



Invested in Sustainability

SOUTHWEST GAS CORPORATION

HOME

We're invested in developing sustainable and responsible business practices that protect the environment, preserve natural resources, and safeguard our employees. With approximately 2,200 employees serving nearly 1.9 million natural gas customers located in Arizona, California, and Nevada, we're dedicated to fostering a sustainable energy future for our customers, employees, and shareholders.

In doing so:

- We communicate with and educate employees and consumers about the wise and efficient use of energy resources
- We work diligently with local, state, and federal leaders to develop sound energy policies that preserve and enhance the well-being of our environment and our communities
- We embrace business practices that promote the environmental quality of our local and regional communities and reduce our carbon footprint
- We develop and promote new technologies that enhance overall energy efficiency

Baselines used to shape these internal efforts are being established and will be shared in the coming months. Southwest Gas is committed to devoting resources from key departments to engage in this on-going process. We're proud to be invested in our community, our environment, and our people as we work towards a sustainable future. Please take a look at how our efforts are making an impact externally, on emissions and energy efficiency, and internally, on our fleet and building facilities.

HOME

EMISSIONS

ENERGY EFFICIENCY

FLEET

FACILITIES

GIVING

Safety, Service, and Reliability



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EMISSIONS

We take a proactive approach to managing and maintaining our pipeline systems and associated facilities. In many of our operational practices, we go above and beyond mandated pipeline safety requirements to ensure the safe and reliable delivery of natural gas to our customers.

We have a relatively new distribution piping system, free of any cast iron or bare steel pipelines within our service territory. Even so, we continue to enforce strict guidelines through our pipeline integrity management process to ensure optimal operations of our pipeline system.

On an annual basis, information about pipeline conditions is:

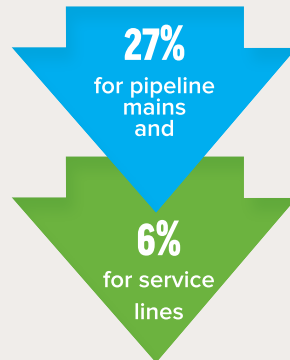
- gathered
- measured
- evaluated

Additionally, in keeping with our core focus on pipeline safety, actions required to maintain a safe and reliable system are:

- identified
- prioritized
- executed

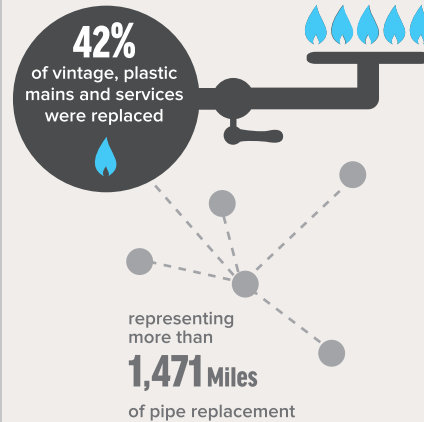
This process, combined with aggressive monitoring of our system, allows us to identify and correct potential issues before they affect public and employee safety.

In the past decade, the number of pipeline leaks on our system has decreased:



This is due to a concerted effort to maintain, upgrade, and modernize our pipeline network to enhance safety.

During the same timeframe, Southwest replaced 42% of its vintage plastic distribution mains and services representing over 1,471 miles of pipe replacement.



This continued commitment to safety and reliability results in low methane emissions from our pipeline systems.

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EMISSIONS *(continued)*

The modernization of company facilities includes the use of improved pipe materials and enhanced leak detection and repair procedures. These efforts, in keeping with industry perspective, promote a downward trend in natural gas (methane) emissions.

Southwest Gas contributed to a nationwide study of natural gas distribution system methane emissions. The study found that emissions from local natural gas distribution systems in cities and towns throughout the U.S. have decreased in the past 20 years, to levels 36 to 70 percent lower than the current U.S. EPA inventory. This was accomplished during the same time 600,000 miles of distribution mains and service lines were added to serve 17.5 million additional customers nationwide. To learn more about this study, visit:

<http://pubs.acs.org/journal/esthag>

20-Year Emissions Study 1995-2015

- **RESULTS**
Emissions from local natural gas distribution systems throughout the U.S. decreased to levels **36 - 70%** lower than the current U.S. EPA inventory.



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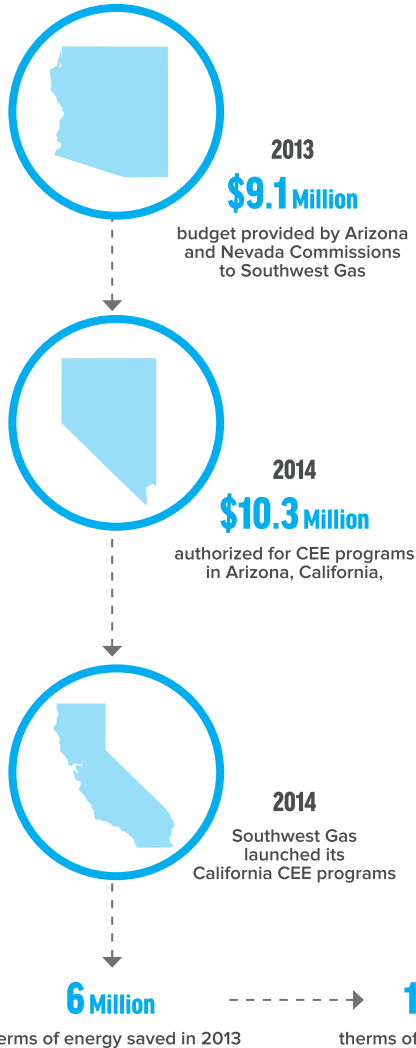
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Conservation and Energy Efficiency (CEE) Programs



ENERGY EFFICIENCY

Our Conservation and Energy Efficiency (CEE) programs are designed to help customers conserve energy and money through the use of energy-efficient equipment.

- **For residential customers:** rebates on the purchase and installation of water and space-heating equipment, weatherization improvements, low-flow water fixtures, and solar thermal water-heating systems.
- **For commercial and industrial customers:** rebates on the purchase and installation of water- and space-heating equipment, food-service equipment, combined heat and power systems, and solar thermal water-heating systems. Rebates in conjunction with performing an energy audit of facilities and implementing energy-efficient improvements.
- **For homebuilders:** rebates for building ENERGY STAR® certified homes.

A complete list of programs available in your area, including the application process, is available at:

<http://www.swgasliving.com/content/energy-efficiency-rebates>

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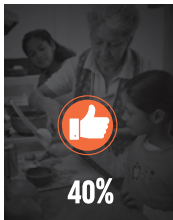
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Low-income energy conservation and weatherization programs



authorized in 2013 and 2014, companywide saving approximately 203,000 therms of energy



decrease in residential average use per customer, over the past 25 years

ENERGY EFFICIENCY *(continued)*

Our low-income energy conservation and weatherization programs provide economic benefits to recipients and can bolster the state economy as a whole. These options include:

- **Energy Share:** utility bill assistance through voluntary contributions from Southwest Gas customers. This program is a partnership with the Salvation Army.
- **Low-income Ratepayer Assistance (LIRA):** bill discounts during winter months (November – April) to income-eligible customers in Arizona.
- **California Energy Savings Assistance Program:** promotes weatherization by helping homeowners, as well as renters, increase the energy efficiency of their homes. It provides qualified limited-income customers with money-saving improvements at no cost. Participants must meet the income qualifications set forth by the California Public Utilities Commission.
- **California Alternate Rates for Energy (CARE) Program:** provides a discount on monthly gas bills to income-qualified customers at the customer's primary residence.
- **The Low-Income Energy Conservation (LIEC) Program:** provides income-qualified customers in Arizona and Nevada free energy education, weatherization measures, and energy-efficient appliances to reduce natural gas usage.

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FLEET

While continuously managing a fleet of more than 1,500 vehicles companywide, Southwest is driving towards a cleaner environment by implementing changes, both large and small. Our commitment to reducing greenhouse gas emissions includes continuously introducing alternative fueled vehicles (AFVs) to our fleet, and reducing unnecessary driving and idling times.

Annually, the company replaces up to

18%

of the **company fleet based** on a pre-established life-cycle schedule and strives to build a “greener fleet” by incorporating AFVs wherever and whenever appropriate. Multiple factors are considered in making these replacement decisions, including the reliance upon manufacturers for the availability of AFVs.

By using Natural Gas Vehicles (NGVs) and AFVs, **Southwest Gas reduces greenhouse gas emissions and fuel costs, up to**

22-28%

annually, over diesel and gasoline.

Innovative additions to processes and equipment also help drive sustainability. For example, in the Southern Nevada Division, a new mobile backhoe truck, custom made for Southwest Gas (pictured top, right), was added to their fleet. Designed to boost incident response time and enhance safety, service and reliability initiatives, the “truckhoe,” a backhoe and truck rolled into one vehicle, is a take-home vehicle that enables a crew member to respond directly to an incident from their residence, without having to go to one of the Division’s two Operations centers to pick up this piece of equipment.

BEYOND OUR FLEET

Southwest Gas is continually looking for ways to promote CNG vehicles and home fueling stations in the communities we serve:

- In partnership with Fulton Homes, a pilot program was launched in a 650 lot master-planned community that offers the option to have a CNG home fueling station installed.
- Working closely with the American Gas Association (AGA), Southwest Gas facilitated the presence of a CNG vehicle on display throughout the International Builders Show (IBS). And attendees who toured the New American Home were privileged to see a home fueling station on site, courtesy of Southwest Gas.

Our dedicated team of CNG specialists has a pulse on activities throughout our service territory. They continue to recognize great opportunities to gather with key players and bring additional CNG projects to life.



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FACILITIES (continued)

Reducing energy use by:

- Replacing T-12 fluorescent lighting
- Installing and programming lighting controls, occupancy sensors, and light harvesting sensors
- Installing computerized HVAC control systems
- Utilizing exterior lights controlled by photocells

Water saving measures:

- Converting outdoor and indoor fountains to landscape and patio areas
- Using xeriscape techniques
- Installing low flow, automatic faucets in restrooms
- Utilizing drip systems for shrubs and trees

Other practices include using environmentally friendly cleaning solutions whenever possible, using air hand dryers in restrooms, and printing on recycled paper.



*during a 12-month timeframe, June 2014 to May 2015

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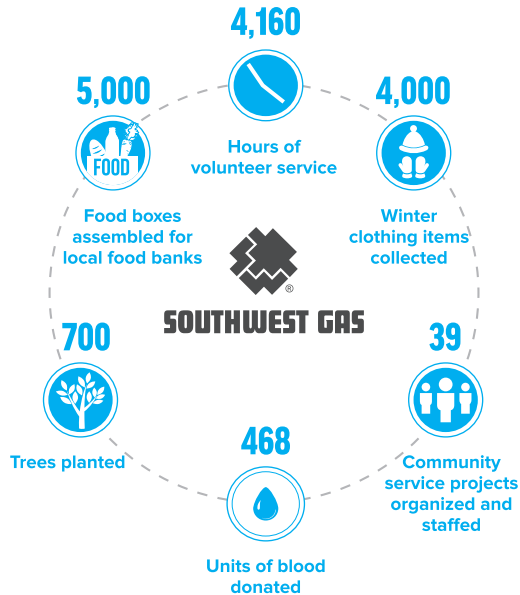


GIVING

Blue

Building Lives Up Everywhere

Southwesters and their families volunteer thousands of hours to help improve the communities in which we live and work.



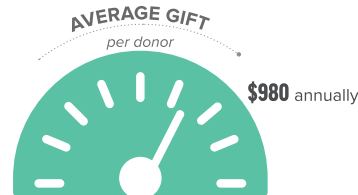
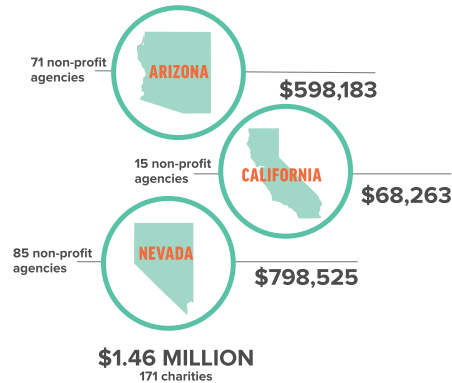
A FEW BLUE PARTNER AGENCIES

- Barstow Veterans
- Bear Valley Community Church
- Catholic Charities
- Community Food Bank
- Hummingbird Project
- Rebuilding Together
- Red Cross Blood Bank
- Robert Naylor K-8 School
- Salvation Army
- St. Mary's Food Bank Alliance
- Tonopah Community Garden
- Whole Kids Foundation

FUEL for life

Southwest Gas employees are as generous as they come! We have proudly created a program, *Fuel for Life* (FFL), which enables Southwesters to direct their personal giving to impact non-profit organizations in their area through voluntary payroll deductions. Not only that, but Southwest Gas rewards employees with up to three additional vacation days *each year* for giving through FFL.

2015 PLEDGE BREAKDOWN BY STATE



67% Employee Participation Rate

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