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Broad Support

- Southwest Gas and a broad group of stakeholders, including Commission Staff, the Residential Utility Consumer Office, Arizona Community Action Association, and the Property Owners and Residents Association of Sun City West reached agreement in this case.
- The base rate adjustment was approved by the Arizona Corporation Commission in April 2017.

1.09%

YEAR

approximately 1.3¢/day increase on average

2

How is it going to affect my bill?

- Average residential customer bills will increase 1.1% annually, or approximately 40 cents per month.
- There are no changes to the basic service charge or rate design.
- Eligibility for the Low Income Rate Assistance program will increase to 200 percent of Federal Poverty Level – allowing more customers to participate.

40¢

MONTH

approximately 40¢/month increase on average

ARIZONA RATE ADJUSTMENT

Southwest Gas recently received approval of a base rate adjustment, the first in five years. The rate adjustment allows the Company to continue investing in Arizona and serving the natural gas needs of our customers.

3

Customer Protection

- The Company's decoupling mechanism is being renamed the Delivery Charge Adjustment Provision (DCA) and is simplified to have one annual adjustment that financially protects both customers and the company by ensuring the Company only recovers the delivery charges approved by the Commission – no more; no less.
- The Company will not file another rate case prior to May 1, 2019.



4

Investing in Arizona

- An expanded Customer Owned Yardline (COYL) program will allow a more targeted, systematic approach to COYL replacements and is expected to increase the replacement rate.
- A new Vintage Steel Pipe (VSP) replacement program will facilitate the accelerated replacement of VSP in Arizona. This project enhances public safety with a proactive approach to replace aging infrastructure while offering rate protection to customers through a reasonable cap on rate adjustments.

\$783 Million

INVESTED

more than \$783 million since 2012



SOUTHWEST GAS