

Supplier Diversity

2017 REPORT • 2018 PLAN

2017 FUEL PROCUREMENT REPORT • 2018 FUEL PROCUREMENT PLAN



SOUTHWEST GAS

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SUPPLIER DIVERSITY™

Growing Opportunities
Powered by Southwest Gas

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A MESSAGE FROM JOHN P. HESTER

President and Chief Executive Officer



Southwest Gas Corporation recognizes the value of a diverse business environment and is committed to increasing opportunities for minority-, women-, disabled veteran-, and lesbian, gay, bisexual and transgender owned businesses.

Supplier diversity is a core business strategy at Southwest Gas as it supports our mission to provide safe and reliable natural gas service to customers and contributes to the well-being of our communities. As President and CEO, I am

proud to share our 2017 Supplier Diversity Annual Report and 2018 Annual Plan.

For the twelfth consecutive year, Southwest Gas has surpassed the goals established in General Order 156. As highlighted in this report, procurement with California Clearinghouse-Verified diverse suppliers during 2017 was over \$27.5 million, or approximately 69% of our total California procurement. This Annual Report describes and underscores our dedication and efforts to promote increased opportunities for diverse suppliers thereby enhancing the value we provide to our customers, employees, shareholders, and communities.

We have long known that having a supplier base reflective of our communities supports our ability to remain competitive while contributing to healthier and more vibrant local economies. Southwest Gas intends to increase momentum in 2018 by emphasizing supplier diversity within our Company initiatives focusing on customer satisfaction and enhancements, infrastructure building, and outreach activities.

I am proud of Southwest Gas' longtime commitment to supplier diversity, and look forward to continued collaboration to advance diversity and inclusion within our businesses and communities.

Sincerely,

A handwritten signature in black ink that reads "John P. Hester". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

John P. Hester

President and Chief Executive Officer
Southwest Gas Corporation

2017

Executive Summary

Southwest Gas Corporation (Southwest Gas or Company), a multi-jurisdictional utility headquartered in Las Vegas, Nevada, provides natural gas service to over two million customers in California, Arizona and Nevada. The Company's California service territories are located in Placer, El Dorado, Nevada, and San Bernardino counties. Southwest Gas serves approximately 194,000 customers in California representing 10% of the Company's overall operations.

For the twelfth consecutive year, Southwest Gas has surpassed the 21.5 percent minimum goal established by General Order (GO) 156 for procurement with California Clearinghouse-Verified diverse suppliers. In 2017, Southwest Gas' procurement with Clearinghouse-Verified diverse suppliers in support of California operations was **\$27,573,643**, or **69%** of the Company's total California procurement.

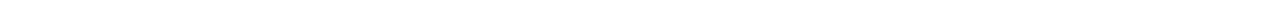
Southwest Gas' commitment to advance supplier diversity extends beyond our California service territories. In 2017, Southwest Gas spent an additional **\$165,935,175** with Clearinghouse-Verified diverse suppliers in support of the Company's Arizona and Nevada operations.

Southwest Gas' Supplier Diversity Program (Program) accomplishments in 2017 reflect the Company's ongoing commitment to offer opportunities for women; minority; lesbian, gay, bisexual and transgender (LGBT); and disabled veteran-owned business enterprises.

Below is a summary of Southwest Gas' procurement activity for 2017:

	California		Arizona and Nevada		Total
Minority Men	\$	2,612,393	\$	17,601,662	\$ 20,214,055
Minority Women	\$	1,189,922	\$	17,226,086	\$ 18,416,008
Total Minority Business Enterprise (MBE)	\$	3,802,315	\$	34,827,748	\$ 38,630,063
Women Business Enterprise (WBE)	\$	23,771,328	\$	131,107,427	\$ 154,878,755
Subtotal Women, Minority Business Enterprise (WMBE)	\$	27,573,643	\$	165,935,175	\$ 193,508,818
Disabled Veteran Business Enterprise (DVBE)		-		-	-
Total Clearinghouse-Verified WMDVBE Procurement	\$	27,573,643	\$	165,935,175	\$ 193,508,818
Total California Procurement	\$	39,964,345			
% Clearinghouse-Verified Procurement		69.00%			

2017 ANNUAL REPORT



9.1.1

Supplier Diversity Program Activities

Internal Activities

Southwest Gas has long recognized that the success of its Supplier Diversity Program is largely reliant on internal awareness, communication and promotion of supplier diversity at all Company levels and within each area of operation. Throughout 2017, Program staff continued to bolster internal Program awareness and expanded opportunities for diverse suppliers. Program strategies included:

- Strengthening relationships with internal business units and encouraging decision makers to include diverse suppliers in all bid opportunities;
- Encouraging supply chain personnel to actively participate in supplier diversity conferences, workshops and events;
- Conducting presentations and promoting supplier diversity initiatives at various committee, department and management meetings;
- Identifying qualified diverse suppliers through partnerships with regional organizations and diverse chambers of commerce with an emphasis on areas of traditionally lower utilization;
- Meeting regularly with internal stakeholders to enhance their awareness of business trends and issues impacting diverse suppliers;
- Working closely with internal business units to ensure prompt payments to diverse suppliers; and
- Assisting business units with the identification of diverse suppliers for potential bid opportunities.

External Outreach Activities

Throughout 2017, Southwest Gas advanced Program initiatives through outreach and collaboration with organizations that support the business and professional development of diverse suppliers. Southwest Gas participated in and/or sponsored the following outreach activities through various local and national supplier diversity organizations:

Outreach Activities

- American Indian Chamber of Commerce Expo, Rancho Mirage, CA
- CPUC Business Expo, Los Angeles, CA
- CPUC Business Expo, Redding, CA
- High Desert Hispanic Chamber of Commerce Meeting, Victorville, CA
- Long Beach Gay & Lesbian Chamber of Commerce Meeting, Long Beach, CA
- Veterans in Business Conference, Palm Springs, CA
- WBEC-WEST Procurement Opportunity Conference, Valley Center, CA

Regulatory Participation

- Joint Utilities Quarterly Meeting, Sacramento, CA
- Joint Utilities Quarterly Meeting, Downing, CA
- Joint Utilities Quarterly Meeting, San Diego, CA

Hearings

- 15th Annual GO 156 Supplier Diversity En Banc, Pomona, CA

Media Outreach

Southwest Gas continued to increase awareness of the Supplier Diversity Program and identify prospective diverse suppliers through various media publications. In 2017, Southwest Gas sponsored ads in the following publications:

- American Indian Achievement Awards event booklet
- Asian Entrepreneur of the Year Awards event booklet
- Long Beach Gay and Lesbian Chamber of Commerce business directory
- Veterans in Business Conference program booklet
- WBEC-WEST Procurement Opportunity Conference program booklet

9.1.2

Results by Ethnicity

Annual Results by Ethnicity-Prime Contracting and Subcontracting

Ethnicity		Direct	Sub	Total \$	%
Minority Male	Asian Pacific American	\$ 749,016	\$ -	\$ 749,016	1.87%
	African American	\$ 1,813,476	\$ -	\$ 1,813,476	4.54%
	Hispanic American	\$ 49,901	\$ -	\$ 49,901	0.12%
	Native American	\$ -	\$ -	\$ -	0.00%
	Other	\$ -	\$ -	\$ -	0.00%
Total Minority Male		\$ 2,612,393	\$ -	\$ 2,612,393	6.54%
Minority Female	Asian Pacific American	\$ 161,528	\$ -	\$ 161,528	0.40%
	African American	\$ 1,152	\$ -	\$ 1,152	0.00%
	Hispanic American	\$ 1,026,447	\$ 950,007	\$ 1,976,454	4.95%
	Native American	\$ 794	\$ -	\$ 794	0.00%
	Other	\$ -	\$ -	\$ -	0.00%
Total Minority Female		\$ 1,189,922	\$ 950,007	\$ 2,139,928	5.35%
Total Minority Business Enterprise (MBE)		\$ 3,802,315	\$ 950,007	\$ 4,752,321	11.89%
Women Business Enterprise (WBE)		\$ 22,821,322	\$ -	\$ 22,821,322	57.10%
Lesbian, Gay Bisexual, Transgender Business Enterprise (LGBTBE)		\$ -	\$ -	\$ -	0.00%
Disabled Veteran Business Enterprise (DVBE)		\$ -	\$ -	\$ -	0.00%
Other 8(a)*		\$ -	\$ -	\$ -	0.00%
TOTAL WMDVLGBTBE		\$ 26,623,636	\$ 950,007	\$ 27,573,643	69.00%
Net Procurement**		\$ 39,964,345			

NOTE: * FIRMS CLASSIFIED AS 8(a) OF SMALL BUSINESS ADMINISTRATION INCLUDES NON-WMDVLGBTBE
 ** NET PROCUREMENT INCLUDES PURCHASE ORDER, NON-PURCHASE ORDER, AND CREDIT CARD DOLLARS
 Direct - DIRECT PROCUREMENT
 Sub - SUBCONTRACTOR PROCUREMENT
 % - PERCENTAGE OF NET PROCUREMENT

TABLE 9.1.2 (A)

9.1.2

Products and Services

Procurement by Product and Service Categories-Direct

Ethnicity			Product		Services		Total	
			\$	%	\$	%	\$	%
Minority Male	Asian Pacific American	Direct	\$ 749,016	37.32%	\$ -	0.00%	\$ 749,016	2.72%
	African American	Direct	\$ -	0.00%	\$ 1,813,476	7.09%	\$ 1,813,476	6.58%
	Hispanic American	Direct	\$ -	0.00%	\$ 49,901	0.20%	\$ 49,901	0.18%
	Native American	Direct	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%
	Other	Direct	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%
Total Minority Male		Direct	\$ 749,016	37.32%	\$ 1,863,377	7.29%	\$ 2,612,393	9.47%
Minority Female	Asian Pacific American	Direct	\$ 161,528	8.05%	\$ -	0.00%	\$ 161,528	0.59%
	African American	Direct	\$ 1,152	0.06%	\$ -	0.00%	\$ 1,152	0.00%
	Hispanic American	Direct	\$ 1,026,447	51.14%	\$ -	0.00%	\$ 1,026,447	3.72%
	Native American	Direct	\$ 741	0.04%	\$ 53	0.00%	\$ 794	0.00%
	Other	Direct	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%
Total Minority Female		Direct	\$ 1,189,869	59.29%	\$ 53	0.00%	\$ 1,189,922	4.32%
Total Minority Business Enterprise (MBE)		Direct	\$ 1,938,885	96.61%	\$ 1,863,430	7.29%	\$ 3,802,315	9.51%
Women Business Enterprise (WBE)		Direct	\$ 68,123	3.39%	\$ 23,703,205	92.71%	\$ 23,771,328	59.48%
Lesbian, Gay Bisexual, Transgender Business Enterprise (LGBTBE)		Direct	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%
Disabled Veteran Business Enterprise (DVBE)		Direct	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%
Other 8(a)*		Direct	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%
TOTAL WMDVLGBTBE		Direct	\$ 2,007,008	7.28%	\$ 25,566,634	92.72%	\$ 27,573,643	69.00%
Total Product Procurement \$		\$ 2,007,008						
Total Service Procurement \$		\$ 25,566,634						
Net Diverse Procurement		\$ 27,573,643						
Net Procurement**		\$ 39,964,345	TABLE 9.1.2 (B)					
Total Number of WMDVLGBTBEs that Received Direct Spend			14					

TABLE 9.1.2 (B)

NOTE: * FIRMS CLASSIFIED AS 8(a) OF SMALL BUSINESS ADMINISTRATION INCLUDES NON-WMDVLGBTBE
 ** NET PROCUREMENT INCLUDES PURCHASE ORDER, NON-PURCHASE ORDER, AND CREDIT CARD DOLLARS
 Direct - DIRECT PROCUREMENT
 Sub - SUBCONTRACTOR PROCUREMENT
 % - PERCENTAGE OF NET PROCUREMENT

9.1.2

Products and Services

Procurement by Product and Service Categories-Subcontracting

Ethnicity			Product		Services		Total		
			\$	%	\$	%	\$	%	
Minority Male	Asian Pacific American	Direct	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	
	African American	Direct	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	
	Hispanic American	Direct	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	
	Native American	Direct	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	
	Other	Direct	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	
Total Minority Male		Direct	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	
Minority Female	Asian Pacific American	Direct	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	
	African American	Direct	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	
	Hispanic American	Direct	\$ -	0.00%	\$ 950,007	3.72%	\$ 950,007	2.38%	
	Native American	Direct	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	
	Other	Direct	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	
Total Minority Female		Direct	\$ -	0.00%	\$ 950,007	3.72%	\$ 950,007	2.38%	
Total Minority Business Enterprise (MBE)			Direct	\$ -	0.00%	\$ 950,007	3.72%	\$ 950,007	2.38%
Women Business Enterprise (WBE)			Direct	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%
Lesbian, Gay Bisexual, Transgender Business Enterprise (LGBTBE)			Direct	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%
Disabled Veteran Business Enterprise (DVBE)			Direct	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%
Other 8(a)*			Direct	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%
TOTAL WMDVLGBTBE			Direct	\$ -	0.00%	\$ 950,007	3.72%	\$ 950,007	2.38%
Total Product Procurement \$		\$ 2,007,008							
Total Service Procurement \$		\$ 25,566,634							
Net Diverse Procurement		\$ 27,573,643							
Net Procurement**		\$ 39,964,345							
Total Number of WMDVLGBTBEs that Received Direct Spend			14						

TABLE 9.1.2 (C)

NOTE: * FIRMS CLASSIFIED AS 8(a) OF SMALL BUSINESS ADMINISTRATION INCLUDES NON-WMDVLGBTBE
 ** NET PROCUREMENT INCLUDES PURCHASE ORDER, NON-PURCHASE ORDER, AND CREDIT CARD DOLLARS
 Direct - DIRECT PROCUREMENT
 Sub - SUBCONTRACTOR PROCUREMENT
 % - PERCENTAGE OF NET PROCUREMENT

9.1.2

Product and Services – Standard Industrial Classification Code Reporting

Standard Industrial Classification Code Reporting

Pursuant to Decision (D.) 05-12-023, Southwest Gas reports diverse supplier procurement results by Standard Industrial Classification (SIC) Code.

The following is a list of SIC codes and detailed descriptions of the products and/or services that Southwest Gas obtained from Clearinghouse-Verified diverse suppliers throughout 2017. These SIC codes are also utilized in the table on the following page, which provides a breakdown of the dollars spent in each category.

SIC Code	Code Description	Product or Service Provided
13	Pipe Testing	Utility Protection Service
16	Underground Utility Contractor	Underground Utility Contractor
23	Apparel & Other Finished Products	Protection Clothing
34	Fabricated Metal Products	Valves and Pipe Fittings, NEC
48	Communications	Communication Services
50	Wholesale Trade Durable Goods	Industrial supplies, including meter paint and coating. Electrical apparatus and equipment wiring suppliers and construction materials.
73	Business Services	Computer Integrated Systems Design & Computer Related Services, Guard Services
87	Engineering & Management Services	Pipeline Engineering Services
89	Services, NEC	Interior Plant Design

9.1.2

Annual Results by Product and Service Categories Prime Contractor by SIC Codes

SIC Category	Asian Pacific American		African American		Hispanic American		Native American		Minority Business Enterprise (MBE)	Women Minority Business Enterprise (WMBE)	Lesbian, Gay, Bisexual, Transgender Business Enterprise (LGBTBE)	Disabled Veteran Business Enterprise (DVBE)	Other 8(a)**	Total WMDVLGBTBE	Total Dollars	
	Male	Female	Male	Female	Male	Female	Male	Female								
	\$	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 429,476	\$ -	\$ -	\$ -	\$ 429,476	\$ 429,476
13 - Pipe Testing	%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.07%	0.00%	0.00%	0.00%	1.07%	1.07%
	\$	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23,255,159	\$ -	\$ -	\$ -	\$ 23,255,159	\$ 23,255,159
16 - Underground Utility Contractor	%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	58.19%	0.00%	0.00%	0.00%	58.19%	58.19%
	\$	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,024	\$ -	\$ -	\$ -	\$ 1,024	\$ 1,024
23 - Apparel & Other Finished Products	%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
	\$	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 80,268	\$ -	\$ -	\$ -	\$ 80,268	\$ 80,268
34 - Fabricated Metal Products	%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.20%	0.00%	0.00%	0.00%	0.20%	0.20%
	\$	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 463	\$ -	\$ -	\$ -	\$ 463	\$ 463
48 - Communications	%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
	\$	\$ 749,016	\$ 161,528	\$ -	\$ 1,152	\$ -	\$ 1,026,447	\$ -	\$ -	\$ 1,938,144	\$ -	\$ -	\$ -	\$ -	\$ 1,938,144	\$ 1,938,144
50 - Wholesale Trade Durable Goods	%	1.87%	0.40%	0.00%	0.00%	0.00%	2.57%	0.00%	0.00%	4.85%	0.00%	0.00%	0.00%	0.00%	4.85%	4.85%
	\$	\$ -	\$ -	\$ -	\$ -	\$ 49,901	\$ -	\$ -	\$ 794	\$ 50,695	\$ -	\$ -	\$ -	\$ -	\$ 50,695	\$ 50,695
73 - Business Services	%	0.00%	0.00%	0.00%	0.00%	0.12%	0.00%	0.00%	0.00%	0.13%	0.00%	0.00%	0.00%	0.00%	0.13%	0.13%
	\$	\$ -	\$ -	\$ 1,813,476	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,813,476	\$ -	\$ -	\$ -	\$ -	\$ 1,813,476	\$ 1,813,476
87 - Engineering & Management Services	%	0.00%	0.00%	4.54%	0.00%	0.00%	0.00%	0.00%	0.00%	4.54%	0.00%	0.00%	0.00%	0.00%	4.54%	4.54%
	\$	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,938	\$ -	\$ -	\$ -	\$ 4,938	\$ 4,938
89 - Services, NEC	%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.01%	0.00%	0.00%	0.00%	0.01%	0.01%
	\$	\$ 749,016	\$ 161,528	\$ 1,813,476	\$ 1,152	\$ 49,901	\$ 1,026,447	\$ -	\$ 794	\$ 3,802,315	\$ 23,771,328	\$ -	\$ -	\$ -	\$ 27,573,643	\$ 27,573,643
	%	1.87%	0.40%	4.54%	0.00%	0.12%	2.57%	0.00%	0.00%	9.51%	59.48%	0.00%	0.00%	0.00%	69.00%	69.00%
Total Product Procurement \$		\$	2,007,008													
Total Service Procurement \$		\$	25,566,634													
Net Procurement***		\$	39,964,345													

TABLE 9.1.2 (D)

NOTE: *FIRMS WITH MULT MINORITY OWNERSHIP STATUS

**FIRMS CLASSIFIED AS 8(a) OF SMALL BUSINESS ADMINISTRATION INCLUDES NON-WMDVLGBTBE

***NET PROCUREMENT INCLUDES PURCHASE ORDER, NON-PURCHASE ORDER, AND CREDIT CARD DOLLARS

TOTAL DOLLARS - TOTAL PROCUREMENT DOLLAR AMOUNT IN THE SPECIFIC SIC CATEGORY

% - PERCENTAGE OF TOTAL DOLLARS

9.1.2

Annual Results by Suppliers' Gross Revenue Size

Data on Number of Suppliers

#WMDVLGBTBs	Revenue Reported to CHS						Utility - Specific 2017 Summary					
	MBE	WBE	LGBTBE	DVBE	Other 8(a)*	Grand Total	MBE	WBE	LGBTBE	DVBE	Other 8(a)*	Grand Total
Under \$1 million	3	0	0	0	0	3	5	6	0	0	0	11
Under \$5 million	0	3	0	0	0	3	2	0	0	0	0	2
Under \$10 million	0	0	0	0	0	0	0	0	0	0	0	0
Above \$10 million	4	4	0	0	0	8	0	1	0	0	0	1
Total	7	7	0	0	0	14	7	7	0	0	0	14

Revenue and Payment Data

#WMDVLGBTBE \$M	Revenue Reported to CHS						Utility - Specific 2017 Summary					
	MBE	WBE	LGBTBE	DVBE	Other 8(a)*	Grand Total	MBE	WBE	LGBTBE	DVBE	Other 8(a)*	Grand Total
Under \$1 million	\$ 1,200,000	\$ -	\$ -	\$ -	\$ -	\$ 1,200,000	\$ 962,391	\$ 516,169	\$ -	\$ -	\$ -	\$ 1,478,561
Under \$5 million	\$ -	\$ 4,329,339	\$ -	\$ -	\$ -	\$ 4,329,339	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Under \$10 million	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,839,923	\$ -	\$ -	\$ -	\$ -	\$ 2,839,923
Above \$10 million	\$513,717,822	\$302,511,694	\$ -	\$ -	\$ -	\$816,229,516	\$ -	\$ 23,255,159	\$ -	\$ -	\$ -	\$ 23,255,159
Total	\$514,917,822	\$306,841,033	\$ -	\$ -	\$ -	\$821,758,855	\$ 3,802,315	\$ 23,771,328	\$ -	\$ -	\$ -	\$ 27,573,643

NOTE: * FIRMS CLASSIFIED AS 8(a) OF SMALL BUSINESS ADMINISTRATION INCLUDES NON-WMDVLGBTBE
CHS: SUPPLIER CLEARINGHOUSE

TABLE 9.1.2 (E)

9.1.2

WMDVLGBTBEs with California Majority Workforce

Based on available information, approximately 60 percent of Southwest Gas' Clearinghouse-Verified diverse suppliers have a majority of their workforce in California.

9.1.3

Annual Program Expenses

Expense Category	2017
Wages	\$ 61,642
Other Employee Expenses	\$ 4,865
Program Expenses	\$ 1,006
Reporting Expenses	\$ -
Training	\$ -
Consultants	\$ -
Other (Includes participation and/or sponsorship and outreach activities, i.e. trade fairs, awards events, etc.)	\$ 27,024
Total	\$ 94,537

9.1.4

Annual Results and Goals

In 2017, procurement with Clearinghouse-Verified diverse suppliers reached more than \$27.5 million dollars. This represents 69 percent of the Company's total procurement in California. While this exceeds our targeted overall procurement goal of 40 percent and the CPUC's goal of 21.5 percent, Southwest Gas will continue to work towards achieving the goals in each individual category.

Category	2017 Results	Goals
Minority Men	6.5%	7.5%
Minority Women	3.0%	7.5%
Minority Business Enterprise (MBE)	9.5%	15.0%
Women Business Enterprise (WBE)	59.5%	5.0%
Lesbian, Gay, Bisexual, Transgender Business Enterprise (LGBTBE)	0.0%	0.0%
Disabled Veteran Enterprise (DVBE)	0.0%	1.5%
Total WMDVLGBTBE	69.0%	21.5%

9.1.5

Prime and Subcontracting Utilization of Diverse Suppliers

Southwest Gas encourages prime contractors to provide opportunities to diverse subcontractors throughout their supply chains. In 2017, diverse subcontracting procurement by prime contractors increased to \$950,007, including engagement of a woman- and Hispanic-owned subcontractor on various Company projects.

	Minority Male	Minority Female	Minority Business Enterprise (MBE)	Women Business Enterprise (WBE)	Lesbian, Gay, Bisexual, Transgender Business Enterprise (LGBTBE)	Disabled Veteran Business Enterprise (DVBE)	Other 8(a)*	Total WMDVLGBTBE
Direct \$	\$ 2,612,393	\$ 1,189,922	\$ 3,802,315	\$ 22,821,322	\$ -	\$ -	\$ -	\$ 26,623,636
Subcontracting \$	\$ -	\$ -	\$ -	\$ 950,007	\$ -	\$ -	\$ -	\$ 950,007
Total \$	\$ 2,612,393	\$ 1,189,922	\$ 3,802,315	\$ 23,771,328	\$ -	\$ -	\$ -	\$ 27,573,643
Direct %	6.54%	2.98%	9.51%	57.10%	0.00%	0.00%	0.00%	66.62%
Subcontracting %	0.00%	0.00%	0.00%	2.38%	0.00%	0.00%	0.00%	2.38%
Total %	6.54%	2.98%	9.51%	59.48%	0.00%	0.00%	0.00%	69.00%
Net Procurement** \$ 39,964,345								

NOTE: * FIRMS CLASSIFIED AS 8(a) OF SMALL BUSINESS ADMINISTRATION INCLUDES NON-WMDVLGBTBE
 ** NET PROCUREMENT INCLUDES PURCHASE ORDER, NON-PURCHASE ORDER, AND CREDIT CARD DOLLARS
 Direct - DIRECT PROCUREMENT
 Sub - SUBCONTRACTOR PROCUREMENT
 % - PERCENTAGE OF NET PROCUREMENT

9.1.6

Diverse Supplier Complaints

Southwest Gas did not receive any formal supplier diversity-related complaints during 2017.

9.1.7

Recruitment Efforts in Low-Utilization Areas

Financial Services

Southwest Gas has developed and continues to build relationships with diverse investment banks. This effort has resulted in diverse investment banks participating as co-managers in the Company's last three public debt offerings in 2012, 2013 and 2016. In addition, Southwest Gas continues to utilize and seeks additional diverse suppliers for lease financing opportunities and investment management for employee benefit plans. Southwest Gas has also employed a diverse supplier as an asset manager of its 401k plan since 2002.

Legal Services

Southwest Gas is committed to diversity and inclusion in all aspects of its business, including the procurement of legal services. In 2017, Southwest Gas engaged the services a woman-owned law firm for a significant project. Southwest Gas will work with the firm to obtain certification as a Clearinghouse-Verified diverse supplier. In addition, the Company continues to provide additional opportunities for women, LGBT and minority attorneys in non-diverse law firms. A number of women and minority attorneys who are members/partners of majority-owned law firms serve as lead counsel representing Southwest Gas in a wide range of legal matters. The Company remains dedicated to meeting its legal needs utilizing women, LGBT and minority-owned attorneys and law firms, and will continue to promote diversity within the legal services field.

9.1.8

Document Retention

Pursuant to GO 156, Southwest Gas retains all data in preparing its annual report for a minimum of three years.

9.1.9

Renewable and Non-Renewable Energy

Southwest Gas' fuel procurement is reflected in the Company's 2017 Annual Fuel Procurement Report. The Company did not have any renewable energy procurement in 2017.

2018 ANNUAL PLAN

10.1.1

Goals

Southwest Gas is steadfast in its commitment to meet or exceed the requirements of GO 156 and will continue to expand our diverse supplier base through targeted outreach and strengthening partnerships with key stakeholders. Southwest Gas' 2018 diverse procurement goal is 43%. As reflected below, the Company's short, mid- and long-term product and service category goals mirror GO 156. Southwest Gas will strive to increase LGBTBE procurement and modify future goals based on performance.

Southwest Gas			
Overall WMDVLGBTBE Procurement Goal			
43%			

Products

Short-Term 2018			
MBE	WBE	LGBTBE	DVBE
15.00%	5.00%	TBD	1.50%

Mid-Term 2020			
MBE	WBE	LGBTBE	DVBE
15.00%	5.00%	TBD	1.50%

Long-Term 2022			
MBE	WBE	LGBTBE	DVBE
15.00%	5.00%	TBD	1.50%

Services

Short-Term 2018			
MBE	WBE	LGBTBE	DVBE
15.00%	5.00%	TBD	1.50%

Mid-Term 2020			
MBE	WBE	LGBTBE	DVBE
15.00%	5.00%	TBD	1.50%

Long-Term 2022			
MBE	WBE	LGBTBE	DVBE
15.00%	5.00%	TBD	1.50%

10.1.2

Description of Planned Program Activities

Internal Outreach Activities

In 2018, Supplier Diversity Program staff will renew efforts to identify and develop diverse suppliers and further enhance the Program by focusing on:

- Expanding the role of supplier diversity by building on Program strengths and creating positive experiences for internal stakeholders;
- Promoting Program awareness and providing training opportunities for Company personnel;
- Refining Program plans, policies, and procedures to incorporate the most up-to-date supplier diversity best practices and provide solutions to concerns or challenges faced by diverse businesses;
- Continuing efforts to educate and engage internal business units on the inclusion of LGBTBEs in supplier diversity goals and bid opportunities;
- Meeting regularly with internal business units to ensure prompt payments to diverse suppliers; and
- Training for Program staff to enhance supplier diversity knowledge and increase technical abilities.

External Outreach Activities

- Southwest Gas will continue integrating the requirements of Assembly Bill 1678 into its Supplier Diversity Program by identifying LGBTBEs, in accordance with D.15-06-007.
- Southwest Gas plans to identify additional qualified diverse suppliers in areas of lower-utilization through partnerships with regional organizations and diverse chambers of commerce.
- Southwest Gas will form new relationships and collaborate with business organizations that promote the Supplier Diversity Program and sponsor technical and capacity building training for diverse businesses.

10.1.2

Planned Program Activities Internal and External

Organizations
American Indian Chamber of Commerce of California
Apple Valley Chamber of Commerce
Barstow Chamber of Commerce
Big Bear Chamber of Commerce
California Black Chamber of Commerce
California Hispanic Chamber of Commerce
Hesperia Chamber of Commerce
High Desert Hispanic Chamber of Commerce
Long Beach Gay & Lesbian Chamber of Commerce
Los Angeles Gay & Lesbian Chamber of Commerce
National Association of Minority Contractors
Disabled Veteran Business Alliance
Southern California Minority Supplier Development Council
Tahoe Chamber
Veterans In Business Network
Victorville Chamber of Commerce
Western Regional Minority Supplier Development Council
Women's Business Enterprise Council — West

10.1.3

Plans for Recruiting Diverse Suppliers in Low-Utilization Areas

Each year, Southwest Gas evaluates contract and procurement spend to identify opportunities to grow our relationships with diverse suppliers. Program staff will work with internal business units to find ways to increase diverse spend, with specific focus on areas of traditionally lower utilization. In 2018, Southwest Gas will continue these efforts and seek out diverse businesses using the following approaches:

- Utilize proven technology and innovative methods to identify and reach diverse businesses in Southwest Gas' service territories;
- Develop and strengthen relationships with LGBT, Native American and disabled veteran business enterprises; and
- Create opportunities to bring together diverse firms and Southwest Gas decision makers at networking events.

Additionally, Southwest Gas will expand efforts to pursue diverse business relationships in low and under-utilized areas within our service territories by:

- Collaborating with other California utilities to conduct outreach events targeting diverse businesses in areas of low and under-utilization; and
- Partnering with and supporting business organizations and chambers of commerce that provide development programs for diverse businesses in low and under-utilized areas.

10.1.4

Plans for Recruiting Diverse Suppliers Where Unavailable

Southwest Gas' relatively limited service territories in California present certain challenges to the recruitment of local diverse suppliers. The Company plans to offer procurement opportunities to diverse suppliers in communities beyond our service territories, to include Northern California and the Inland Empire in Southern California.

10.1.5

Plans for Encouraging Prime Contractors to Engage Diverse Subcontractors

Southwest Gas' Supplier Diversity Program brings Program staff, contract administrators, operation managers, project leads, and prime contractors together to review projects and develop plans to increase opportunities for diverse subcontractors. Program staff will continue to encourage prime contractors to support the Company's Supplier Diversity Program employing the following strategies:

- Communicate with prime contractors and assist with identifying diverse subcontractors;
- Participate in project planning and pre-bid meetings to ensure diverse supplier participation in bid opportunities;
- Invite prime contractors to attend networking events with Southwest Gas contract personnel and potential diverse subcontractors; and
- Provide educational and training opportunities to potential diverse subcontractors.

10.1.6

General Order 156 Compliance

Southwest Gas will continue to adhere to the guidelines as established in GO 156 to achieve overall Supplier Diversity Program success and further increase diverse supplier procurement. Southwest Gas will also collaborate with diverse supplier trade organizations to identify qualified diverse suppliers in low and under-utilized areas.

2017 ANNUAL FUEL PROCUREMENT REPORT
AND
2018 ANNUAL PLAN

2017 Annual Fuel Procurement Report and 2018 Annual Plan



In 2017, Southwest Gas purchased a total of \$6,715,097 in natural gas supplies from a Clearinghouse-Verified diverse supplier. However, those purchases were not made to support the Company's California operations. Southwest Gas remains focused and committed to including diverse businesses in its gas supply solicitations.

Current Market Conditions

The Company's Gas Supply Department secures natural gas supplies to serve the Company's sales customers in California, Nevada and Arizona. The Company meets its sales customers' demands through a combination of firm contract purchases, monthly spot market purchases, and daily spot market purchases. The Company purchases gas supplies in the most economic manner from a wide variety of sources and an ever-changing number potential suppliers. Southwest Gas acquires the necessary gas supplies on a competitive price basis, also taking into consideration the reliability and assured performance of potential gas suppliers, as well as the reliability of the actual sources of supply. Diverse suppliers have an opportunity to compete directly with the Company's other natural gas suppliers. Southwest Gas has a longstanding commitment to doing business with diverse suppliers and will do so whenever possible and economic.

Southwest Gas actively solicits both firm and spot market gas supply offers from diverse suppliers. Whether daily, monthly or long term, the Company encourages diverse suppliers to participate when it seeks offers for natural gas supplies. Generally, Southwest Gas receives responses to its solicitation programs from various diverse suppliers, some of whom become successful in the competitive process. Though multiple diverse suppliers participated in the Company's 2017 gas supply portfolio solicitations,

those suppliers' bids for the Company's California supply portfolio were not selected because they were not the best-cost option available.

Outreach Efforts

The Company's Gas Supply Department reviewed proposals from prospective diverse natural gas suppliers and provided potential suppliers with information and opportunities to participate in all bidding programs. In addition, Southwest Gas fielded calls directly from prospective suppliers, accepted referrals from existing industry contacts, and pursued contacts forwarded by Program staff.

Southwest Gas also sponsored a biannual supplier meeting to which it invited all eligible suppliers, including diverse suppliers. During this supplier meeting, Company representatives helped educate suppliers on the Company's solicitation processes and how best to become a successful participant in those solicitations. Gas Supply employees further participated in various energy industry organizations, subscribed to numerous industry publications, and regularly attended and participated in industry conferences and workshops.

Recruiting Diverse Suppliers in Low-Utilization Areas

Southwest Gas did not purchase natural gas supplies from a Clearinghouse-Verified diverse supplier to support its California operations in 2017.

9.1.11

Annual Energy Product Results by Ethnicity & WMDVLGBTBE Suppliers

Annual Energy Product Results by Ethnicity and WMDVLGBTBE Certification

(All dollar figures in \$MM)

Product ¹		Unit	Results by Ethnicity & Gender												Results by WMDVLGBTBE Certification					Total WMDVLGBTBE	Total Procurement Spend
			Asian Pacific American			African American			Hispanic American			Native American			Minority Business Enterprise (MBE)	Women Business Enterprise (WBE)	Lesbian, Gay, Bisexual, Transgender Business Enterprise (LGBTBE)	Disabled Veteran Business Enterprise (DVBE)	Other 8(a) ³		
			Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Total	Total	Total	Total	Total		
NATURAL GAS	SHORT TERM	\$	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
		%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0%
	LONG TERM	\$	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
		%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0%
	Total Natural Gas	\$	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
		%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0%
LPG	SHORT TERM	\$	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
		%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0%
	LONG TERM	\$	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
		%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0%
	Total LPG	\$	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
		%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0%
	Overall Total \$		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Overall Total %		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	Overall WMDVLGBTBE%:	0.0%

Note:

Short Term Gas - For terms 91 days or less

The term of the deal is no longer than one calendar month

Long Term Gas - The term of the deal is greater than one calendar month but less than 1 calendar year

¹Excludes purchases from the CAISO, other IOUs, utilities, Federal entities, State entities, Municipalities and cooperatives

⁴Firms with multi-minority ownership status

³Includes Non-WMDVLGBT firms classified as 8(a) of Small Business Administration

% - percentages calculated by the Row Category Total Procurement Spend

Supplier Diversity Program Fuel Procurement Annual Plan for 2018

In 2018, the Company's Gas Supply Department will continue to identify and develop new diverse supplier relationships and promote participation by diverse suppliers in Southwest Gas' various natural gas supply bid opportunities. Additionally, Gas Supply employees will continue to meet with diverse supplier representatives as needed to discuss natural gas supply requirements, existing supply arrangements, and settlements for gas purchased. Southwest Gas will again sponsor a biannual supplier meeting to include diverse suppliers. Southwest Gas will continue to welcome and work with Clearinghouse-Verified diverse natural gas suppliers that offer cost-competitive natural gas supplies to the Company.