they would still likely use that hearing day for a settlement hearing because that's something that they've done in the past. And so, we're kind of looking at between now and that hearing date to either use it as a settlement hearing or to proceed on some kind of hearing based on where the parties are as we continue through this testimony process?

Richard W Sunderland - *J.P. Morgan Securities LLC - Analyst*

Got it understood. Thank you very much.

Operator

Perfect.

Our second question comes from Ryan Levine of City. Please go ahead.

Ryan Levine - *Citi Investment Research - Analyst*

Good morning. I appreciate all the detail here, everybody. It it's maybe just a couple one around the financing plan with the reduction in equity for this year and 100 million for next year. Can you unpack? What droves the change? Is it purely operating performance, year-to-date or are there other factors that influence the change in financing plan?

Robert Stefan - *Southwest Gas Holdings Inc - Chief Financial Officer, Senior Vice President*

Hey, Ryan, it's a yeah, good, good question. You know, really, it's been the collection of the PGA over this year. We're just given where we sit with respect to cash balances with that significant cash on hand at the utility. And you know, ongoing collections that you do, the mechanic will continue. We don't see the need to do equity this year. We had only planned to issue up to about 75 million. And so, with that cash on hand, we just, we don't, we don't think we need it. I guess further with respect to next year that the guidance is effectively on top of what we communicated previously around 2025. Again, reflecting the, the, you know, our model forecast around, you know, our cash on hand, I would just say with respect to 2025 and it indicated during the prepared part of our remarks, you know, to the extent that the transaction structure of a century exit takes the form of a sell down. Then you could, you could see us not issue even that 100 million of equity because we would have proceeds from the sale of century share. So, we're just obviously that will play into whether we need to issue any equity in 2025. But even if we do, it would be very light at less than 100 million and be structured through the ATM.

Ryan Levine - *Citi Investment Research - Analyst*

Okay. And then in light of the, the detailed disclosure around O&M changes during the quarter on slide 16, it seems like your full year guidance is unchanged for flat O&M.

Is there any company action that has been initiated that is expected to reverse that trend in the fourth quarter, or any meaning law set that, that keeps O&M relatively flat?

Robert Stefan - *Southwest Gas Holdings Inc - Chief Financial Officer, Senior Vice President*

Yes. So, our guidance right is flat on a per customer basis. So, you know, we're obviously growing the denominator in the form of customers over the period. You know, I think that the absolute is, you know, is below inflation levels when you look at the absolute dollar level of O&M period over period. But you know, we are, we are making good progress on our utility optimization program. It gives us confidence in our ability to hit, you know, our net income and that's why we've guided to the upper half of the range. Beyond that, we didn't, we didn't provide, you know, a formal that does that help?

Ryan Levine - *Citi Investment Research - Analyst*

Yeah, appreciate that. And maybe just one last in terms of the regulatory calendar in Arizona with the election yesterday for some AC C commissioners that have any change to the procedural schedule or opportunity for set them.

Justin Brown - *Southwest Gas Holdings Inc - President - Southwest Gas Corporation*

Justin, I would say no, that there's, you know, based on kind of where things stand now with the election results, we, we don't anticipate that impacting the timing of our, our case or the potential outcome, you know, a settlement scenario.

Ryan Levine - *Citi Investment Research - Analyst*

Do you think you're able to, is there any comments that you have around the impact of the election to regulatory environment in Arizona?

Justin Brown - *Southwest Gas Holdings Inc - President - Southwest Gas Corporation*

Ryan, it's Justin again, I, I don't really think so. I mean, I think it's kind of lining up the way I think kind of people expected in terms of, kind of where the early results are. I mean, Arizona seems like Arizona takes a little while to, to finalize the election results. And so, we'll kind of wait and see over the next couple of days where it ends up. But I think, you know, kind of from our perspective, looking at, you know, the different candidates and, you know, the fact that you had one candidate that was an incumbent that had probably an advantage running as an incumbent, that the results probably aren't really out of a line with where we were thinking things would end up.

Ryan Levine - *Citi Investment Research - Analyst*

Thanks for the time.

Operator

This concludes the Q&A portion of today's conference. I would now like to turn the call back over to Justin Forsberg for closing remarks.

Justin Forsberg - *Southwest Gas Holdings Inc - Vice President, Investor Relations*

Thanks again, Dion and, and thanks everybody for joining us on joining us today and for your questions. This concludes our conference call. We'll talk soon.

Operator

This concludes today's Southwest Gas holdings, third quarter, 2024 earnings call and webcast. You may now disconnect your line at this time. Have a wonderful day.