



Invested in Sustainability

SOUTHWEST GAS CORPORATION
2015 Sustainability Report



SOUTHWEST GAS



A Message from John P. Hester

President and Chief Executive Officer

I'm proud to present the 2015 Sustainability Report which highlights some of our corporate responsibility activities and achievements.

In my role as President and CEO, I have the opportunity to see up close and personal what I hear anecdotally from customers and partners all the time – that Southwest Gas and its employees operate with the highest levels of integrity and excellence.

Just this summer, an independent study of utility brand trust named Southwest Gas one of the top trusted utilities in the nation—the third highest in the country, to be exact! The report references our ongoing external communications, community involvement, and environmental dedication as contributing factors to the high ranking. I feel extremely grateful that Southwest Gas customers express such a high degree of trust in our company and it's my goal to continue to operate in such a way to earn that trust every day.

This is Southwest Gas' third corporate sustainability report, and I remain proud of the positive impacts we can measure in our communities, with our employees, and on the environment. I invite you to peruse this brief publication to learn more about what we're doing to invest in sustainability.

Sincerely,

A handwritten signature in black ink that reads "John P. Hester". The signature is fluid and cursive, written on a light-colored rectangular background.

John P. Hester

Company

COMPANY HIGHLIGHTS

HISTORY



SOUTHWEST GAS

COMPANY

- Corporate Headquarters
- ★ Division Headquarters

This report contains forward-looking statements regarding the company's current expectations. These statements are subject to a variety of risks that could cause actual results to differ materially from the expectations. These risks and uncertainties include, in addition to those discussed herein, all factors discussed in the company's annual report on Form 10-K for the year 2014. This report is provided to stakeholders. It is not intended for use in connection with any sale or purchase of or any solicitation of others to buy or sell securities. Investors are urged to consider closely the disclosure in our Form 10-K, File Number 1-07850, available on the Securities and Exchange Commission's website www.sec.gov. You can also obtain these forms from the SEC by calling 1-800-SEC-0330.

For details on program eligibility and requirements, please visit www.swgas.com/sustainability.

COMPANY HIGHLIGHTS

WE ARE SOUTHWEST GAS—
an investor-owned natural gas utility serving
parts of Arizona, California, and Nevada.



1.9 million
customers

residential,
business,
commercial, and
large industrial
customers



2,200
exceptional
employees

company-wide, with
an average of 15
years of service



\$2.8 billion

invested in our
gas system over
the last ten years
and **\$1.3 billion**
earmarked for the
next three years



3rd
highest ranking

in the country
for brand trust,
based on a 2015
independent
study by
Cogent Report



\$177 million

support state and
local government
in annual tax
revenues



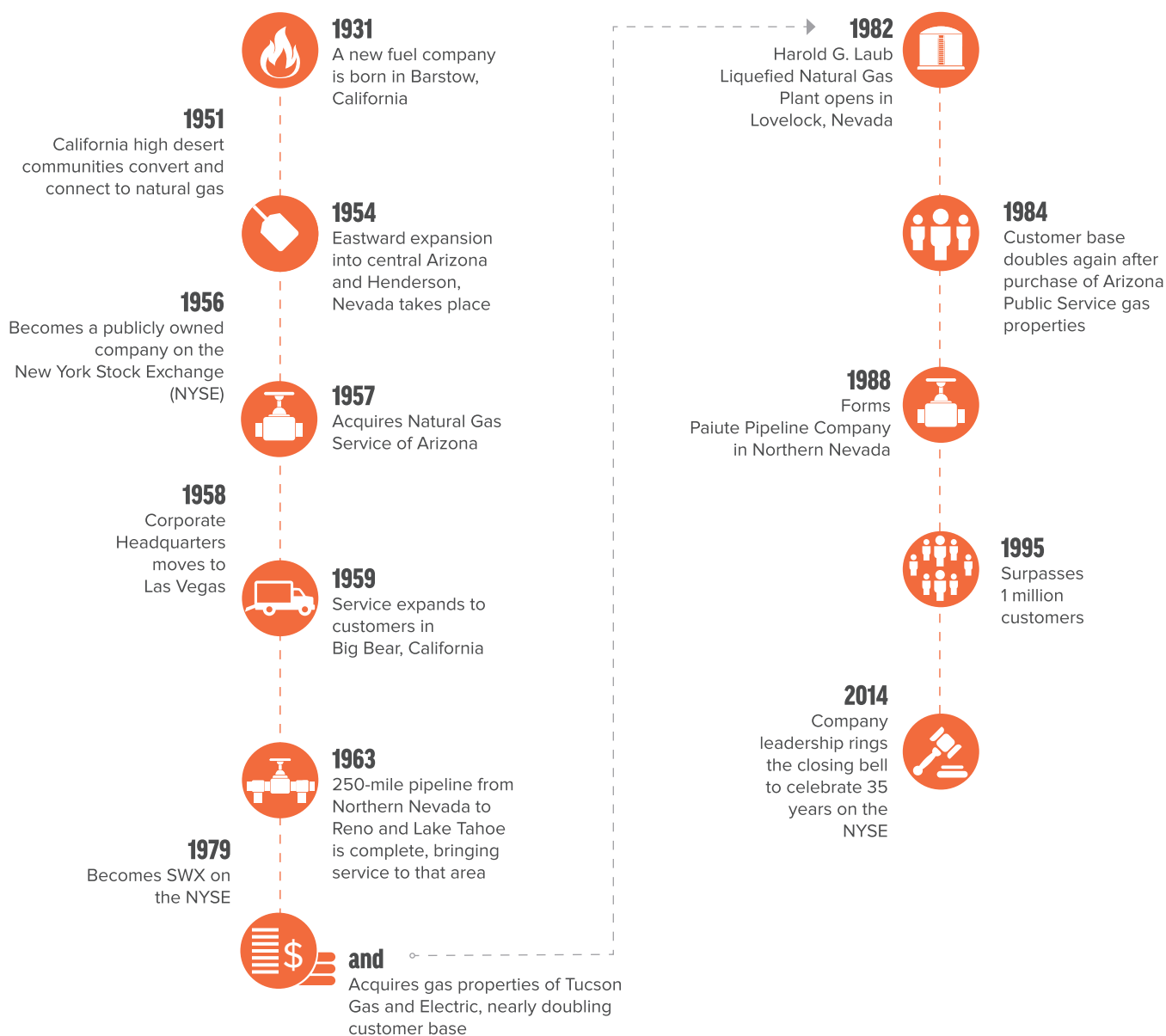
93%
customer
satisfaction

ranking the last
two years and
consistently in the
90th percentile for
more than
a decade



HISTORY

Our communities, and the nearly two million customers we serve, are the reasons why we've been heating things up for decades. Our growth in customer base, while impressive, took time to achieve. More than 80 years of providing safe and reliable service have made us who we are today. We couldn't have done it without you... our community of customers and stakeholders.



Community

LOW-INCOME

ENERGY SHARE

SUPPLIER DIVERSITY



MAKING A DIFFERENCE

Southwest Gas promotes a culture of giving, employee engagement, and integrity on a daily basis. We're always looking for ways to be involved in the community, whether volunteering at charity events, helping rebuild homes for those less fortunate, or engaging diverse suppliers. We're dedicated to the integrity of the cities and towns and suburbs we serve, because we live here, too. Through our philanthropic giving, volunteering and work with diverse suppliers, we're committed to creating a better quality of life in the communities we serve

LOW-INCOME

Having active utility service is a necessity, especially in extreme climates like those we serve in the Southwest. So when funds are tight, we want to make sure our customers can still meet their basic needs. Through Southwest Gas' **assistance programs**, qualified customers in all parts of our service territory can get the help they need. More info at www.swgas.com.

\$14,879,953

in assistance to 102,730 income-qualified families in 2014



ENERGY SHARE

Our **Energy Share** program enables Southwest Gas customers to contribute through their monthly gas bill to those who need bill assistance. Funds are distributed through partnerships with local assistance agencies and all contributions are tax deductible.

\$1,014,000

in customer donation/giving in 2014



ENERGY SHARE PARTNERSHIPS

Salvation Army

Arizona Community Action Association

SUPPLIER DIVERSITY

Southwest Gas is committed to promoting opportunities with **diverse suppliers** within our service territories. In 2014, Southwest Gas exceeded the California Public Utility Commission's GO 156 mandated goal of 21.5 percent for procurement with diverse suppliers by more than 50 percent in the state of California.

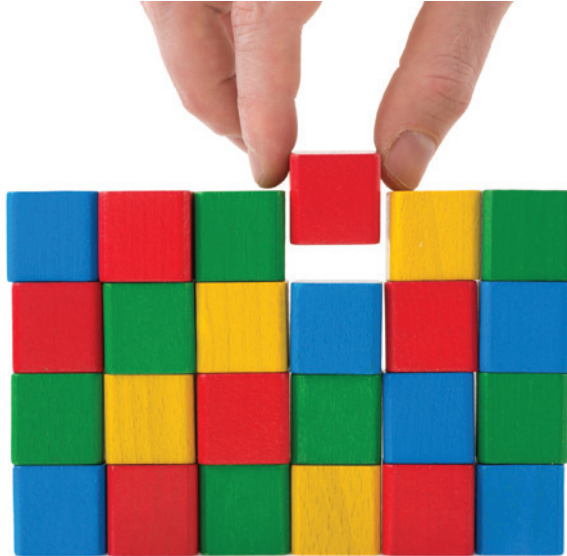
\$ 129,942,428

in company total procurement with certified diverse suppliers in 2014



EXCEEDED SOUTHERN CALIFORNIA MANDATES

72% procurement achieved with Clearinghouse certified diverse suppliers



continued

SUPPLIER DIVERSITY (SD)

For our supplier diversity outreach efforts, Southwest Gas was honored to receive the following recognition:

- **2014 Corporation of the Year** – Phoenix Chapter of National Association of Women Business Owners (NAWBO)
- **2014 Arizona Million Dollar Circle of Excellence** – recognition for annually spending a minimum of \$1 million with minority-owned suppliers in Arizona.
- **2015 Corporation of the Year** – Pacific Southwest Minority Supplier Development Council (Pacific Southwest MSDC)
- Robin Jenkins - **Women of Distinction Award (WODA) - Nominee** – Science, Technology, Engineering, and Mathematics
- Catherine Mazzeo - **Women of Distinction Award (WODA) - Nominee** – Rising Star



Robin Jenkins
Manager
Engineering



Catherine Mazzeo
Assistant General
Counsel



"Thank you and Southwest Gas Corporation for your support of Integrity Team Wire. As a small, woman-owned, minority-owned company, Southwest Gas has given us an opportunity to compete with larger suppliers based on our ability. We are held to the same high standards you require of any supplier in terms of responsiveness, accuracy, and delivery. By meeting those standards, our company has grown and matured...all of our customers benefit from our relationship with Southwest Gas. If only we had 20 more just like you!"

SHARON SPANN

Chief Executive Officer | Integrity Partners, Inc.
d/b/a Integrity Team Wire

SD OUTREACH-SPONSORSHIPS/MEMBERSHIPS ORGANIZATION

ARIZONA

- American Indian Chamber of Commerce
- Arizona Hispanic Chamber of Commerce
- Associated Minority Contractor of America (AMCA)
- Black Chamber of Arizona
- Chinese Chamber of Commerce
- Construction Indian Country Conference
- Minority Business Enterprise Development Week (Med-Week) Tucson Pima County
- National Association of Women Business Owners (NAWBO) – Tucson
- Pacific Southwest Minority Supplier Development Council (Formerly Grand Canyon)
- Southern Arizona Procurement Fair
- Tucson Hispanic Chamber of Commerce
- Women Business Enterprise Council (WEST)

CALIFORNIA

- American Indian Chamber of Commerce of California
- Black Business Association
- California Disabled Veteran Business Alliance
- Elite Service-Disabled Veteran-Owned Business Network
- High Desert Hispanic Chamber of Commerce
- Inland Empire Business Procurement Fair
- National Association of Minority Contractors - Los Angeles Chapter
- Southern California Minority Supplier Development Council

NEVADA

- Asian Chamber of Commerce Las Vegas (ACC)
- Clark County Summer Business Institute Program
- Joint-Ethnic Chamber of Commerce
- Las Vegas Convention Center Trade Fair
- Latin Chamber of Commerce - Las Vegas
- National Association of Minority Contractors (NAMC)
- National Association of Women Business Owners (NAWBO) - Southern Nevada Chapter
- Nevada PTAC Procurement Outreach Program
- Urban Chamber of Commerce - Las Vegas
- Western Regional Minority Supplier Development Council

Giving

BLUE
FUEL FOR LIFE
FUELING GOOD



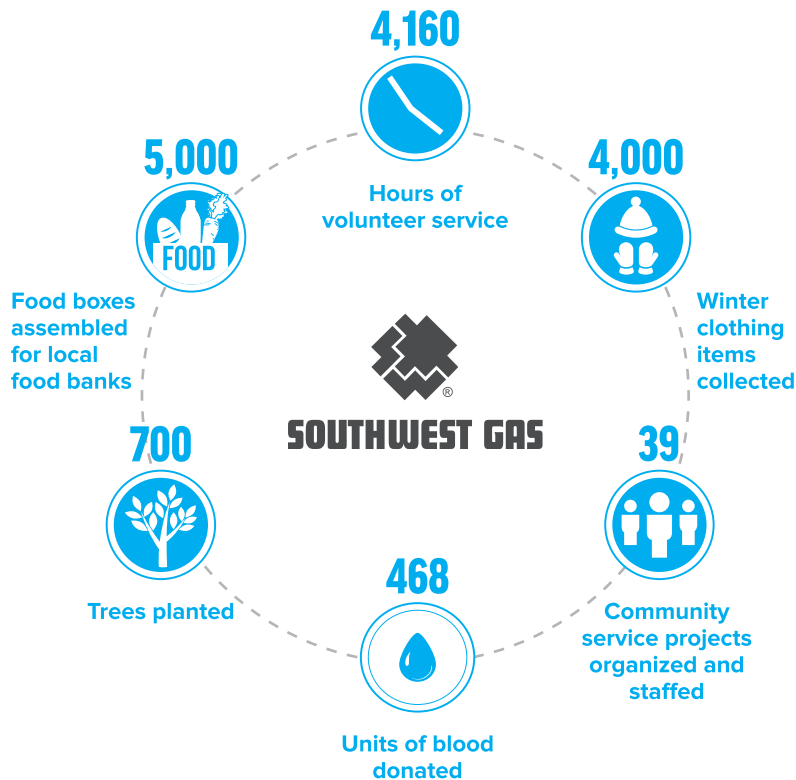
WE CAN HELP



Blue

Building Lives Up Everywhere

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



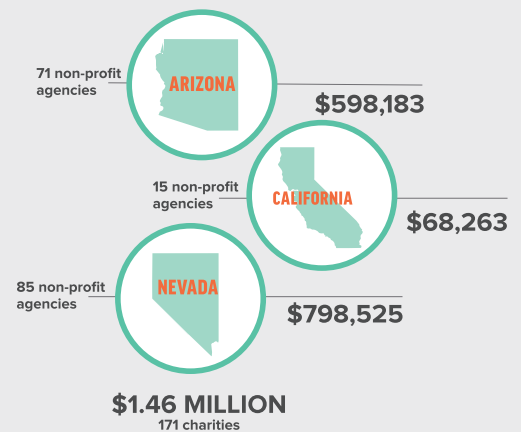
A FEW OF OUR BLUE PARTNER AGENCIES

- 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

At Southwest Gas, giving back to the communities we serve has been ingrained in our company culture since we started. *Fuel for Life* is a way for our employees to contribute to local non-profit organizations either by making a one-time gift or via ongoing payroll deduction. Since *Fuel for Life*'s inception, employees have responded enthusiastically and provide direct financial support to non-profit organizations throughout the company's service territories. Countless lives have been positively affected by the generosity of Southwesters, and we plan on continuing that legacy.

2015 PLEDGE BREAKDOWN BY STATE



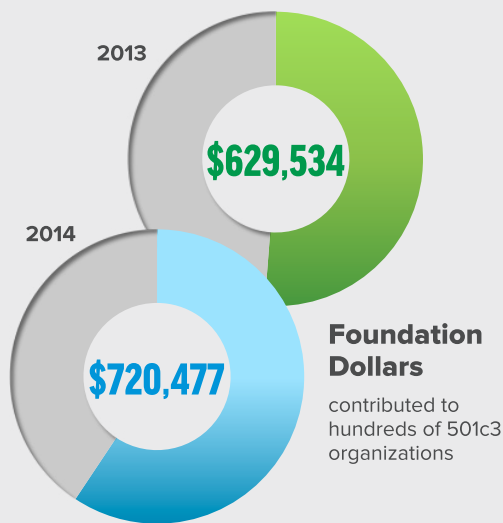
AVERAGE GIFT per donor



67% Employee Participation Rate
**actual pledge*



We're committed to assisting non-profit organizations that provide unique and invaluable services in the communities we serve. The Southwest Gas Foundation supports a variety of charitable 501(c)(3) organizations throughout the local community and helps contribute to the quality of life across all of our service territories.



PARTNERSHIPS & AWARDS —

Southwest Gas was honored to receive recognition from organizations doing great work in our communities:

Vegas Inc. Angel Awards

Vegas Inc. for Philanthropic Business of the Year

Governor's Point of Light Awards

NV Volunteer for Corporate Volunteer Program

Heart of Hope Award

Catholic Charities of Southern Nevada

Founder's Award

Candlelighters

Spirit of Victor Valley Award

Victor Valley Chamber of Commerce's inaugural Accolade Awards



BOYS & GIRLS CLUB
OF TUCSON

"Southwest Gas' *Fuel for Life* program has knocked it out of the park for the Boys and Girls Club of Tucson."

"Receiving this gift on an ongoing basis from the employee giving campaign has made all of the difference to over 5,000 kids of Tucson. The clubs provide not only a safe place to go for any kid who needs it, but also invests in their futures by offering programs that support their graduations from high school, the importance of healthy lifestyles, and the investment in community service. 100% of programming at the clubs is funded by the generosity of others. The recent commitment from Southwest Gas is the largest such gift that the clubs have ever received through a campaign such as *Fuel for Life*. I want to personally acknowledge the employees by acknowledging this wonderful gift that will be put towards operating our clubs, which, in short, invest in the future of this community through our kids. Thank you!"

LINDA WOJTOWICZ

Chief Executive Officer
Boys and Girls Club of Tucson



St. Mary's
Food Bank
ALLIANCE®

"Southwest Gas helps St. Mary's Food Bank provide tens of thousands of meals to hungry people living right here in our communities. Sadly, 1 in 3 children; 1 in 5 adults and 1 in 7 seniors don't know if they will have dinner tonight. Every \$1 donated to St. Mary's provides 7 meals to the hungry. Southwest Gas has been a generous supporter of St. Mary's Food Bank for the last 28 years and through donations from employees and the foundation, more than 850,000 meals have been provided."

LISA GOIN, CFRE

Chief Development and Communications Officer
St. Mary's Food Bank Alliance



"Carson Animal Services Initiative (CASI) is incredibly grateful to Southwest Gas and the *Fuel for Life* Program for your support of our community and its homeless pets. The connection between Southwest Gas employees and the success of non-profits such as CASI cannot be underestimated. It is collaborations such as the one we have that truly encompasses CASI's motto of "Building Shelter, Building Community." On behalf of CASI and the animals we serve, thank you Southwest Gas *Fuel for Life*! You are helping CASI make a real difference in the lives of animals."

LISA SCHUETTE

Chair Woman
CASI

Public Safety & Emissions

PIPELINE SYSTEM INTEGRITY
ENVIRONMENTAL MANAGEMENT
DAMAGE PREVENTION PROGRAM



PIPELINE SYSTEM INTEGRITY

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.

Our relatively new distribution piping system is 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

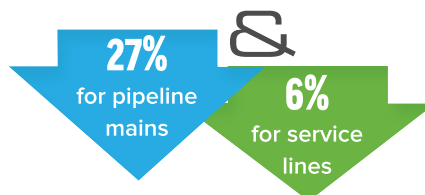
Additionally, in keeping with our core focus on pipeline safety, actions required to maintain a safe and reliable system are:



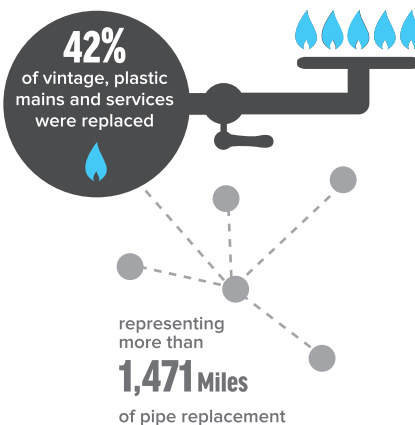
- Identified
- Prioritized
- Executed

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 by:



This is due to a concerted effort to maintain, upgrade, and modernize our pipeline network to enhance safety. During this same time frame, Southwest replaced 42% of its vintage plastic distribution main and service lines.



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

ENVIRONMENTAL MANAGEMENT

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. have decreased to levels **36 - 70%** lower than the current U.S. EPA inventory.



Emissions decreased during the same time 600,000 miles of distribution mains and service lines were added nationwide.



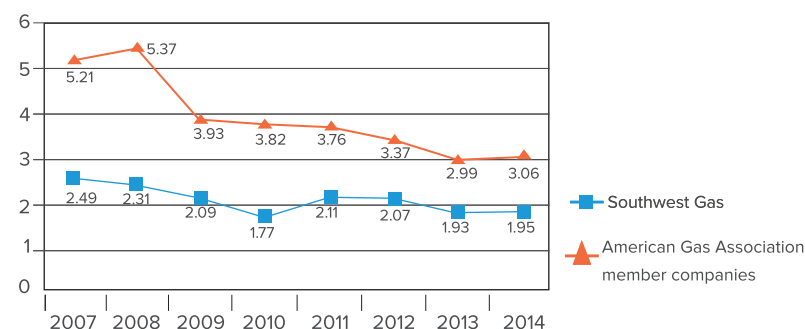
Conservation & Energy Efficiency



DAMAGE PREVENTION PROGRAM

Southwest Gas has a proactive pipeline damage prevention program, which includes training for excavators and a public awareness campaign that provides education on how to identify pipeline locations before excavating. We also work with pipeline safety inspectors in Arizona, California, and Nevada to reduce the number and severity of excavation damages. These efforts have been successful in reducing the number of excavation damages over the years.

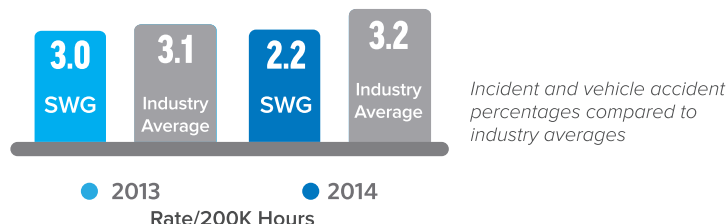
REPORTABLE ACCIDENT FREQUENCY RATES TOTAL COMPANY 10-YEAR COMPARISON



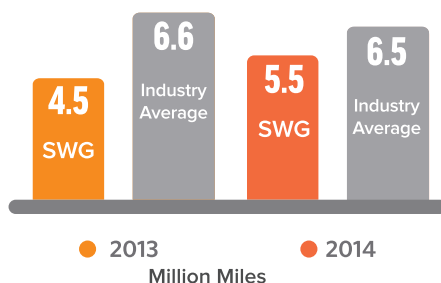
INCIDENTS & ACCIDENTS

Southwest Gas' employee safety efforts have continued to achieve a sustained reduction in on-the-job injuries. On-going safety initiatives have taken place with the goal of fostering an accident- and injury-free work environment.

OSHA RECORDABLE INCIDENTS



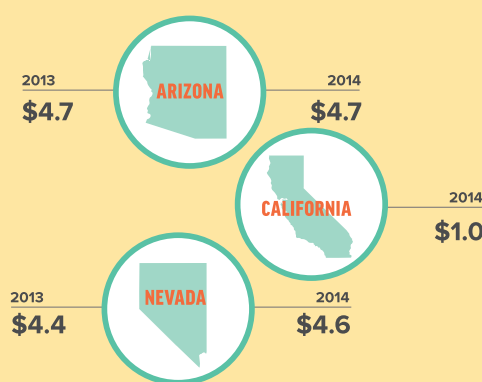
REPORTABLE VEHICLE ACCIDENTS



CONSERVATION & ENERGY EFFICIENCY (CEE)

For 2013, Arizona and Nevada state regulators approved Southwest Gas budgets of approximately **\$9.1 million** for Conservation and Energy Efficiency (CEE) programs. Southwest Gas launched its California programs in 2014, and had approximately **\$10.3 million** authorized for CEE programs in Arizona, California, and Nevada for that year, saving approximately **10.9 million therms** of energy annually.

10.9 Million Therms
Saved Energy Annually



ENERGY EFFICIENCY

Our energy conservation programs are designed to help customers conserve energy and money through the use of energy-efficient equipment.

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

To learn more, visit:
<http://www.swgasliving.com/content/energy-efficiency-rebates>

Our Fleet

FUEL COMPARISON



OUR FLEET

While continuously managing a fleet of more than 1,500 vehicles companywide, Southwest Gas 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 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 alternative fueled vehicles (AFVs) wherever and whenever appropriate. By using Natural Gas Vehicles (NGVs) and AFVs **Southwest Gas reduces greenhouse gas emissions and fuel costs, up to**

20-28%

annually, over diesel and gasoline

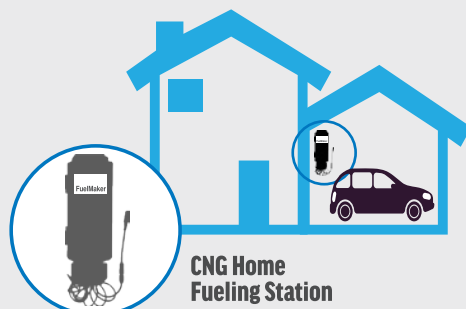
Additionally, more than 100 new CNG vehicles owned by Southwest Gas partners have been put on the road in the past year, and with the announcement of new technologies, that number is sure to increase dramatically.

In the business sector, the conversion to compressed natural gas (CNG) vehicles continues to rise. Questar Fueling and EVO CNG have each built new CNG fueling stations in the central and west sides of Phoenix.

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, AutoNation Chandler, and Honda, 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.



FUEL COMPARISON

The nationwide price differential per gallon between CNGs vehicles and those that operate on either gasoline or diesel:



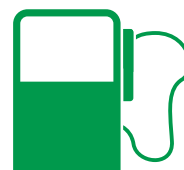
Average price per gallon - Gasoline equivalent

\$2.09 CNG

\$2.39 GASOLINE

13% SAVINGS

Fuel comparison as of October 2015



Average price per gallon - Diesel equivalent

\$2.37 CNG

\$2.52 DIESEL

6% SAVINGS



Our Facilities



OUR FACILITIES

Southwest Gas implements environmentally friendly and conservation efforts such as:

- Recycling
- Responsible disposal
- Energy conservation
- Water conservation
- Campus air quality management

When planning new building projects, Southwest shapes a sustainable future by incorporating energy-efficient measures such as:

- Energy-efficient windows
- Solar panels
- Window coverings
- Xeriscape
- Skylights

Future initiatives under consideration include:

- Conducting energy audits of Southwest's facilities
- Evaluation of rainwater collection systems

Our current efforts to conserve energy include:

- Replacing T-12 fluorescent lighting
- Installing and programming lighting controls, occupancy sensors, and light harvesting sensors
- Installing computerized Heating, Ventilating, and Air Conditioning (HVAC) control systems
- Utilizing exterior lights controlled by astronomical clock

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 bills on recycled paper.

Sustainable Accomplishments



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

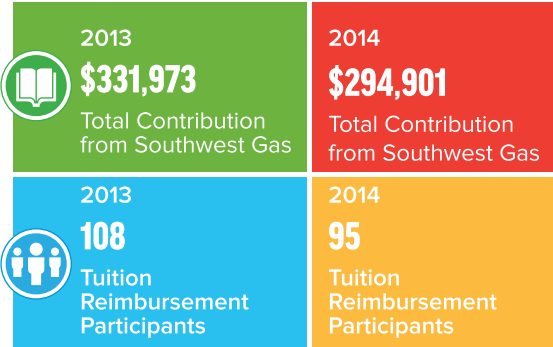
Our Employees

- EDUCATION ASSISTANCE PROGRAM
- LAUB SCHOLARSHIP PROGRAM
- MILITARY LEAVE
- HEALTHBEAT WELLNESS PROGRAM



EDUCATION ASSISTANCE PROGRAM

Our Employee Education Assistance Program provides equal reimbursement up to **\$5,250** for approved undergraduate and graduate degrees. Covered expenses equal tuition, registration costs, book expenses, and lab fees.



Southwest Gas is proud to support the educational pursuits of motivated employees like Ken Briggs!



Ken Briggs
Director of
Application Services

“Southwest Gas’ Educational Assistance program is one of the best benefits the company has to offer...I will always be grateful to Southwest Gas for the encouragement to pursue my educational dreams, and for the support of the Educational Assistance program.”

EARNED DEGREES

- Applied Science degree in Computer Information Technology from College of Southern Nevada, 2005.
- Bachelor of Science degree in Business Administration from University of Nevada Las Vegas (UNLV), 2010.
- Candidate for Masters of Business Administration from Colorado State University online.

BENEFITS

- Broadened technical knowledge and obtained Microsoft certification that enhanced my support capabilities
- Gained foundational business knowledge in areas such as Accounting, Finance, Communication, and Business Law
- Improved communication skills and ability to manage people, budgets, and contracts
- Enhanced ability to interact with various levels of Division and Corporate management
- Advanced knowledge in several business disciplines and sharpened leadership, communication, and problem-solving skills
- Increased appreciation for the role of Information Services as a customer-focused support group, and that the technology we develop, implement, and maintain is intended to enable operational activities and support the core business of Southwest Gas

LAUB SCHOLARSHIP PROGRAM

College-bound children of Southwesters are eligible for scholarship opportunities. Each year, our Laub Scholarship Program awards 24 students with a \$1,500 scholarship, which can be renewed for three subsequent years. That’s a \$36,000 annual investment in a brighter future for everyone.



SCHOLARSHIP BENEFITS

- **24** Annual Awardees
- **\$1,500** Per Awardee Annually
- **\$36,000** Annually Investment

NOTEWORTHY ACHIEVEMENTS

- The first scholarships were awarded in 1982. There were two recipients that year; Gretchen Bakkenson and David de los Santos. David went on to become a physician.
- Since the inception of the program, 23 employees have had more than one child receive the scholarship.
- In 2009, a set of triplets received the award. All three boys attended Notre Dame and graduated in 2013—one Suma cum laude, one Magna cum laude, and the other with a 3.5 GPA.



MILITARY LEAVE

There's no greater service than that of our men and women in the Armed Forces. Southwest Gas currently employs seven individuals who serve as military reservists. Through our **Military Leave Program** they receive full pay from Southwest Gas in addition to their reserve pay when they take leave for training. For active-duty employees on a long-term assignment, Southwest Gas pays the difference between their military and Southwest Gas salaries.



"When the Army requires me to be on duty, Southwest Gas provides peace of mind by ensuring that my income level remains the same, which allows me to remain confident in my ability to provide for my family. In one word, that's 'amazing!' Through this program, work scheduling assistance, and the 'Statement of Support for the Guard and Reserve' I am proud to tell my peers that Southwest Gas has my back!"

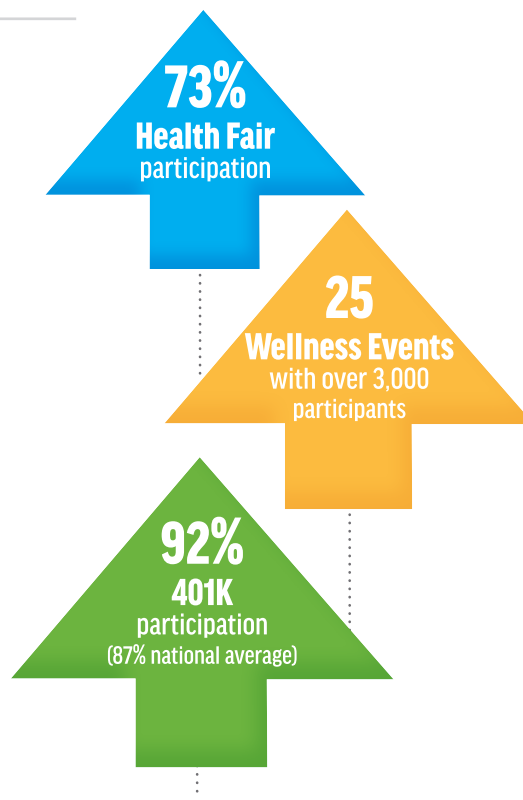
Nick Miller
Analyst II, Business Technology Support
Army Reserve - SGT
Quartermaster of Chemical Equipment and Repairer

HEALTHBEAT WELLNESS PROGRAM

Through Southwest Gas' employee **Healthbeat Wellness Program**, employees are given a variety of tools and resources to help maintain a healthy lifestyle. From tobacco cessation programs to personal health screenings, to an individual wellness coach, Southwest Gas is serious about employee health and wellness.

Healthbeat is free to all employees and frequently provides annual incentives for participation in annual checkups or other wellness events.

Southwest Gas is also proud to help employees prepare for a healthy financial future through participation in our 401K plan. With a participation rate that's five percent above the national average, employees are better able to sustain, maintain, and enjoy their retirement years.



Thank you for your continued support and interest in Southwest Gas and the impact we have on our communities and the environment. We're pleased to continue sharing company values and thrive in the communities we serve. We look forward to sharing our company performance over the years to come as we strive to maintain the highest level of excellence.



SOUTHWEST GAS

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