

SOUTHWEST GAS CORPORATION

BEFORE THE PUBLIC UTILITIES COMMISSION OF NEVADA

In the Matter of the Application of  
Southwest Gas Corporation for Authority to  
Increase its Retail Natural Gas Utility  
Service Rates in its Southern and Northern  
Nevada Rate Jurisdictions.

Docket No.: 26-03 \_\_\_\_

**VOLUME 4 of 13**

Testimony

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IN THE MATTER OF  
SOUTHWEST GAS CORPORATION  
DOCKET NO. 26-03\_\_\_\_

PREPARED DIRECT TESTIMONY  
OF  
AMY L. TIMPERLEY

ON BEHALF OF  
SOUTHWEST GAS CORPORATION

March 17, 2026

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of  
Amy L. Timperley

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BEFORE THE PUBLIC UTILITIES COMMISSION OF NEVADA

Prepared Direct Testimony  
of  
Amy L. Timperley

**I. INTRODUCTION**

**Q. 1 Please state your name and business address.**

A. 1 My name is Amy L. Timperley. My business address is 8350 S. Durango Drive,  
Las Vegas, Nevada 89113.

**Q. 2 By whom and in what capacity are you employed?**

A. 2 I am employed by Southwest Gas Corporation (Southwest Gas or Company). My  
title is Senior Vice President/Chief Regulatory, Public Affairs, & Gas Resources  
Officer.

**Q. 3 Please summarize your educational background and relevant business  
experience.**

A. 3 My educational background and relevant business experience are summarized  
in Appendix A to this testimony.

**Q. 4 Have you previously testified before any regulatory commission?**

A. 4 Yes. I have previously testified before the Public Utilities Commission of Nevada  
(Commission).

**Q. 5 What is the purpose of your prepared direct testimony in this proceeding?**

A. 5 The purpose of my prepared direct testimony is to provide an overview of the  
Company's request in this proceeding and provide a description of the primary  
reasons for the margin deficiencies in the Company's Northern Nevada and  
Southern Nevada rate jurisdictions since Southwest Gas' last general rate case

1 (GRC) filed more than two years ago<sup>1</sup>. I will discuss how the Company's focus  
2 on prudent cost management has translated to customer bills that are  
3 comparable to those from approximately twenty years ago, when adjusted for  
4 inflation. Importantly, I provide information on the affordability of the service  
5 Southwest Gas provides to its customers in Nevada. I also present key metrics  
6 relevant to this case which demonstrate the reasonableness of the proposed cost  
7 of service to establish rates in support of the Company's operations and to  
8 provide the Company an opportunity—not a guarantee—to earn its Commission-  
9 authorized rate of return. Finally, I will discuss Southwest Gas' continued focus  
10 on the presentation of its GRC applications and the pre-filing cost of service  
11 analysis performed.

12 **Q. 6 Please summarize your prepared direct testimony.**

13 **A. 6** My prepared direct testimony consists of the following key topics:

- 14 • Overview of the Company;
- 15 • The Company's authorized margin requested and the Identification of  
16 the primary reasons for the margin deficiencies in the Company's Northern  
17 Nevada and Southern Nevada rate jurisdictions;
- 18 • Discussion of the Company's operations and maintenance expense  
19 per customer and a comparison to its peers;
- 20 • Discussion of the Company's focus on affordability of the energy  
21 service Southwest Gas provides to its customers in terms of their overall  
22 energy burden; and

23  
24  
25 

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<sup>1</sup> Docket No. 23-09012 based on a Test Year ended May 31, 2023, and Certification Period ended November 30, 2023.

- Discussion on the Company’s continued focus on, and the importance of, the cost of service analysis conducted in preparing the instant application.

**II. OVERVIEW OF THE COMPANY**

**Q. 7 Please provide an overview of Southwest Gas.**

A. 7 Southwest Gas has been proudly serving communities in Nevada, Arizona and California for 95 years with safe, reliable and sustainable energy. The Company currently serves nearly 2.3 million<sup>2</sup> customers across these three states and continues to experience strong customer growth throughout its service territories. The Company’s multi-state jurisdictional structure provides value to all customers of Southwest Gas by sharing the cost of system allocable costs (i.e., Corporate shared services) across six state-regulated jurisdictions and two interstate pipeline companies that may otherwise largely be borne by a single-rate jurisdiction. Southwest Gas’ natural gas distribution system in Nevada is comprised of approximately 286.5 miles of transmission pipeline<sup>3</sup>, approximately 9,719 miles of distribution main pipeline<sup>4</sup>, and approximately 7,273 miles of distribution service pipeline<sup>5</sup>, serving 14 counties in Northern and Southern Nevada. As of November 30, 2025<sup>6</sup>, Southwest Gas served 846,619 customers in Nevada—105,874 customers across 12 counties in its Northern Nevada rate jurisdiction and 740,745 customers in Clark County in its Southern Nevada rate jurisdiction. In just two months, the number of Nevada customers served has

<sup>2</sup> 2,270,445 as of November 30, 2025.

<sup>3</sup> Department of Transportation Pipeline and Hazardous Materials Safety Administration Annual Report for Calendar Year 2025 Natural and Other Gas Transmission and Gathering Systems, page 53 of 59, submitted March 13, 2026.

<sup>4</sup> Department of Transportation Pipeline and Hazardous Materials Safety Administration Annual Report for Calendar Year 2025 Gas Distribution System, page 1 of 4, submitted March 13, 2026.

<sup>5</sup> *Id.*; 752,995 services \* average service length of 51 feet (page 2 of 4) / 5,280 = 7,273.25

<sup>6</sup> End of the Test Year in the instant application.

grown to 849,564<sup>7</sup>. In Nevada, as of the end of the test year, 37,700 first-time meters have been set (FTMS) since May 2023, representing the extension of service and installation of a meter for the first time at a new premise. Southwest Gas also continues to advance Commission-approved expansion projects, including connecting new residential and commercial customers in Mesquite in Southern Nevada and extending service to the Spring Creek community in Northern Nevada. FTMS from June 2023 through November 2025 are included in Figure 1 below, along with total customers as of November 2025 by District in Figure 2.

**Figure 1**  
**Nevada First Time Meter Sets by District/Rate Jurisdiction**  
**June 2023 to November 2025**

Southern Nevada Rate Jurisdiction		Northern Nevada Rate Jurisdiction						Nevada
Mesquite	Southern Nevada	Tahoe	Carson	Elko	Winnemucca	Fallon/Fernley	Spring Creek	Total FTMS
633	33,168	129	2,341	194	71	637	527	37,700

**Figure 2**  
**Nevada Customers by District/Rate Jurisdiction**  
**As of November 2025**

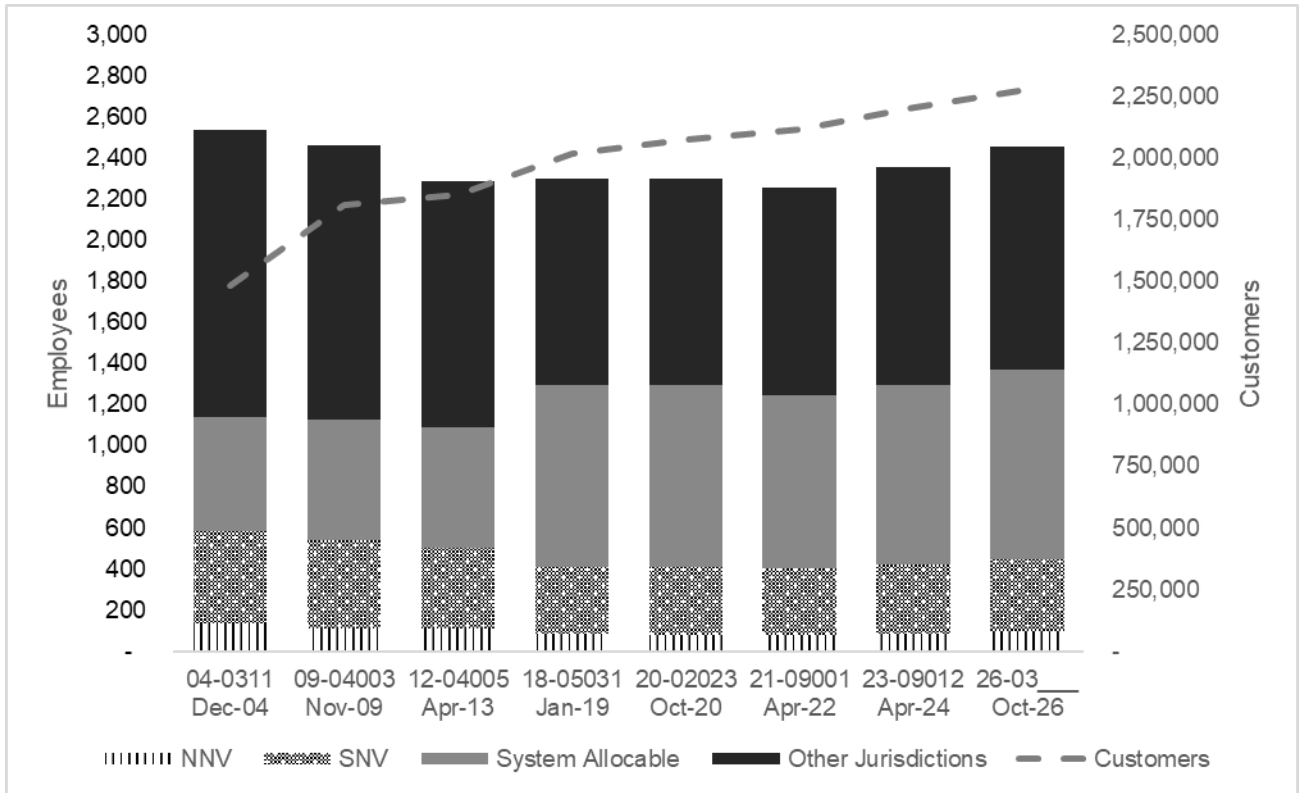
Southern Nevada Rate Jurisdiction		Northern Nevada Rate Jurisdiction						Nevada
Mesquite	Southern Nevada	Tahoe	Carson	Elko	Winnemucca	Fallon/Fernley	Spring Creek	Total Customers
1,302	739,443	11,904	54,130	9,744	6,719	22,644	733	846,619

Figure 3 below shows the customer growth the Company experienced over approximately twenty years and the number of employees supporting that growth over time. While the Company's customer base has increased by 796,515 or

<sup>7</sup> Customers as of January 31, 2026.

1 approximately 54% across all its service territories since 2003<sup>8</sup>, the number of  
 2 employees as of November 2025 has decreased by about 3% since that time.

3 **Figure 3**  
 4 **Total Company Employees and Customers Served**  
 5 **General Rate Cases Filed from 2004 to 2026<sup>9</sup>**



16  
 17 For the sixth year in a row, the Company ranked #1 in Customer Satisfaction with  
 18 Residential Natural Gas Service in the West among Large Natural Gas Utilities by  
 19 J.D. Power<sup>10</sup>. Southwest Gas also ranked second in the West on the J.D. Power  
 20 2025 Gas Utility Brand Appeal Index, with a brand appeal score 12 points higher  
 21

22 <sup>8</sup> Docket No. 04-0311 contemplated a test year end of September 2003.

23 <sup>9</sup> Employees included in the labor annualization in each docket shown. Number customers billed at the  
 24 end of each test year. Dates reflected are the rate effective month/year. Rates resulting from the instant  
 25 application anticipated to become effective October 2026. Organizational changes resulted in certain  
 functions being centralized at Corporate, resulting in a shift of employees from the Divisions to Corporate  
 (system allocable) in 2012.

<sup>10</sup><https://www.jdpower.com/business/press-releases/2025-us-gas-utility-residential-customer-satisfaction-study>.

1 than the previous year and 37 points above the regional average<sup>11</sup>. In 2025,  
2 Southwest Gas Holdings was included on TIME's list of America's Best Midsize  
3 Companies for the second year in a row.<sup>12</sup> These achievements are the direct  
4 result of the Company's employees and their commitment to meeting or exceeding  
5 customer expectations, as these relationships are at the core of everything we do.

6 The Company remains committed to positively impacting and  
7 enriching the communities in which its customers, business partners, and  
8 employees live and work by fostering a culture of giving and engagement. In  
9 2025, the Southwest Gas Foundation<sup>13</sup> donated more than \$1 million in Southern  
10 Nevada and over \$160,000 in Northern Nevada to various nonprofit  
11 organizations, while Nevada employees contributed more than \$1.2 million to  
12 local charities through the Company's FUEL for LIFE employee giving program.  
13 In addition, through Southwest Gas' Building Lives Up Everywhere (BLUE)  
14 volunteer program, employees contributed nearly 1,700 volunteer hours  
15 supporting communities throughout the Company's Nevada service area.

### 16 **III. PRIMARY REASONS FOR THE MARGIN DEFICIENCIES**

17 **Q. 8 Please summarize the Company's requested margin increase.**

18 **A. 8** The Company is requesting a statewide increase in authorized margin of  
19 approximately \$71.3 million. Of this amount, approximately \$66.3 million is an  
20 increase in the Southern Nevada rate jurisdiction and approximately \$4.97 million  
21 in the Northern Nevada rate jurisdiction. Company witness Kasey D. Bohannon  
22

23 <sup>11</sup> <https://www.jdpower.com/business/press-releases/2025-us-utility-brand-appeal-index-studies>.

24 <sup>12</sup> <https://www.swgasholdings.com/news-releases/news-release-details/time-recognizes-southwest-gas-holdings-best-mid-size-company>.

25 <sup>13</sup> 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 Company service territories. The amounts contributed are not recovered from customers.

1 sponsors the overall revenue requirement and deficiency calculation in her  
2 prepared direct testimony.

3 **Q. 9 How does this amount compare to the Company's request in its last GRC?**

4 A. 9 The \$71.3 million requested is generally comparable to, but slightly lower than,  
5 the approximate \$74 million requested in the Company's last GRC<sup>14</sup>.

6 **Q. 10 Please identify the primary reasons for Southwest Gas' margin deficiency  
7 in each rate jurisdiction.**

8 A. 10 The primary reasons for the Company's margin deficiency in both its Northern  
9 and Southern Nevada rate jurisdictions are: 1) changes in operations &  
10 maintenance expenses required to support the Company's ongoing operations;  
11 2) updated plant-in-service to reflect the Company's ongoing capital investments  
12 to ensure safe and reliable service and to support continued customer growth in  
13 Nevada; and 3) changes in the cost of capital.

14 **Q. 11 Please summarize the changes to the Company's cost of capital since its last  
15 GRC filed in Nevada.**

16 A. 11 In the Company's last Nevada GRC, the Commission established rates based on  
17 a target capital structure consisting of a 50.00% debt ratio and a 50.00% common  
18 equity ratio in both the Northern and Southern Nevada rate jurisdictions<sup>15</sup>. The  
19 Company requests the actual common equity ratio of 50.05% and 49.95% debt<sup>16</sup>  
20 be used to establish rates in this application. The Company also requests an  
21 improved return on common equity (ROE) of 10.00% relative to the common  
22 equity ratio for both rate jurisdictions, compared to the currently authorized ROE  
23

24 <sup>14</sup> Docket No. 23-09012 request at the time of the Company's certification filing.

25 <sup>15</sup> *Id* at page 13, paragraph 14.

<sup>16</sup> As of May 31, 2026, Statement F.

1 of 9.50%<sup>17</sup>. Although the comprehensive analysis conducted by Company  
2 witness Ann E. Bulkley indicates that a higher ROE would be warranted,  
3 Southwest Gas requests a ROE of 10.00%, which is just below the low end of  
4 the recommended range of 10.25%. The portion of the deficiency attributable to  
5 the change in ROE since the Company's last GRC is approximately \$865,000 in  
6 Northern Nevada and approximately \$6.9 million in Southern Nevada.

7 The Company's proposed actual cost of debt is 4.33% for Southern Nevada  
8 and 4.40% for Northern Nevada as presented by Company witness Justin S.  
9 Forsberg. The proposed cost of debt rates are lower than the cost of debt rates  
10 authorized in the Company's last GRC<sup>18</sup> (4.50% in Southern Nevada and 4.51%  
11 in Northern Nevada).

12 The impact on the margin deficiency attributable to the change in the cost  
13 of debt since the Company's last GRC is a decrease of approximately \$154,000  
14 in Northern Nevada and approximately \$1.9 million in Southern Nevada. The  
15 Company's proposed capital structure, requested ROE, and cost of debt are  
16 supported in the prepared direct testimonies of Ms. Bulkley and Mr. Forsberg.

17 **Q. 12 Please describe the amount included in the Company's request related to**  
18 **capital investments since the Company's last GRC.**

19 **A. 12** The Company continues to make investments in its operations to maintain safe  
20 and reliable service and to accommodate customer growth and continued  
21 demand for natural gas. Approximately \$47 million and \$435 million in capital  
22 investments have been placed into service in the Company's Northern Nevada  
23 and Southern Nevada rate jurisdictions, respectively, since the end of the

24 \_\_\_\_\_  
25 <sup>17</sup> Docket No. 23-09012 Order at page 31, paragraph 62.

<sup>18</sup> Docket No. 23-09012 Order at page 22, paragraphs 21 and 22.

1 certification period in the Company's last GRC, through November 2025.  
2 Southwest Gas estimates that additional capital investments of approximately  
3 \$22 million in Northern Nevada and approximately \$128 million in Southern  
4 Nevada will be placed into service through the certification period ending May 31,  
5 2026. These investments represent an estimated increase in rate base in  
6 Northern and Southern Nevada of approximately \$43 million and \$349 million,  
7 respectively. The Company's capital investments presented in this case are  
8 supported by the prepared direct testimonies of its witnesses, Thomas W. Cardin,  
9 Christopher R. Anderson, Keith A. Bacon, Matthew A. Helmers, Preston D.  
10 Weaklend, Christopher M. Brown and Raied N. Stanley.

11 **Q. 13 What is the revenue requirement impact of these capital investments?**

12 A. 13 In Northern Nevada, these investments account for roughly \$3.7 million<sup>19</sup> of the  
13 deficiency, and approximately \$27 million<sup>9</sup> in Southern Nevada. The Company's  
14 total revenue requirement is detailed and supported in the prepared direct  
15 testimony of its witness, Ms. Bohannon, along with supporting witnesses  
16 Randi L. Cunningham, Celine Louise R. Apo, and Charlene A. LaChica.

17 **Q. 14 Please describe the change in direct depreciation expense for Northern and**  
18 **Southern Nevada since the Company's last GRC.**

19 A. 14 In Northern Nevada, the annualized direct depreciation expense associated with  
20 the new plant additions described above has increased by approximately \$1.7  
21 million, based on the rates authorized in the last GRC. In Southern Nevada, the  
22 corresponding increase in annualized direct depreciation expense is

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24  
25 <sup>19</sup> Based on total rate base multiplied by the proposed pre-tax rate of return.

1 approximately \$12.8 million, also calculated using the rates approved in the last  
2 GRC.

3 **Q. 15 Please describe the change in system allocable depreciation expense since**  
4 **the Company's last GRC.**

5 A. 15 The total Company depreciation expense attributable to System Allocable  
6 investments since the last GRC decreased by approximately \$131,000, with  
7 roughly \$6,700 allocated to Northern Nevada and \$37,200 allocated to Southern  
8 Nevada.

9 **Q. 16 Is the Company proposing changes to its currently effective depreciation**  
10 **rates?**

11 A. 16 No. The Company submitted a depreciation study as part of its 2023 GRC  
12 application<sup>16</sup> and because it is required to file such a study at intervals not  
13 exceeding six years, in accordance with the requirements established by Nevada  
14 Administrative Code (NAC) 703.276, the Company has not included one in the  
15 instant application.

16 **Q. 17 Please summarize the change in the Company's operations & maintenance**  
17 **(O&M) and administrative & general (A&G) (collectively O&M or OMAG)**  
18 **expenses in the instant application compared to the level authorized in the**  
19 **Company's 2023 GRC.**

20 A. 17 The Company's O&M proposed in the instant application represents a total  
21 Nevada increase of approximately \$15.9 million. This amount is comprised of an  
22 approximate decrease in Northern Nevada of \$2.3 million and a \$18.2 million  
23 increase in Southern Nevada. Exhibit No.\_\_(ALT-1) shows this comparison by  
24 rate jurisdiction and function.

25

1 **Q. 18 Is there additional perspective you would like to add with respect to these**  
2 **changes?**

3 A. 18 Yes, specifically with respect to Southern Nevada. While the proposed level of  
4 O&M increased by approximately \$18.2 million or 14.2% since the Company's  
5 last GRC, the increase is lower than the \$21.4 million increase authorized in the  
6 Company's 2023 GRC, when compared to the level of O&M expense in the  
7 Company's 2021 GRC<sup>20</sup>. There are two adjustments totaling approximately  
8 \$5 million that are unique to this case and contributing to this increase:  
9 1) reflecting approximately \$4.9 million related to the Annual Leak Survey in  
10 O&M; and 2) incorporating approximately \$95,000 related to the Lamb Tap  
11 Expected Change in Circumstance Adjustment No. EC1. These adjustments are  
12 further supported in the prepared direct testimonies of Preston D. Weaklend,  
13 Celine Louise R. Apo and Thomas W. Cardin. The annualization of labor and  
14 benefits costs account for approximately \$3.7 million of the increase in O&M in  
15 Southern Nevada, which includes a certification adjustment to include wage  
16 increases that became effective in March 2026, as well as an increase in pension  
17 expense. Company witnesses Randi L. Cunningham, Albert Taylor, and Mr.  
18 Forsberg support the labor annualization, compensation & benefits, and pension  
19 expense, respectively.

20 . . .  
21 . . .  
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25 <sup>20</sup> Docket No. 21-09001.

1 **IV. O&M PER CUSTOMER PEER COMPARISON**

2 **Q. 19 Has the Company prepared a comparison of its O&M per customer to its**  
3 **peers?**

4 A. 19 Yes. The Company compiled its Peer Group<sup>21</sup> O&M per customer information  
5 for years 2021 through 2024. During this time, the Peer Group average O&M per  
6 customer ranged from \$159.78 to \$372.55, with Atmos Energy being the lowest  
7 and the average being \$266.54. Southwest Gas (Total Company) fell below the  
8 average at \$224.24 and was just shy of being the second lowest of the Peer  
9 Group during this period, which was an average O&M per customer of \$216.71.

10 **Q. 20 Have you evaluated the O&M per customer specific to the Company's**  
11 **Nevada jurisdictions?**

12 A. 20 Yes. As noted above, the 2021-2024 Peer Company average O&M per customer  
13 was \$266.54. During this same period, the average O&M per customer for  
14 Northern Nevada and Southern Nevada was \$247.96 and \$182.91, respectively  
15 – lower than the Peer Company average in both instances. In the instant  
16 application, the O&M per customer based on the Company's request is \$218.52  
17 in Northern Nevada and \$197.15 per customer in Southern Nevada, compared  
18 to \$252.32 and \$183.28, respectively, in the last GRC. In any given year during  
19 the 2021-2024 period, the Southern Nevada O&M per customer is lower than  
20 every Peer Group company, except for Atmos Energy. Northern Nevada O&M  
21 falls below four of the five Peer Group companies. Figure 4 below summarizes  
22 these comparisons, and the underlying data is provided in Exhibit No.\_\_(ALT-2).

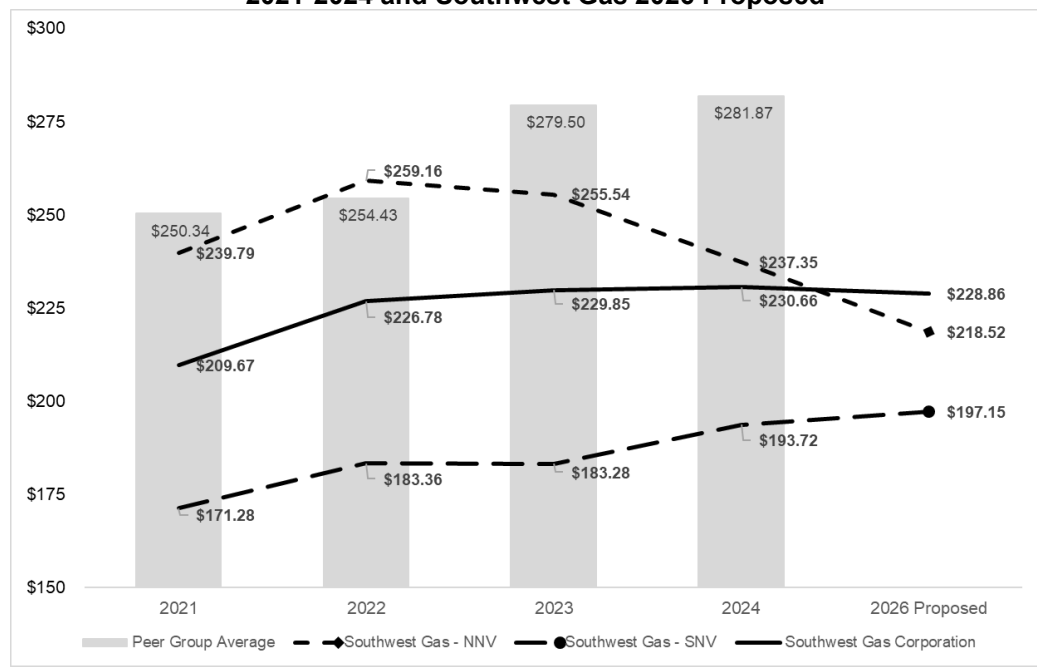
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<sup>21</sup> The Company used the same peer group used in Docket No. 23-09012.

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**Figure 4  
O&M Per Customer Comparisons  
Southwest Gas versus Peer Group Companies  
2021-2024 and Southwest Gas 2026 Proposed**



**Q. 21 Can the Company explain the differences in O&M per customer between its two Nevada rate jurisdictions?**

**A. 21** Yes. The Southern Nevada rate jurisdiction encompasses approximately seven times the number of customers as the Northern Nevada rate jurisdiction, enabling the embedded cost of service to be distributed across a significantly larger customer base. Additionally, Southern Nevada’s urban service area is far more densely populated than the Northern Nevada service area, which extends from the Nevada–California border in the Tahoe District to the northeastern region of the state in the Elko and Spring Creek Districts. In Southern Nevada, the Company serves approximately 1,131 customers per square mile versus 374 customers per square mile served in Northern Nevada.

1 | **Q. 22 Does the Company believe its requested level of OMAG expense is**  
2 | **reasonable?**

3 | A. 22 Yes. As shown on Exhibit No.\_\_(ALT-3), Sheet 1, in Northern Nevada, the  
4 | Company's recorded OMAG compound annual growth rate (CAGR) from 2022 –  
5 | November 2025 (test year-end) was approximately -6.5% compared to a 2023 –  
6 | November 2025 Consumer Price Index (CPI) CAGR of approximately 3.1%.  
7 | Exhibit No.\_\_(ALT-3), Sheet 2, in Southern Nevada shows the Company's  
8 | recorded OMAG CAGR from 2022 – November 2025 (test year-end) was 3.6%  
9 | compared to a 2023 – November 2025 CPI CAGR of 3.1%. Further, as  
10 | demonstrated later in my testimony and shown in Figures 5 and 6, the Company  
11 | has prudently managed its costs in line with inflation since 2003. The Company's  
12 | proposed OMAG in the instant application is reasonable and as demonstrated,  
13 | has been prudently managed over time and should be approved.

14 | **V. CUSTOMER AFFORDABILITY AND ENERGY BURDEN**

15 | **Q. 23 What is affordability?**

16 | A. 23 Southwest Gas views affordability in the context of providing natural gas service  
17 | to customers at an amount that reflects the Company's cost to serve that is  
18 | reasonable and sustainable for customers.

19 | **Q. 24 Is affordability subjective?**

20 | A. 24 It can be. What is affordable to one person may not be affordable for someone  
21 | else. Affordability is unique to each person, family or business and is not a one  
22 | size fits all proposition.

23 | ...

24 | ...

25 |

1 **Q. 25 Has Southwest Gas considered customer affordability as part of its**  
2 **proposed increase in the instant application?**

3 A. 25 Yes. Along with the growing demand for energy in the State, customer  
4 affordability is understandably top of mind for the Company's customers, its  
5 regulators and key stakeholders across the communities the Company serves.  
6 Providing safe, reliable and affordable natural gas service has always been, and  
7 continues to be, a priority for Southwest Gas. In preparing this application, the  
8 Company evaluated how to demonstrate the reasonableness and affordability of  
9 its cost of service and customer bills.

10 **Q. 26 Given the subjective nature of affordability and how Southwest Gas views**  
11 **affordability in the context of customer bills, how do you demonstrate**  
12 **affordability?**

13 A. 26 That is a foundational question that the Company set out to answer in preparation  
14 for its analysis of the affordability of its cost of service. Affordability is a word that  
15 is consistently referred to, whether in the news at a macroeconomic level or in  
16 regulatory proceedings. As such, it is critical to consider the relative meaning of  
17 affordability in the context of the Company's average residential bill for service  
18 given that the level of affordability is likely to carry different sensitivities across  
19 Southwest Gas' customer base. To formulate an analysis to help answer this  
20 question and demonstrate the affordability of the Company's cost of service, the  
21 Company undertook a multi-step analysis, which included: 1) a review of the  
22 Company's average residential Base Rates<sup>22</sup> yielded from GRCs since 2004 and  
23 proposed in the instant application; 2) research to determine a metric that is

24 \_\_\_\_\_  
25 <sup>22</sup> For purposes of this analysis, Base Rates includes the applicable Basic Service Charge and margin rate.

1 generally used to measure affordability; and 3) analysis of the Company's average  
2 bills measured by the affordability metric. I will discuss each of these steps and  
3 the result of the analysis in more detail below.

4 **Review of the Company's Average Residential Base Rates Since 2004**

5 **Q. 27 Why did the Company elect to perform this review for only residential**  
6 **customers?**

7 A. 27 Residential customers represent approximately 96% of the Company's customer  
8 base in Nevada, therefore, the Company believes it is appropriate to focus on the  
9 Company's residential customers for this review.

10 **Q. 28 Southwest Gas is a regulated utility. Does that mean that it is insulated from**  
11 **inflation and other external factors that are beyond its direct control?**

12 A. 28 No. While Southwest Gas is a regulated utility, it is not insulated from inflation or  
13 other external factors that impact its cost of service. Notwithstanding, Southwest  
14 Gas has been, and continues to be, focused on prudent cost management and  
15 managing its level of OMAG expenses comparable to the CPI via prudent cost  
16 management as previously demonstrated in my testimony.

17 **Q. 29 Why did the Company review average residential customer bills over the**  
18 **past 20 years as part of its affordability analysis?**

19 A. 29 As discussed previously, cost management and customer affordability remain a  
20 focus of Southwest Gas. The Company recognizes the importance of proving that  
21 by offering perspective to demonstrate the results of its cost management efforts  
22 and how it translates to residential customer bills over time. I present a  
23 comparison of the Company's actual OMAG expense to changes in the CPI to  
24 demonstrate the Company's longstanding focus on cost management, and how it  
25 translates to customer bills. In addition, I include a comparison of the average

1 Base Rates established in each of the Company's GRCs since 2004, which is  
2 presented in each nominal dollars and 2025 dollars (2025\$). The results of this  
3 analysis demonstrate that the Base Rates component of the Company's average  
4 residential customer bill has remained reasonably in line with inflation over time.

5 **Q. 30 Why did the Company limit its review to Base Rates?**

6 A. 30 Base Rates, comprised of the Basic Service Charge and the margin rate for  
7 purposes of this analysis, are the components of a customer's bill that is  
8 established in a GRC proceeding. Therefore, the Company believes Base Rates  
9 are the most relevant component of the customer bill for this comparison in the  
10 instant application.

11 **Q. 31 Is the Company proposing changes to the Basic Service Charge or other  
12 components of the current rate design?**

13 A. 31 No. Company witness Christopher M. Brown provides discussion and support for  
14 the Company's proposal to maintain the currently authorized Basic Service  
15 Charge and rate design, including the General Revenues Adjustment Provision in  
16 his prepared direct testimony.

17 **Q. 32 What results were yielded from the review and comparison of average  
18 residential Base Rates, in both nominal and 2025\$, over an approximate 20-  
19 year period?**

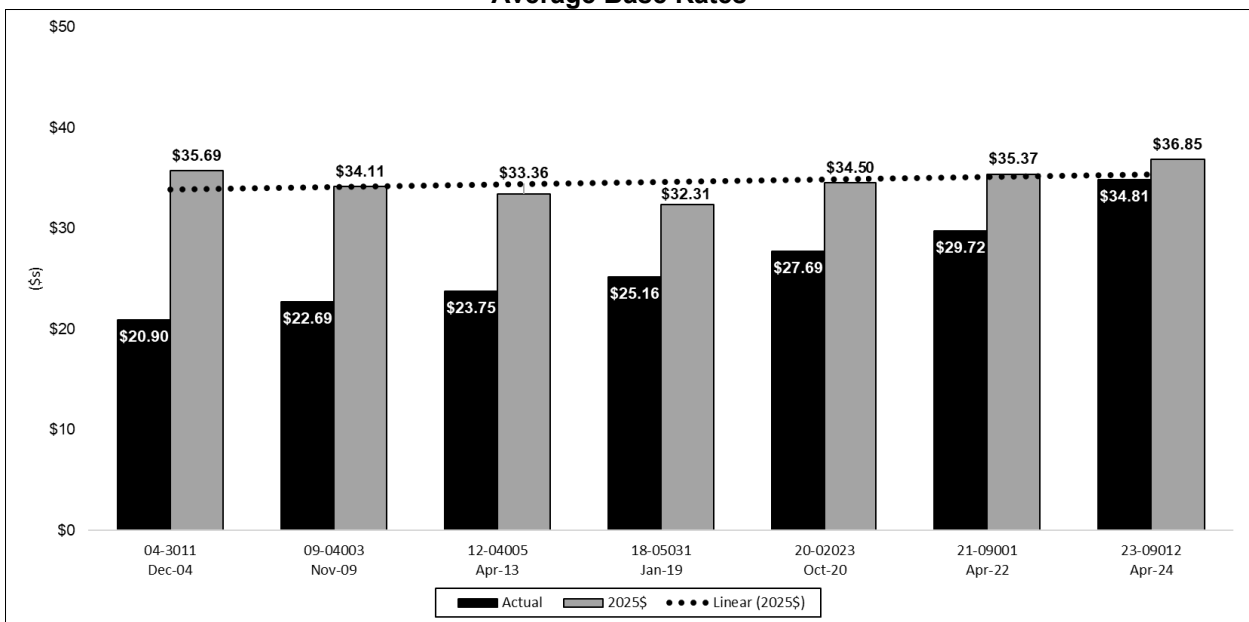
20 A. 32 The approximate 20-year historical review of average residential Base Rates  
21 yielded results that demonstrate the Company's consistent, prudent cost  
22 management. Comparisons for each rate jurisdiction are provided below.

23 **Southern Nevada**

24 As shown in Figure 5, the average Southern Nevada Single-Family Residential  
25 Base Rates resulting from the Company's 2004 GRC was \$20.90, which is

1 approximately \$35.69 in 2025\$. When you compare this to the \$34.81 in Base  
 2 Rates authorized in the Company's 2023 GRC in 2025\$, or approximately \$36.85  
 3 in 2025\$, it shows that the Company's cost of service in Southern Nevada has  
 4 remained relatively flat over this more than 20-year period, as demonstrated by  
 5 the trendline in Figure 5.

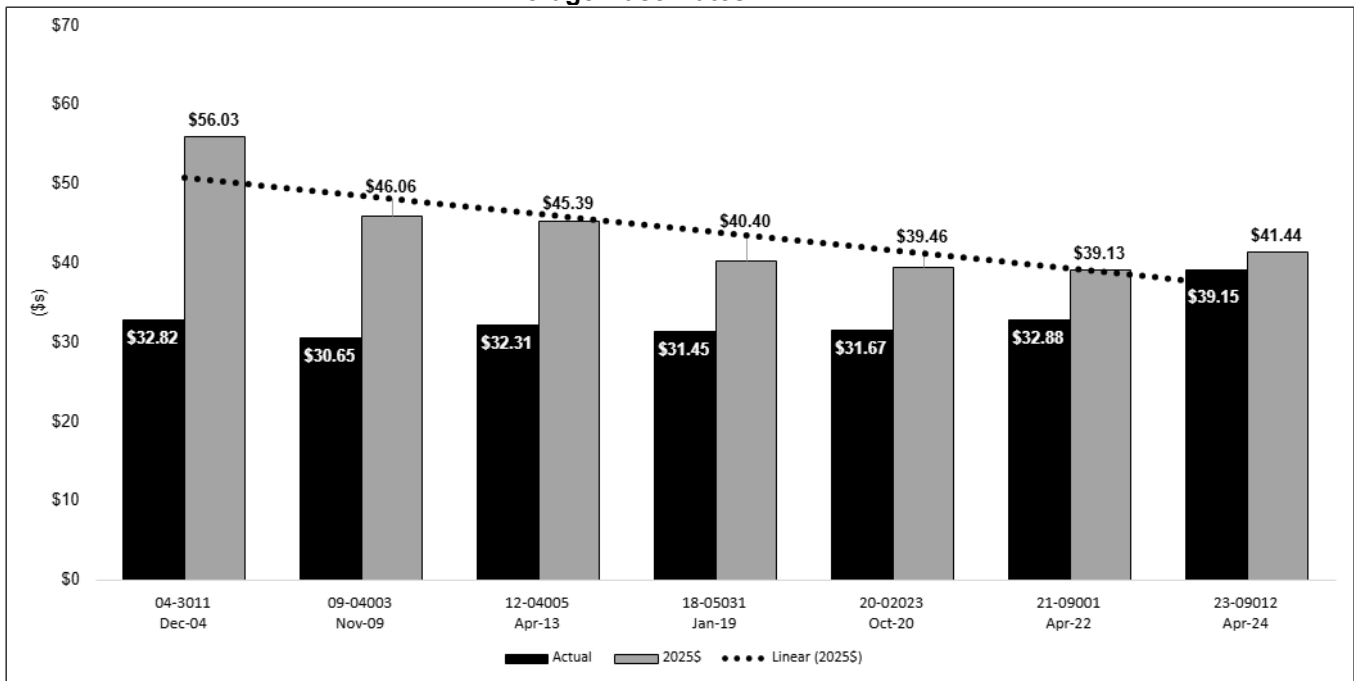
6 **Figure 5**  
 7 **Southern Nevada**  
 8 **Single-Family Residential**  
 9 **Average Base Rates**



17 **Northern Nevada**

18 As shown in Figure 6, the average Northern Nevada Single-Family Residential  
 19 Base Rates resulting from the Company's 2004 GRC was \$32.82, which is  
 20 approximately \$56.03 in 2025\$. When you compare this to the \$39.15 in Base  
 21 Rates authorized in the Company's 2023 GRCs in 2025\$, or approximately  
 22 \$41.44, it shows that the Company's cost of service in Northern Nevada has  
 23 remained relatively flat over this more than 20-year period, as demonstrated by  
 24 the trendline in Figure 6.

**Figure 6  
Northern Nevada  
Single-Family Residential  
Average Base Rates**



**Research on Metric to Demonstrate Customer Affordability**

**Q. 33 As stated above, in preparation for filing this application, the Company researched how to demonstrate the reasonableness and affordability of its cost of service and customer bills. What information did the Company glean from its research?**

**A. 33** As previously mentioned, affordability is subjective and is not, in and of itself, a quantitative measurement. While the Company routinely reviews the changes in its average residential customer bills, it has not developed or compared them to an affordability metric. As such, the Company sought to identify a generally accepted metric, or measurement, that would allow it to objectively measure the affordability of its residential customer bills. Through this research, the Company

1 found that understanding a household's energy burden is a way to determine  
2 energy affordability.

3 **Q. 34 What is energy burden?**

4 A. 34 According to the U.S. Department of Energy (DOE), energy burden is defined as  
5 the percentage of gross household income spent on energy costs<sup>23</sup> and is  
6 calculated as follows<sup>24</sup>:

$$\begin{array}{ccc} \text{Average Housing} & / & \text{Average Annual} \\ \text{Energy Cost} & & \text{Household} \\ & & \text{Income} \end{array} = \text{Energy Burden}$$

9 **Q 35 What is considered a reasonable energy burden?**

10 A. 35 A household with 6% or greater energy burden is considered to be a high energy  
11 burden household.<sup>25</sup> Sierra Club also recognizes this metric on its website, which  
12 states, "Generally, a household energy burden over 6% is considered  
13 unaffordable" when presenting its Energy Burden Calculator.<sup>26</sup> Furthermore,  
14 according to data on the DOE's Low-Income Energy Affordability Data (LEAD)  
15 Tool, the national average energy burden for low-income households is 6% (i.e.  
16 an AMI of 0-80%<sup>27</sup> as defined by the U.S. Department of Housing and Urban  
17 Development), which is three times higher than that for non-low-income  
18 households, which is estimated at 2%. In some areas, depending on location and  
19 income, energy burden can be higher than 30%.<sup>28</sup> Therefore, based on this data,  
20 one can conclude that an energy burden of 6% or less is affordable.

22 <sup>23</sup> Energy cost is defined as the amount of household expenditures spent on electricity, gas (utility and  
23 bottled), and other fuels (including fuel oil, wood, etc.). Source: <https://www.energy.gov/scep/low-income-energy-affordability-data-lead-tool>.

24 <sup>24</sup> Id.

24 <sup>25</sup> Id. See also <https://www.aceee.org/sites/default/files/pdfs/u2006.pdf> at page 11.

24 <sup>26</sup> <https://www.sierraclub.org/energy-burden-calculator>.

25 <sup>27</sup> Area Median Income. <https://www.energy.gov/scep/low-income-energy-affordability-data-lead-tool>.

25 <sup>28</sup> <https://www.energy.gov/scep/low-income-energy-affordability-data-lead-tool>.

1 **Analysis of the Energy Burden of the Company's Average Residential Bills**

2 **Q. 36 Did the Company perform an analysis to calculate the average energy**  
3 **burden related to its customer bills?**

4 A. 36 Yes. The Company conducted an analysis to determine the average energy  
5 burden for residential customers related to their Southwest Gas bills.

6 **Q. 37 Please provide an overview of the analysis the Company conducted to**  
7 **determine the energy burden of its residential customers as it relates to their**  
8 **Southwest Gas bill.**

9 A. 37 First, the Company retrieved its Average Monthly Bill (summer, annual and winter)  
10 at currently effective rates and at proposed tariff rates in the instant application,  
11 for its Single-Family Residential and Multi-Family Residential rate schedules  
12 (collectively Residential Rate Schedules). Then, for the state of Nevada and each  
13 of the 12 counties<sup>29</sup> served by the Company, the annual median household  
14 income from the U.S. Census Bureau (2024\$) was obtained, and all ranges of  
15 income presented on the DOE LEAD Tool were selected<sup>30</sup>. Because there is only  
16 one county served in Southern Nevada, the Company also obtained the  
17 household income information for the cities served in the Las Vegas Valley. The  
18 Company then calculated the energy burden associated with the Company's  
19 average summer, annual and winter residential bill for each of these areas served  
20 under the Residential Rate Schedules and compared it to the energy burden as  
21

22  
23 \_\_\_\_\_  
24 <sup>29</sup> Clark in Southern Nevada, and Carson City, Churchill, Douglas, Elko, Eureka, Humboldt, Lander Lyon,  
25 Pershing, Storey, and Washoe in Northern Nevada. The Company's certificated area also includes Nye  
County in Northern Nevada and Lincoln County in Southern Nevada, however, no residential customers  
are served in either county, therefore they are not included in this analysis.

<sup>30</sup> Income level used was inclusive of all Federal Poverty Levels presented (0%-100%, 100%-150%,  
150%-200%, 200%-400%, 400%+).

1 stated in the DOE LEAD Tool, as well as the affordability metric of 6% discussed  
2 above.

3 **Q. 38 What was the calculated energy burden related to the Company’s residential**  
4 **bills in Southern Nevada?**

5 A. 38 In all cases, the energy burden in each of the areas served in Southern Nevada  
6 under the Company’s Residential Rate Schedules fell below 1% using the  
7 household annual median income levels obtained from the U.S. Census Bureau,  
8 and ranged from the lowest at 0.2%, the median at 0.4% and the highest at 0.9%.  
9 The detailed comparison is provided in Exhibit No.\_\_(ALT-4), Sheet 1. The U.S.  
10 Census Bureau household median income levels were presented in 2024\$,  
11 therefore, an escalation factor of 6.37%<sup>31</sup> was applied and the energy burden was  
12 recalculated, reducing the lowest energy burden to 0.1% and the highest to 0.8%  
13 with the median remaining at 0.4%, as reflected in Exhibit No.\_\_(ALT-4), Sheet 2.  
14 The DOE LEAD Tool calculated a slightly lower energy burden due to the higher  
15 income levels, yielding the lowest energy burden of 0.1%, the median at 0.3% and  
16 the highest at 0.8%. Using the average annual income presented in the DOE  
17 Lead Tool for the areas served by the Company in Southern Nevada, the lowest  
18 energy burden calculated is 0.1%, the median at 0.3% and the highest at 0.7%,  
19 as reflected in Exhibit No.\_\_(ALT-4), Sheet 3.

20 **Q. 39 Did the energy burden calculations for the Company’s residential bills in**  
21 **Northern Nevada yield similar results?**

22 A. 39 Yes, similar results were yielded in Northern Nevada, but there were certain  
23 instances where the energy burden was equal to or more than 1.0% but did not

24 \_\_\_\_\_  
25 <sup>31</sup> Nevada’s average hourly wage increased by 6.37% \$32.55 — the highest rate of growth nationwide.  
[https://gov.nv.gov/Newsroom/PRs/2025/2025-12-29\\_icymi\\_nevada\\_leads\\_in\\_hourly\\_wage\\_growth/](https://gov.nv.gov/Newsroom/PRs/2025/2025-12-29_icymi_nevada_leads_in_hourly_wage_growth/)

1 exceed 1.5%. Using the household annual median income levels obtained from  
2 the U.S. Census Bureau for the areas served by the Company, the lowest energy  
3 burden calculated is 0.1%, the median at 0.7% and the highest at 1.5%, which is  
4 comparable to the results in Southern Nevada. These detailed comparisons are  
5 provided in Exhibit No.\_\_(ALT-5), Sheet 1. Consistent with the approach taken in  
6 Southern Nevada, the U.S. Census Bureau household median income levels were  
7 escalated by 6.37%<sup>32</sup> and the energy burden was recalculated, reducing the  
8 highest energy burden to 1.4%, as reflected in Exhibit No.\_\_(ALT-5), Sheet 2. The  
9 DOE LEAD Tool calculated a slightly lower energy burden, yielding the lowest  
10 energy burden of 0.1%, the median at 0.5% and the highest at 1.2%. Using the  
11 average annual income presented in the DOE Lead Tool for the areas served by  
12 the Company in Northern Nevada, the lowest energy burden calculated is 0.2%,  
13 the median at 0.5% and the highest at 1.0%, as reflected in Exhibit No.\_\_(ALT-5),  
14 Sheet 3.

15 **Q. 40 Did the analysis more closely evaluate the energy burden of household**  
16 **income below the median?**

17 A. 40 Yes. The Company obtained the 2025 Federal Poverty Guidelines issued by the  
18 U.S. Department of Health and Human Services and calculated the energy burden  
19 of a household of three<sup>33</sup> for varying income percentages of the Federal Poverty  
20 Level, up to 250% to capture a range of impacts for those household income  
21 levels. The energy burden of the average customer bills on the Company's  
22 Residential Rate Schedules was then calculated using the varying levels of

23 \_\_\_\_\_  
24 <sup>32</sup> Nevada's average hourly wage increased by 6.37% \$32.55 — the highest rate of growth nationwide.  
[https://gov.nv.gov/Newsroom/PRs/2025/2025-12-29\\_icymi\\_nevada\\_leads\\_in\\_hourly\\_wage\\_growth/](https://gov.nv.gov/Newsroom/PRs/2025/2025-12-29_icymi_nevada_leads_in_hourly_wage_growth/)

25 <sup>33</sup> According to the U.S. Census Bureau, the average number of persons per household in Nevada, 2020-  
2024, was 2.68. Source: <https://www.census.gov/quickfacts.>

1 income. Of all the income levels reviewed, the single instance where the energy  
2 burden exceeds 6.0% is for an annual average monthly bill of a Single-Family  
3 Residential customer in Northern Nevada with an annual income level at 50% of  
4 Federal Poverty or \$13,325. In Southern Nevada, an energy burden of 2.0% is  
5 first observed at an annual income at 125% of the Federal Poverty or \$33,313,  
6 whereas in Northern Nevada, a 2.0% energy burden is first observed at an annual  
7 income at 175% of the Federal Poverty or \$46,638. The various incomes  
8 reviewed and the calculated energy burden for the Residential Rate Schedules for  
9 both current rates and proposed rates is provided in Exhibit No.\_\_(ALT-6).

10 **Q. 41 What is the conclusion of customer affordability analysis described above?**

11 A. 41 Based on the household energy cost obtained from the DOE LEAD Tool for each  
12 of the areas served by the Company, a Single-Family Residential annual average  
13 bill in Southern Nevada at currently effective tariff rates accounts for an average  
14 of 28% of household total energy cost, representing a 0.6% energy burden. In  
15 Northern Nevada, a Single-Family Residential annual average bill at currently  
16 effective tariff rates accounts for an average of 38% of household total energy  
17 cost, representing a 0.9% energy burden. Exhibit No.\_\_(ALT-7) provides support  
18 for these energy cost calculations. Through its analysis, the Company can  
19 conclude that its residential bills, as a single component of household energy cost,  
20 fall well below the 6% threshold for affordability described above.

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23 ...

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1 **VI. DISCUSSION ON THE COMPANY'S COST OF SERVICE ANALYSIS**

2 **Q. 42 Over the past few GRCs, the Company has been focused on presenting a**  
3 **quality application to the Commission that is thoroughly reviewed. Has that**  
4 **approach continued?**

5 A. 42 Absolutely. Once again, the Company conducted a detailed review of multiple  
6 accounts and transaction-level data across various business expense categories  
7 to determine whether, while legitimate business expenditures, they are  
8 appropriate for inclusion in the Company's proposed cost of service for rate-  
9 setting purposes. The transactions are generally grouped into the following eight  
10 categories: 1) Donation/Civic Activity, 2) Employee Events, 3) Employee  
11 Recognition, 4) Other Employee Welfare, 5) Sponsorships, Ads, Promos, 6) Non-  
12 Utility Expense, 7) Non-Recurring Expense, and 8) Retirement Gifts/Meals.  
13 There are additional categories that could increase or decrease the cost of  
14 service, which are generally grouped into three categories: 1) Out of Period  
15 Expenses, 2) Expense Annualizations, and 3) Accounting Corrections. The  
16 Company's pre-filing analyses evaluate thousands of transactions from its  
17 accounts payable system, journal entries in its general ledger, and amounts  
18 reported in employee expense reports. Company witness Randi L. Cunningham  
19 offers additional discussion on this review and supports Adjustment No. 5 in her  
20 prepared direct testimony.

21 **Q. 43 Has the Company implemented any enhancements to this process?**

22 A. 43 Yes. The Company routinely evaluates opportunities to enhance this review  
23 process to ensure a complete and thorough review of expenses and capital  
24 expenditures are conducted in support of putting forth a quality request to the  
25 Commission. As discussed by Ms. Cunningham, the Company has implemented

1 new processes and tools and is currently evaluating the use of Artificial  
2 Intelligence to further optimize the review process. The Company takes its  
3 responsibility to present only those costs appropriate for establishing rates for its  
4 cost of service seriously as demonstrated through its efforts to date and will  
5 continue to evaluate opportunities to optimize and further enhance its processes  
6 in support of this effort.

7 **Q. 44 Does this conclude your prepared direct testimony?**

8 **A. 44 Yes.**

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## **SUMMARY OF QUALIFICATIONS AMY L. TIMPERLEY**

I graduated from the College of Southern Nevada (previously Community College of Southern Nevada) in 2003 with an Associate Degree in Finance, from Strayer University in 2006 with a Bachelor of Science degree in Accounting, and. from Grand Canyon University in 2016 with a Master of Business Administration degree.

I began my career with Southwest Gas Corporation (Company) in 2000 as a Coordinator in the Billing Control department. Over the course of my career, I have held positions of increasing responsibility across multiple functional areas including Accounting, Regulatory, Compensation/Human Resources, Financial Planning, Resource Planning and Analysis, and Public Affairs. I was promoted to Vice President/Regulation & Energy Efficiency in 2021, Senior Vice President/Chief Regulatory & Financial Planning Officer in 2022 and Senior Vice President/Chief Regulatory, Public Affairs & Gas Resources Officer in June 2024. In this role, I am responsible for the Company's Regulatory and Public Affairs functions which encompasses regulatory, government affairs, public policy initiatives, as well as community outreach programs focused on enriching the communities served by Southwest Gas, and the Gas Resources function which includes short and long-range customer demand forecasting, gas resources planning, and gas supply related functions.

**SOUTHWEST GAS CORPORATION  
TOTAL NEVADA  
OPERATIONS & MAINTENANCE AND ADMINISTRATIVE & GENERAL EXPENSES  
2021 - 2023 GRC AUTHORIZED AND 2026 PROPOSED**

Line No.	Description (a)	Reference (b)	2021 GRC 21-09001 Authorized (c)	2023 GRC Authorized +/- 2021 Authorized (d)	2026 GRC Proposed +/- 2023 Authorized (e)	Line No.
1	Total Nevada Change in O&M (\$)	Ln 14 + Ln 27		\$ 25,127,159	\$ 15,866,029	1
2	Total Nevada Change in O&M (%)	Ln 15 + Ln 28		37.2%	5.1%	2

**NORTHERN NEVADA  
OPERATIONS & MAINTENANCE AND ADMINISTRATIVE & GENERAL EXPENSES  
2021 - 2023 GRC AUTHORIZED AND 2026 PROPOSED**

Line No.	Description (a)	Reference (b)	2021 GRC 21-09001 Authorized (c) Statement H	2023 GRC 23-09012 Authorized (d) Statement H	2026 GRC 2026 Proposed (e) Statement H	Line No.
<u>Operating Expenses</u>						
3	Other Gas Supply		\$ 141,363	\$ 146,436	\$ 140,817	3
4	Transmission		0	0	(0)	4
5	Distribution		10,222,137	12,726,168	9,162,642	5
6	Customer Accounts		2,792,566	3,707,327	3,956,570	6
7	Customer Service & Info.		67,502	78,981	186,322	7
8	Sales		24,930	9,292	42,026	8
9	O&M	Sum Lns 3 - 8	\$ 13,248,498	\$ 16,668,205	\$ 13,488,377	9
<u>Administrative &amp; General</u>						
10	Direct		\$ 70,253	\$ 748,427	\$ 1,372,341	10
11	System Allocable		8,422,207	8,046,323	8,275,180	11
12	A&G	Ln 10 + Ln 11	\$ 8,492,460	\$ 8,794,750	\$ 9,647,521	12
13	Total OMAG	Ln 9 + Ln 12	\$ 21,740,958	\$ 25,462,955	\$ 23,135,898	13
14	Total Northern Nevada Change in O&M (\$)			3,721,997	(2,327,057)	14
15	Total Northern Nevada Change in O&M (%)			17.1%	-9.1%	15

**SOUTHERN NEVADA  
OPERATIONS & MAINTENANCE AND ADMINISTRATIVE & GENERAL EXPENSES  
2021 - 2023 GRC AUTHORIZED AND 2026 PROPOSED**

Line No.	Description (a)	Reference (b)	2021 GRC 21-09001 Authorized (c) Statement H	2023 GRC 2023 Authorized (d) Statement H	2026 GRC 2026 Proposed (e) Statement H	Line No.
<u>Operating Expenses</u>						
16	Other Gas Supply		\$ 660,404	\$ 728,211	\$ 761,622	16
17	Transmission		4,008,585	3,763,442	5,403,218	17
18	Distribution		45,655,532	54,550,537	62,879,329	18
19	Customer Accounts		14,222,980	22,741,848	25,842,724	19
20	Customer Service & Info.		367,267	253,593	224,380	20
21	Sales		0	0	0	21
22	O&M	Sum Lns 16 - 21	\$ 64,914,768	\$ 82,037,630	\$ 95,111,273	22
<u>Administrative &amp; General</u>						
23	Direct		\$ 1,481,038	\$ 3,663,070	\$ 3,348,856	23
24	System Allocable		40,042,996	42,143,264	47,576,922	24
25	A&G	Ln 23 + Ln 24	\$ 41,524,034	\$ 45,806,335	\$ 50,925,778	25
26	Total OMAG	Ln 22 + Ln 25	\$ 106,438,802	\$ 127,843,965	\$ 146,037,051	26
27	Total Southern Nevada Change in O&M (\$)			\$ 21,405,162	\$ 18,193,086	27
28	Total Southern Nevada Change in O&M (%)			20.1%	14.2%	28
<u>Certain O&amp;M Adjustments [1]</u>						
29	Annual Leak Survey Adj. No. 15	Adj. No. 15			\$ 4,925,406	29
30	Labor/Benefits Annualization Adj. Nos. 3 and C2	Adj Nos. 3 and C2			3,677,678	30
31	Lamb Tap Adj. No. EC1	Adj. No. EC1			95,000	31
32	Subtotal	Sum Lns 29 - 31			\$ 8,698,084	32
33	Total Southern Nevada Change in O&M (\$)	Ln 27 - Ln 32			\$ 9,495,002	33
34	Total Southern Nevada Change in O&M (%)	Col (e) Ln 33 / Col (d) Ln 26			7.4%	34

**SOUTHWEST GAS CORPORATION  
TOTAL COMPANY AND NEVADA JURISDICTIONS  
OPERATIONS & MAINTENANCE EXPENSE PER CUSTOMER VERSUS PEER GROUP**

Line No.	Description (a)	Reference (b)	2021 (c)		2022 (d)		2023 (e)		2024 (f)		2026 Proposed (g)		2021-2024 Average (h)		Line No.
			(c)	(c)	(d)	(d)	(e)	(e)	(f)	(f)	(g)	(g)	(h)	(h)	
<b>Operations and Maintenance Expense</b>															
1	Atmos Energy (ATO)	[1]	501,209	518,443	565,179	601,370									1
2	New Jersey Resources (NJR)	[1]	203,740	198,546	226,780	225,260									2
3	Northwest Natural (NWN)	[1]	188,762	204,845	244,669	256,995									3
4	One Gas (OGS)	[1]	449,676	472,265	508,399	530,111									4
5	Spire (SR)	[1]	422,200	413,300	461,800	452,800									5
6	NIsource (NI)	[1]	993,800	1,045,300	1,061,300	1,033,467									6
7	Southwest Gas Coporation (SWX)	[1]	452,571	492,678	511,646	520,820	\$	519,622							7
8	Southwest Gas - NNW	[1]	24,077	26,379	26,337	24,767	\$	23,136							8
9	Southwest Gas - SNV	[1]	118,619	129,374	131,441	141,153	\$	146,037							9
<b>Customers</b>															
10	Atmos Energy (ATO)	[1]	3,397,249	3,442,224	3,486,384	3,361,820									10
11	New Jersey Resources (NJR)	[1]	563,905	569,300	576,000	582,916									11
12	Northwest Natural (NWN)	[1]	785,897	794,497	799,250	805,529									12
13	One Gas (OGS)	[1]	2,241,000	2,256,000	2,265,000	2,281,000									13
14	Spire (SR)	[1]	1,725,929	1,732,665	1,735,633	1,740,928									14
15	NIsource (NI)	[1]	3,229,069	3,251,222	3,270,613	3,287,366									15
16	Southwest Gas Coporation (SWX)	[1]	2,158,519	2,172,505	2,226,000	2,258,000		2,270,445							16
17	Southwest Gas - NNW	[1]	100,409	101,790	103,066	104,349		105,874							17
18	Southwest Gas - SNV	[1]	692,544	705,592	717,178	728,662		740,745							18
<b>O&amp;M Per Customer</b>															
19	Atmos Energy (ATO)	(Ln 1 * 1000) / Ln 10	\$ 147.53	\$ 150.61	\$ 162.11	\$ 178.88									19
20	New Jersey Resources (NJR)	(Ln 2 * 1000) / Ln 11	\$ 361.30	\$ 348.75	\$ 393.72	\$ 386.44									20
21	Northwest Natural (NWN)	(Ln 3 * 1000) / Ln 12	\$ 240.19	\$ 257.83	\$ 306.12	\$ 319.04									21
22	One Gas (OGS)	(Ln 4 * 1000) / Ln 13	\$ 200.66	\$ 209.34	\$ 224.46	\$ 232.40									22
23	Spire (SR)	(Ln 5 * 1000) / Ln 14	\$ 244.62	\$ 238.53	\$ 266.07	\$ 260.09									23
24	NIsource (NI)	(Ln 6 * 1000) / Ln 15	\$ 307.77	\$ 321.51	\$ 324.50	\$ 314.38									24
25	Peer Group Average	Avg Lns 19-24	\$ 250.34	\$ 254.43	\$ 279.50	\$ 281.87									25
26	Southwest Gas Corporation	(Ln 7 * 1000) / Ln 16	\$ 209.67	\$ 226.78	\$ 229.85	\$ 230.66									26
27	Southwest Gas - NNW	(Ln 8 * 1000) / Ln 17	\$ 239.79	\$ 259.16	\$ 255.54	\$ 237.35									27
28	Southwest Gas - SNV	(Ln 9 * 1000) / Ln 18	\$ 171.28	\$ 183.36	\$ 183.28	\$ 193.72									28

[1] 10-K for each company listed. Southwest Gas - NNW and Southwest Gas - SNV information obtained from Company records. Southwest Gas annual average number of customers for years 2021 - 2024.

[2] O&M as relected on Statement H for each jurisdiction. Number of customers as of November 30, 2025.

**SOUTHWEST GAS CORPORATION  
NORTHERN NEVADA  
RECORDED OPERATIONS & MAINTENANCE, ADMINISTRATIVE & GENERAL EXPENSES  
YEARS 2022 THROUGH 2025, TWELVE MONTHS ENDED NOVEMBER 2025**

Line No.	Description (a)	Reference (b)	December 2022 (c)	December 2023 (d)	December 2024 (e)	Test Year Ended November 2025 (f)	Line No.
	<u>Operations and Maintenance (O&amp;M) Expense</u>						
1	Other Gas Supply	Company Records	\$ 129,652	\$ 137,286	\$ 130,435	\$ 132,975	1
2	Distribution	Company Records	13,275,350	12,783,816	11,348,810	7,712,428	2
3	Customer Accounts	Company Records	3,859,852	3,998,859	3,647,102	3,490,737	3
4	Customer Service & Info.	Company Records	96,863	312,021	(174,512)	186,420	4
5	Sales	Company Records	25,316	21,702	43,945	62,429	5
6	Total O&M	Sum Lns 1-5	\$ 17,387,033	\$ 17,253,684	\$ 14,995,780	\$ 11,584,989	6
7	Administrative & General (A&G)	Company Records	8,992,389	9,083,393	9,771,322	10,002,347	7
8	Total O&M and A&G (OMAG)	Ln 6 + 7	\$ 26,379,422	\$ 26,337,077	\$ 24,767,102	\$ 21,587,336	8
9	Customers at Year End	[1]	102,659	103,823	105,203	105,874	9
10	Total O&M Per Customer	Ln 8 / 9	\$ 256.96	\$ 253.67	\$ 235.42	\$ 203.90	10
11	Average Number of Customers	[2]	101,790	103,066	104,349	105,413	11
12	Total O&M Per Customer	Ln 8 / 11	\$ 259.16	\$ 255.54	\$ 237.35	\$ 204.79	12
13	Northern Nevada OMAG 3-Year CAGR	[3]				-6.5%	13
14	2023-Twelve Months Ended November 2025 CPI CAGR	[4]				3.1%	14

[1] Company Records: December REV095 Report for years 2022-2025; number of customers at December and as of November 2025 for the Test Year.  
 [2] Company Records: December REV095 Report for each year; total number of customers / 12 for years 2022-2024 and Test Year ended November 2025.  
 [3] CAGR: compound annual growth rate  
 [4] Bureau of Labor Statistics Data (bls.gov). Consumer Price Index for All Urban Consumers (CPI-U); Mountain Area; not seasonally adjusted. <https://data.bls.gov/timeseries/CUUR0480SA0>

**SOUTHWEST GAS CORPORATION  
SOUTHERN NEVADA  
RECORDED OPERATIONS & MAINTENANCE, ADMINISTRATIVE & GENERAL EXPENSES  
YEARS 2022 THROUGH 2025, TWELVE MONTHS ENDED NOVEMBER 2025**

Line No.	Description (a)	Reference (b)	December 2022 (c)	December 2023 (d)	December 2024 (e)	Test Year Ended November 2025 (f)	Line No.
	<u>Operations and Maintenance (O&amp;M) Expense</u>						
1	Other Gas Supply	Company Records	\$ 696,602	\$ 726,173	\$ 693,043	\$ 711,600	1
2	Transmission	Company Records	3,678,689	4,367,542	4,893,213	5,551,614	2
3	Distribution	Company Records	54,272,461	55,620,489	60,889,642	56,473,842	3
4	Customer Accounts	Company Records	22,928,913	22,760,598	24,988,793	25,775,508	4
5	Customer Service & Info.	Company Records	205,634	256,904	186,698	227,692	5
6	Sales	Company Records	-	-	-	-	6
7	Total O&M	Sum Lns 1-6	\$ 81,782,299	\$ 83,731,706	\$ 91,651,388	\$ 88,740,255	7
8	Administrative & General (A&G)	Company Records	47,591,966	47,709,292	49,501,801	54,915,258	8
9	Total O&M and A&G (OMAG)	Ln 7 + 8	\$ 129,374,265	\$ 131,440,998	\$ 141,153,190	\$ 143,655,514	9
10	Customers at Year End	[1]	711,195	722,565	734,236	740,745	10
11	Total O&M Per Customer	Ln 9 / 10	\$ 181.91	\$ 181.91	\$ 192.24	\$ 193.93	11
12	Average Number of Customers	[2]	705,592	717,178	728,662	737,995	12
13	Total O&M Per Customer	Ln 9 / 12	\$ 183.36	\$ 183.28	\$ 193.72	\$ 194.66	13
14	Southern Nevada OMAG 3-Year CAGR	[3]				3.6%	14
15	2023-Twelve Months Ended November 2025 CPI CAGR	[4]				3.1%	15

[1] Company Records: December RE/095 Report for years 2022-2025; number of customers at December and as of November 2025 for the Test Year.

[2] Company Records: December RE/095 Report for each year; total number of customers / 12 for years 2022-2024 and Test Year ended November 2025.

[3] CAGR: compound annual growth rate

[4] Bureau of Labor Statistics Data (bls.gov). Consumer Price Index for All Urban Consumers (CPI-U); Mountain Area; not seasonally adjusted. <https://data.bls.gov/timeseries/CUUR0480SA0>

**CPI for All Urban Consumers (CPI-U)  
Original Data Value**

**Series Id:** CUUR0480SA0  
**Not Seasonally Adjusted**  
**Series Title:** All items in Mountain, all urban consumers, not  
**Area:** Mountain  
**Item:** All items  
**Base Period:** DECEMBER 2017=100  
**Years:** 2017 to 2025

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual	HALF1	HALF2
2017	100.450	100.905	101.196	101.800	102.497	102.597	102.451	102.488	102.812	103.126	103.042	102.980	102.195	101.574	102.817
2018	102.715	102.685	103.339	104.090	105.048	105.131	105.099	105.477	105.822	106.417	106.361	106.399	104.882	103.835	105.929
2019	106.588	106.753	106.621	106.275	106.425	107.226	107.573	107.719	107.735	107.754	107.726	107.489	107.157	106.648	107.666
2020	107.854	108.386	109.308	110.748	111.939	112.731	113.562	113.807	114.160	115.325	116.065	116.728	112.551	110.161	114.941
2021	117.592	118.949	120.670	121.551	122.454	123.933	124.452	124.731	125.163	126.100	125.655	125.349	123.050	120.858	125.242
2022	126.000	126.934	127.950	128.390	128.647	128.574	128.805	129.171	129.933	129.978	129.252	129.156	128.566	127.749	129.383
2023	129.814	130.059	131.176	131.800	131.827	131.561	131.325	131.729	131.721	131.718	131.445	131.379	131.296	131.040	131.553
2024	131.607	132.359	132.875	133.339	134.041	134.097	134.473	134.964	135.506	X	134.859	134.484	133.873	133.053	134.857

**3-Year CAGR Annual**  
 2023-November 2025 CPI CAGR 3.10%

Source: Bureau of Labor Statistics Data (bls.gov); X: Data unavailable in October 2025 due to the 2025 lapse in appropriations.  
<https://data.bls.gov/timeseries/CUUR0480SA0>

**SOUTHWEST GAS CORPORATION  
SOUTHERN NEVADA  
RESIDENTIAL GAS SERVICE  
CUSTOMER NATURAL GAS BILL AFFORDABILITY - CALCULATION OF ENERGY BURDEN  
MEDIAN HOUSEHOLD INCOME**

Line No.	Description	Reference	Annual Household Income	Single-Family Residential		Multi-Family Residential		Line No.
				At Currently Effective Rates	At Proposed Tariff Rates	At Currently Effective Rates	At Proposed Tariff Rates	
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	
<b>Southwest Gas</b>								
	Average Monthly Bill							
1	Summer [2]	Schedule O-1		\$ 28.59	\$ 31.98	\$ 22.72	\$ 26.40	1
2	Annual	(Ln 1 + Ln 3) / 2		48.36	55.51	30.07	35.72	2
3	Winter [3]	Schedule O-1		68.12	79.04	37.42	45.03	3
<b>Calculated Energy Burden [4]</b>								
4	Average of Cities Served - Median Household Income (2024\$)		\$ 78,336					4
	Average Monthly Bill							
5	Summer	(Ln 1 * 6) / Ln 4		0.2%	0.2%	0.2%	0.2%	5
6	Annual	(Ln 2 * 12) / Ln 4		0.7%	0.9%	0.5%	0.5%	6
7	Winter	(Ln 3 * 6) / Ln 4		0.5%	0.6%	0.3%	0.3%	7
8	Nevada - Median Household Income (2024\$)		\$ 78,260					8
	Average Monthly Bill							
9	Summer	(Ln 1 * 6) / Ln 8		0.2%	0.2%	0.2%	0.2%	9
10	Annual	(Ln 2 * 12) / Ln 8		0.7%	0.9%	0.5%	0.5%	10
11	Winter	(Ln 3 * 6) / Ln 8		0.5%	0.6%	0.3%	0.3%	11
12	Clark County - Median Household Income (2024\$)		\$ 76,472					12
	Average Monthly Bill							
13	Summer	(Ln 1 * 6) / Ln 12		0.2%	0.3%	0.2%	0.2%	13
14	Annual	(Ln 2 * 12) / Ln 12		0.8%	0.9%	0.5%	0.6%	14
15	Winter	(Ln 3 * 6) / Ln 12		0.5%	0.6%	0.3%	0.4%	15
16	Boulder City - Median Household Income (2024\$)		\$ 74,757					16
	Average Monthly Bill							
17	Summer	(Ln 1 * 6) / Ln 16		0.2%	0.3%	0.2%	0.2%	17
18	Annual	(Ln 2 * 12) / Ln 16		0.8%	0.9%	0.5%	0.6%	18
19	Winter	(Ln 3 * 6) / Ln 16		0.5%	0.6%	0.3%	0.4%	19
20	Henderson - Median Household Income (2024\$)		\$ 90,138					20
	Average Monthly Bill							
21	Summer	(Ln 1 * 6) / Ln 20		0.2%	0.2%	0.2%	0.2%	21
22	Annual	(Ln 2 * 12) / Ln 20		0.6%	0.7%	0.4%	0.5%	22
23	Winter	(Ln 3 * 6) / Ln 20		0.5%	0.5%	0.2%	0.3%	23
24	Las Vegas - Median Household Income (2024\$)		\$ 73,877					24
	Average Monthly Bill							
25	Summer	(Ln 1 * 6) / Ln 24		0.2%	0.3%	0.2%	0.2%	25
26	Annual	(Ln 2 * 12) / Ln 24		0.8%	0.9%	0.5%	0.6%	26
27	Winter	(Ln 3 * 6) / Ln 24		0.6%	0.6%	0.3%	0.4%	27
28	Mesquite - Median Household Income (2024\$)		\$ 75,227					28
	Average Monthly Bill							
29	Summer	(Ln 1 * 6) / Ln 28		0.2%	0.3%	0.2%	0.2%	29
30	Annual	(Ln 2 * 12) / Ln 28		0.8%	0.9%	0.5%	0.6%	30
31	Winter	(Ln 3 * 6) / Ln 28		0.5%	0.6%	0.3%	0.4%	31
32	North Las Vegas - Median Household Income (2024\$)		\$ 79,542					32
	Average Monthly Bill							
33	Summer	(Ln 1 * 6) / Ln 32		0.2%	0.2%	0.2%	0.2%	33
34	Annual	(Ln 2 * 12) / Ln 32		0.7%	0.8%	0.5%	0.5%	34
35	Winter	(Ln 3 * 6) / Ln 32		0.5%	0.6%	0.3%	0.3%	35

[1] <https://www.census.gov/quickfacts> for each area listed; Median households income 2024\$, 2020-2024.

[2] Summer Season is May 1 - October 31 pursuant to Sheet No. 145 of the Company's Nevada Gas Tariff No. 7.

[3] Winter Season is November 1 - April 30 pursuant to Sheet No. 145A of the Company's Nevada Gas Tariff No. 7.

[4] Energy burden is defined as the percentage of gross household income spent on energy costs. It is calculated by dividing the average household energy cost by the average annual household income. According to data on the LEAD tool, the national average energy burden for low-income households is 6% (i.e. an AMI of 0-80% as defined by the U.S. Department of Housing and Urban Development), which is three times higher than that for non-low-income households, which is estimated at 2%. Source: <https://www.energy.gov/scep/low-income-energy-affordability-data-lead-tool>.

**SOUTHWEST GAS CORPORATION  
SOUTHERN NEVADA  
RESIDENTIAL GAS SERVICE  
CUSTOMER NATURAL GAS BILL AFFORDABILITY - CALCULATION OF ENERGY BURDEN  
MEDIAN HOUSEHOLD INCOME, AS ADJUSTED**

Line No.	Description	Reference	Annual Household Income	Single-Family Residential		Multi-Family Residential		Line No.
				At Currently Effective Rates	At Proposed Tariff Rates	At Currently Effective Rates	At Proposed Tariff Rates	
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	
<b>Southwest Gas</b>								
	Average Monthly Bill							
1	Summer [2]	Schedule O-1	\$	28.59	\$ 31.98	\$ 22.72	\$ 26.40	1
2	Annual	(Ln 1 + Ln 3) / 2		48.36	55.51	30.07	35.72	2
3	Winter [3]	Schedule O-1		68.12	79.04	37.42	45.03	3
<b>Calculated Energy Burden [4]</b>								
4	Average of Cities/County Served - Median Household Income (2024\$)		\$	83,325				4
	Average Monthly Bill							
5	Summer	(Ln 1 * 6) / Ln 4		0.2%	0.2%	0.2%	0.2%	5
6	Annual	(Ln 2 * 12) / Ln 4		0.7%	0.8%	0.4%	0.5%	6
7	Winter	(Ln 3 * 6) / Ln 4		0.5%	0.6%	0.3%	0.3%	7
8	Nevada - Median Household Income (2024\$)		\$	83,245				8
	Average Monthly Bill							
9	Summer	(Ln 1 * 6) / Ln 8		0.2%	0.2%	0.2%	0.2%	9
10	Annual	(Ln 2 * 12) / Ln 8		0.7%	0.8%	0.4%	0.5%	10
11	Winter	(Ln 3 * 6) / Ln 8		0.5%	0.6%	0.3%	0.3%	11
12	Clark County - Median Household Income (2024\$)		\$	81,343				12
	Average Monthly Bill							
13	Summer	(Ln 1 * 6) / Ln 12		0.2%	0.2%	0.2%	0.2%	13
14	Annual	(Ln 2 * 12) / Ln 12		0.7%	0.8%	0.4%	0.5%	14
15	Winter	(Ln 3 * 6) / Ln 12		0.5%	0.6%	0.3%	0.3%	15
16	Boulder City - Median Household Income (2024\$)		\$	79,519				16
	Average Monthly Bill							
17	Summer	(Ln 1 * 6) / Ln 16		0.2%	0.2%	0.2%	0.2%	17
18	Annual	(Ln 2 * 12) / Ln 16		0.7%	0.8%	0.5%	0.5%	18
19	Winter	(Ln 3 * 6) / Ln 16		0.5%	0.6%	0.3%	0.3%	19
20	Henderson - Median Household Income (2024\$)		\$	95,880				20
	Average Monthly Bill							
21	Summer	(Ln 1 * 6) / Ln 20		0.2%	0.2%	0.1%	0.2%	21
22	Annual	(Ln 2 * 12) / Ln 20		0.6%	0.7%	0.4%	0.4%	22
23	Winter	(Ln 3 * 6) / Ln 20		0.4%	0.5%	0.2%	0.3%	23
24	Las Vegas - Median Household Income (2024\$)		\$	78,583				24
	Average Monthly Bill							
25	Summer	(Ln 1 * 6) / Ln 24		0.2%	0.2%	0.2%	0.2%	25
26	Annual	(Ln 2 * 12) / Ln 24		0.7%	0.8%	0.5%	0.5%	26
27	Winter	(Ln 3 * 6) / Ln 24		0.5%	0.6%	0.3%	0.3%	27
28	Mesquite - Median Household Income (2024\$)		\$	80,019				28
	Average Monthly Bill							
29	Summer	(Ln 1 * 6) / Ln 28		0.2%	0.2%	0.2%	0.2%	29
30	Annual	(Ln 2 * 12) / Ln 28		0.7%	0.8%	0.5%	0.5%	30
31	Winter	(Ln 3 * 6) / Ln 28		0.5%	0.6%	0.3%	0.3%	31
32	North Las Vegas - Median Household Income (2024\$)		\$	84,609				32
	Average Monthly Bill							
33	Summer	(Ln 1 * 6) / Ln 32		0.2%	0.2%	0.2%	0.2%	33
34	Annual	(Ln 2 * 12) / Ln 32		0.7%	0.8%	0.4%	0.5%	34
35	Winter	(Ln 3 * 6) / Ln 32		0.5%	0.6%	0.3%	0.3%	35

[1] <https://www.census.gov/quickfacts/>; Median households income 2024\$, 2020-2024, adjusted by 6.37%;[https://gov.nv.gov/Newsroom/PRs/2025/2025-12-29\\_icymi\\_nevada\\_leads\\_in\\_hourly\\_wage\\_growth/](https://gov.nv.gov/Newsroom/PRs/2025/2025-12-29_icymi_nevada_leads_in_hourly_wage_growth/)  
[2] Summer Season is May 1 - October 31 pursuant to Sheet No. 145 of the Company's Nevada Gas Tariff No. 7.  
[3] Winter Season is November 1 - April 30 pursuant to Sheet No. 145A of the Company's Nevada Gas Tariff No. 7.  
[4] Energy burden is defined as the percentage of gross household income spent on energy costs. It is calculated by dividing the average household energy cost by the average annual household income. According to data on the LEAD tool, the national average energy burden for low-income households is 6% (i.e. an AMI of 0-80% as defined by the U.S. Department of Housing and Urban Development), which is three times higher than that for non-low-income households, which is estimated at 2%. Source: <https://www.energy.gov/scep/low-income-energy-affordability-data-lead-tool>

**SOUTHWEST GAS CORPORATION  
SOUTHERN NEVADA  
RESIDENTIAL GAS SERVICE  
CUSTOMER NATURAL GAS BILL AFFORDABILITY  
DEPARTMENT OF ENERGY - LOW-INCOME ENERGY AFFORDABILITY DATA (LEAD) TOOL  
NEVADA ANNUAL HOUSEHOLD INCOME**

Line No.	Description	Reference	Annual Household Income	Single-Family Residential		Multi-Family Residential		Line No.
				At Currently Effective Rates	At Proposed Tariff Rates	At Currently Effective Rates	At Proposed Tariff Rates	
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	
	<b>Southwest Gas</b>							
	Average Monthly Bill							
1	Summer [2]	Schedule O-1		\$ 28.59	\$ 31.98	\$ 22.72	\$ 26.40	1
2	Annual	(Ln 1 + Ln 3) / 2		48.36	55.51	30.07	35.72	2
3	Winter [3]	Schedule O-1		68.12	79.04	37.42	45.03	3
	<b>Calculated Energy Burden [4]</b>							
4	Average of Cities Served		\$ 99,753					4
	Average Monthly Bill							
5	Summer	(Ln 1 * 6) / Ln 4		0.2%	0.2%	0.1%	0.2%	5
6	Annual	(Ln 2 * 12) / Ln 4		0.6%	0.7%	0.4%	0.4%	6
7	Winter	(Ln 3 * 6) / Ln 4		0.4%	0.5%	0.2%	0.3%	7
	<b>Calculated Energy Burden</b>							
8	Nevada Household Income [5]		\$ 100,043					8
9	Energy Burden - <b>All Energy Types</b>		2%					9
	Average Monthly Bill							
10	Summer	(Ln 1 * 6) / Ln 8		0.2%	0.2%	0.1%	0.2%	10
11	Annual	(Ln 2 * 12) / Ln 8		0.6%	0.7%	0.4%	0.4%	11
12	Winter	(Ln 3 * 6) / Ln 8		0.4%	0.5%	0.2%	0.3%	12
13	Clark County Household Income		\$ 98,160					13
14	Energy Burden - <b>All Energy Types</b>		2%					14
	Average Monthly Bill							
15	Summer	(Ln 1 * 6) / Ln 12		0.2%	0.2%	0.1%	0.2%	15
16	Annual	(Ln 2 * 12) / Ln 12		0.6%	0.7%	0.4%	0.4%	16
17	Winter	(Ln 3 * 6) / Ln 12		0.4%	0.5%	0.2%	0.3%	17
18	Boulder City Household Income		\$ 109,791					18
19	Energy Burden - <b>All Energy Types</b>		2%					19
	Average Monthly Bill							
20	Summer	(Ln 1 * 6) / Ln 16		0.2%	0.2%	0.1%	0.1%	20
21	Annual	(Ln 2 * 12) / Ln 16		0.5%	0.6%	0.3%	0.4%	21
22	Winter	(Ln 3 * 6) / Ln 16		0.4%	0.4%	0.2%	0.2%	22
23	Henderson Household Income		\$ 118,683					23
24	Energy Burden - <b>All Energy Types</b>		2%					24
	Average Monthly Bill							
25	Summer	(Ln 1 * 6) / Ln 20		0.1%	0.2%	0.1%	0.1%	25
26	Annual	(Ln 2 * 12) / Ln 20		0.5%	0.6%	0.3%	0.4%	26
27	Winter	(Ln 3 * 6) / Ln 20		0.3%	0.4%	0.2%	0.2%	27
28	Las Vegas Household Income		\$ 94,872					28
29	Energy Burden - <b>All Energy Types</b>		2%					29
	Average Monthly Bill							
30	Summer	(Ln 1 * 6) / Ln 24		0.2%	0.2%	0.1%	0.2%	30
31	Annual	(Ln 2 * 12) / Ln 24		0.6%	0.7%	0.4%	0.5%	31
32	Winter	(Ln 3 * 6) / Ln 24		0.4%	0.5%	0.2%	0.3%	32
33	Mesquite Household Income		\$ 87,052					33
34	Energy Burden - <b>All Energy Types</b>		2%					34
	Average Monthly Bill							
35	Summer	(Ln 1 * 6) / Ln 28		0.2%	0.2%	0.2%	0.2%	35
36	Annual	(Ln 2 * 12) / Ln 28		0.7%	0.8%	0.4%	0.5%	36
37	Winter	(Ln 3 * 6) / Ln 28		0.5%	0.5%	0.3%	0.3%	37
38	North Las Vegas Household Income		\$ 89,961					38
39	Energy Burden - <b>All Energy Types</b>		3%					39
	Average Monthly Bill							
40	Summer	(Ln 1 * 6) / Ln 32		0.2%	0.2%	0.2%	0.2%	40
41	Annual	(Ln 2 * 12) / Ln 32		0.6%	0.7%	0.4%	0.5%	41
42	Winter	(Ln 3 * 6) / Ln 32		0.5%	0.5%	0.2%	0.3%	42

[1] <https://www.energy.gov/scep/sisc/lead-tool>; inclusive of all Federal Poverty Levels presented (0%-100%, 100%-150%, 150%-200%, 200%-400%, 400%+).

[2] Summer Season is May 1 - October 31 pursuant to Sheet No. 145 of the Company's Nevada Gas Tariff No. 7.

[3] Winter Season is November 1 - April 30 pursuant to Sheet No. 145A of the Company's Nevada Gas Tariff No. 7.

[4] Energy burden is defined as the percentage of gross household income spent on energy costs. It is calculated by dividing the average household energy cost by the average annual household income. According to data on the LEAD tool, the national average energy burden for low-income households is 6% (i.e. an AMI of 0-80% as defined by the U.S. Department of Housing and Urban Development), which is three times higher than that for non-low-income households, which is estimated at 2%. Source: <https://www.energy.gov/scep/low-income-energy-affordability-data-lead-tool>

[5] All % of Federal Poverty Income

**SOUTHWEST GAS CORPORATION  
NORTHERN NEVADA  
RESIDENTIAL GAS SERVICE  
CUSTOMER NATURAL GAS BILL AFFORDABILITY - CALCULATION OF ENERGY BURDEN  
MEDIAN HOUSEHOLD INCOME**

Line No.	Description	Reference	Annual Household Income	Single-Family Residential		Multi-Family Residential		Line No.
				At Currently Effective Rates	At Proposed Tariff Rates	At Currently Effective Rates	At Proposed Tariff Rates	
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	
<b>Southwest Gas</b>								
Average Monthly Bill								
1	Summer [2]	Schedule O-1		\$ 35.13	\$ 37.78	\$ 26.36	\$ 19.43	1
2	Annual	(Ln 1 + Ln 3) / 2		76.05	83.16	46.93	46.57	2
3	Winter [3]	Schedule O-1		116.97	128.54	67.50	73.70	3
<b>Calculated Energy Burden [4]</b>								
4	Average of Counties Served - Median Household Income (2024\$)		\$ 81,685					4
Average Monthly Bill								
5	Summer	(Ln 1 * 6) / Ln 4		0.3%	0.3%	0.2%	0.1%	5
6	Annual	(Ln 2 * 12) / Ln 4		1.1%	1.2%	0.7%	0.7%	6
7	Winter	(Ln 3 * 6) / Ln 4		0.9%	0.9%	0.5%	0.5%	7
8	Nevada - Median Household Income (2024\$)		\$ 78,260					8
Average Monthly Bill								
9	Summer	(Ln 1 * 6) / Ln 8		0.3%	0.3%	0.2%	0.1%	9
10	Annual	(Ln 2 * 12) / Ln 8		1.2%	1.3%	0.7%	0.7%	10
11	Winter	(Ln 3 * 6) / Ln 8		0.9%	1.0%	0.5%	0.6%	11
12	Carson City County - Median Household Income (2024\$)		\$ 72,355					12
Average Monthly Bill								
13	Summer	(Ln 1 * 6) / Ln 12		0.3%	0.3%	0.2%	0.2%	13
14	Annual	(Ln 2 * 12) / Ln 12		1.3%	1.4%	0.8%	0.8%	14
15	Winter	(Ln 3 * 6) / Ln 12		1.0%	1.1%	0.6%	0.6%	15
16	Churchill County - Median Household Income (2024\$)		\$ 79,163					16
Average Monthly Bill								
17	Summer	(Ln 1 * 6) / Ln 16		0.3%	0.3%	0.2%	0.1%	17
18	Annual	(Ln 2 * 12) / Ln 16		1.2%	1.3%	0.7%	0.7%	18
19	Winter	(Ln 3 * 6) / Ln 16		0.9%	1.0%	0.5%	0.6%	19
20	Douglas County - Median Household Income (2024\$)		\$ 90,754					20
Average Monthly Bill								
21	Summer	(Ln 1 * 6) / Ln 20		0.2%	0.2%	0.2%	0.1%	21
22	Annual	(Ln 2 * 12) / Ln 20		1.0%	1.1%	0.6%	0.6%	22
23	Winter	(Ln 3 * 6) / Ln 20		0.8%	0.8%	0.4%	0.5%	23
24	Elko County - Median Household Income (2024\$)		\$ 86,487					24
Average Monthly Bill								
25	Summer	(Ln 1 * 6) / Ln 24		0.2%	0.3%	0.2%	0.1%	25
26	Annual	(Ln 2 * 12) / Ln 24		1.1%	1.2%	0.7%	0.6%	26
27	Winter	(Ln 3 * 6) / Ln 24		0.8%	0.9%	0.5%	0.5%	27
28	Eureka County - Median Household Income (2024\$)		\$ 70,473					28
Average Monthly Bill								
29	Summer	(Ln 1 * 6) / Ln 28		0.3%	0.3%	0.2%	0.2%	29
30	Annual	(Ln 2 * 12) / Ln 28		1.3%	1.4%	0.8%	0.8%	30
31	Winter	(Ln 3 * 6) / Ln 28		1.0%	1.1%	0.6%	0.6%	31
32	Humboldt County - Median Household Income (2023\$)		\$ 81,073					32
Average Monthly Bill								
33	Summer	(Ln 1 * 6) / Ln 32		0.3%	0.3%	0.2%	0.1%	33
34	Annual	(Ln 2 * 12) / Ln 32		1.1%	1.2%	0.7%	0.7%	34
35	Winter	(Ln 3 * 6) / Ln 32		0.9%	1.0%	0.5%	0.5%	35
36	Lander County - Median Household Income (2023\$)		\$ 89,014					36
Average Monthly Bill								
37	Summer	(Ln 1 * 6) / Ln 36		0.2%	0.3%	0.2%	0.1%	37
38	Annual	(Ln 2 * 12) / Ln 36		1.0%	1.1%	0.6%	0.6%	38
39	Winter	(Ln 3 * 6) / Ln 36		0.8%	0.9%	0.5%	0.5%	39
40	Lyon County - Median Household Income (2024\$)		\$ 80,812					40
Average Monthly Bill								
41	Summer	(Ln 1 * 6) / Ln 40		0.3%	0.3%	0.2%	0.1%	41
42	Annual	(Ln 2 * 12) / Ln 40		1.1%	1.2%	0.7%	0.7%	42
43	Winter	(Ln 3 * 6) / Ln 40		0.9%	1.0%	0.5%	0.5%	43
44	Pershing County - Median Household Income (2024\$)		\$ 66,902					44
Average Monthly Bill								
45	Summer	(Ln 1 * 6) / Ln 44		0.3%	0.3%	0.2%	0.2%	45
46	Annual	(Ln 2 * 12) / Ln 44		1.4%	1.5%	0.8%	0.8%	46
47	Winter	(Ln 3 * 6) / Ln 44		1.0%	1.2%	0.6%	0.7%	47
48	Storey County - Median Household Income (2024\$)		\$ 93,409					48
Average Monthly Bill								
49	Summer	(Ln 1 * 6) / Ln 48		0.2%	0.2%	0.2%	0.1%	49
50	Annual	(Ln 2 * 12) / Ln 48		1.0%	1.1%	0.6%	0.6%	50
51	Winter	(Ln 3 * 6) / Ln 48		0.8%	0.8%	0.4%	0.5%	51
52	Washoe County - Median Household Income (2024\$)		\$ 88,096					52
Average Monthly Bill								
53	Summer	(Ln 1 * 6) / Ln 52		0.2%	0.3%	0.2%	0.1%	53
54	Annual	(Ln 2 * 12) / Ln 52		1.0%	1.1%	0.6%	0.6%	54
55	Winter	(Ln 3 * 6) / Ln 52		0.8%	0.9%	0.5%	0.5%	55

[1] <https://www.census.gov/quickfacts> for each area listed; Median households income 2024\$, 2020-2024.

[2] Summer Season is May 1 - October 31 pursuant to Sheet No. 145 of the Company's Nevada Gas Tariff No. 7.

[3] Winter Season is November 1 - April 30 pursuant to Sheet No. 145A of the Company's Nevada Gas Tariff No. 7.

[4] Energy burden is defined as the percentage of gross household income spent on energy costs. It is calculated by dividing the average household energy cost by the average annual household income. According to data on the LEAD tool, the national average energy burden for low-income households is 6% (i.e. an AMI of 0-80% as defined by the U.S. Department of Housing and Urban Development), which is three times higher than that for non-low-income households, which is estimated at 2%. Source: <https://www.energy.gov/scepl/low-income-energy-affordability-data-lead-tool>

**SOUTHWEST GAS CORPORATION  
NORTHERN NEVADA  
RESIDENTIAL GAS SERVICE  
CUSTOMER NATURAL GAS BILL AFFORDABILITY - CALCULATION OF ENERGY BURDEN  
MEDIAN HOUSEHOLD INCOME, AS ADJUSTED**

Line No.	Description	Reference	Annual Household Income	Single-Family Residential		Multi-Family Residential		Line No.
				At Currently Effective Rates	At Proposed Tariff Rates	At Currently Effective Rates	At Proposed Tariff Rates	
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	
<b>Southwest Gas</b>								
Average Monthly Bill								
1	Summer [2]	Schedule O-1		\$ 35.13	\$ 37.78	\$ 26.36	\$ 19.43	1
2	Annual	(Ln 1 + Ln 3) / 2		76.05	83.16	46.93	46.57	2
3	Winter [3]	Schedule O-1		116.97	128.54	67.50	73.70	3
<b>Calculated Energy Burden [4]</b>								
4	Average of Counties Served - Median Household Income (2024\$)		\$ 86,889					4
Average Monthly Bill								
5	Summer	(Ln 1 * 6) / Ln 4		0.2%	0.3%	0.2%	0.1%	5
6	Annual	(Ln 2 * 12) / Ln 4		1.1%	1.1%	0.6%	0.6%	6
7	Winter	(Ln 3 * 6) / Ln 4		0.8%	0.9%	0.5%	0.5%	7
8	Nevada - Median Household Income (2024\$)		\$ 83,245					8
Average Monthly Bill								
9	Summer	(Ln 1 * 6) / Ln 8		0.3%	0.3%	0.2%	0.1%	9
10	Annual	(Ln 2 * 12) / Ln 8		1.1%	1.2%	0.7%	0.7%	10
11	Winter	(Ln 3 * 6) / Ln 8		0.8%	0.9%	0.5%	0.5%	11
12	Carson City County - Median Household Income (2024\$)		\$ 76,964					12
Average Monthly Bill								
13	Summer	(Ln 1 * 6) / Ln 12		0.3%	0.3%	0.2%	0.2%	13
14	Annual	(Ln 2 * 12) / Ln 12		1.2%	1.3%	0.7%	0.7%	14
15	Winter	(Ln 3 * 6) / Ln 12		0.9%	1.0%	0.5%	0.6%	15
16	Churchill County - Median Household Income (2024\$)		\$ 84,206					16
Average Monthly Bill								
17	Summer	(Ln 1 * 6) / Ln 16		0.3%	0.3%	0.2%	0.1%	17
18	Annual	(Ln 2 * 12) / Ln 16		1.1%	1.2%	0.7%	0.7%	18
19	Winter	(Ln 3 * 6) / Ln 16		0.8%	0.9%	0.5%	0.5%	19
20	Douglas County - Median Household Income (2024\$)		\$ 96,535					20
Average Monthly Bill								
21	Summer	(Ln 1 * 6) / Ln 20		0.2%	0.2%	0.2%	0.1%	21
22	Annual	(Ln 2 * 12) / Ln 20		0.9%	1.0%	0.6%	0.6%	22
23	Winter	(Ln 3 * 6) / Ln 20		0.7%	0.8%	0.4%	0.5%	23
24	Elko County - Median Household Income (2024\$)		\$ 91,996					24
Average Monthly Bill								
25	Summer	(Ln 1 * 6) / Ln 24		0.2%	0.2%	0.2%	0.1%	25
26	Annual	(Ln 2 * 12) / Ln 24		1.0%	1.1%	0.6%	0.6%	26
27	Winter	(Ln 3 * 6) / Ln 24		0.8%	0.8%	0.4%	0.5%	27
28	Eureka County - Median Household Income (2024\$)		\$ 74,962					28
Average Monthly Bill								
29	Summer	(Ln 1 * 6) / Ln 28		0.3%	0.3%	0.2%	0.2%	29
30	Annual	(Ln 2 * 12) / Ln 28		1.2%	1.3%	0.8%	0.7%	30
31	Winter	(Ln 3 * 6) / Ln 28		0.9%	1.0%	0.5%	0.6%	31
32	Humboldt County - Median Household Income (2023\$)		\$ 86,237					32
Average Monthly Bill								
33	Summer	(Ln 1 * 6) / Ln 32		0.2%	0.3%	0.2%	0.1%	33
34	Annual	(Ln 2 * 12) / Ln 32		1.1%	1.2%	0.7%	0.6%	34
35	Winter	(Ln 3 * 6) / Ln 32		0.8%	0.9%	0.5%	0.5%	35
36	Lander County - Median Household Income (2023\$)		\$ 94,684					36
Average Monthly Bill								
37	Summer	(Ln 1 * 6) / Ln 36		0.2%	0.2%	0.2%	0.1%	37
38	Annual	(Ln 2 * 12) / Ln 36		1.0%	1.1%	0.6%	0.6%	38
39	Winter	(Ln 3 * 6) / Ln 36		0.7%	0.8%	0.4%	0.5%	39
40	Lyon County - Median Household Income (2024\$)		\$ 85,960					40
Average Monthly Bill								
41	Summer	(Ln 1 * 6) / Ln 40		0.2%	0.3%	0.2%	0.1%	41
42	Annual	(Ln 2 * 12) / Ln 40		1.1%	1.2%	0.7%	0.7%	42
43	Winter	(Ln 3 * 6) / Ln 40		0.8%	0.9%	0.5%	0.5%	43
44	Pershing County - Median Household Income (2024\$)		\$ 71,164					44
Average Monthly Bill								
45	Summer	(Ln 1 * 6) / Ln 44		0.3%	0.3%	0.2%	0.2%	45
46	Annual	(Ln 2 * 12) / Ln 44		1.3%	1.4%	0.8%	0.8%	46
47	Winter	(Ln 3 * 6) / Ln 44		1.0%	1.1%	0.6%	0.6%	47
48	Storey County - Median Household Income (2024\$)		\$ 99,359					48
Average Monthly Bill								
49	Summer	(Ln 1 * 6) / Ln 48		0.2%	0.2%	0.2%	0.1%	49
50	Annual	(Ln 2 * 12) / Ln 48		0.9%	1.0%	0.6%	0.6%	50
51	Winter	(Ln 3 * 6) / Ln 48		0.7%	0.8%	0.4%	0.4%	51
52	Washoe County - Median Household Income (2024\$)		\$ 93,708					52
Average Monthly Bill								
53	Summer	(Ln 1 * 6) / Ln 52		0.2%	0.2%	0.2%	0.1%	53
54	Annual	(Ln 2 * 12) / Ln 52		1.0%	1.1%	0.6%	0.6%	54
55	Winter	(Ln 3 * 6) / Ln 52		0.7%	0.8%	0.4%	0.5%	55

[1] <https://www.census.gov/quickfacts/>; Median households income 2024\$, 2020-2024, adjusted by 6.37%; [https://gov.nv.gov/Newsroom/PRs/2025/2025-12-29\\_icymi\\_nevada\\_leads\\_in\\_hourly\\_wage\\_growth/](https://gov.nv.gov/Newsroom/PRs/2025/2025-12-29_icymi_nevada_leads_in_hourly_wage_growth/)

[2] Summer Season is May 1 - October 31 pursuant to Sheet No. 145 of the Company's Nevada Gas Tariff No. 7.

[3] Winter Season is November 1 - April 30 pursuant to Sheet No. 145A of the Company's Nevada Gas Tariff No. 7.

[4] Energy burden is defined as the percentage of gross household income spent on energy costs. It is calculated by dividing the average household energy cost by the average annual household income. According to data on the LEAD tool, the national average energy burden for low-income households is 6% (i.e. an AMI of 0-80% as defined by the U.S. Department of Housing and Urban Development), which is three times higher than that for non-low-income households, which is estimated at 2%. Source: <https://www.energy.gov/scepl/low-income-energy-affordability-data-lead-tool>

**SOUTHWEST GAS CORPORATION  
NORTHERN NEVADA  
RESIDENTIAL GAS SERVICE  
CUSTOMER NATURAL GAS BILL AFFORDABILITY  
DEPARTMENT OF ENERGY - LOW-INCOME ENERGY AFFORDABILITY DATA (LEAD) TOOL  
NEVADA ANNUAL HOUSEHOLD INCOME**

Line No.	Description (a)	Reference (b)	Annual Household Income (c)	Single-Family Residential		Multi-Family Residential		Line No.
				At Currently Effective Rates (d)	At Proposed Tariff Rates (e)	At Currently Effective Rates (f)	At Proposed Tariff Rates (g)	
<b>Southwest Gas</b>								
	Average Monthly Bill							
1	Summer [2]	Schedule O-1		\$ 35.13	\$ 37.38	\$ 26.36	\$ 27.90	1
2	Annual	(Ln 1 + Ln 3) / 2		76.05	82.09	46.93	50.50	2
3	Winter [3]	Schedule O-1		116.97	126.79	67.50	73.09	3
<b>Calculated Energy Burden [4]</b>								
4	Average of Counties Served		\$ 98,620					4
	Average Monthly Bill							
5	Summer	(Ln 1 * 6) / Ln 4		0.2%	0.2%	0.2%	0.2%	5
6	Annual	(Ln 2 * 12) / Ln 4		0.9%	1.0%	0.6%	0.6%	6
7	Winter	(Ln 3 * 6) / Ln 4		0.7%	0.8%	0.4%	0.4%	7
<b>Calculated Energy Burden [4]</b>								
8	Nevada Household Income		\$ 100,043					8
9	Energy Burden - All Energy Types		2%					9
	Average Monthly Bill							
10	Summer	(Ln 1 * 6) / Ln 8		0.2%	0.2%	0.2%	0.2%	10
11	Annual	(Ln 2 * 12) / Ln 8		0.9%	1.0%	0.6%	0.6%	11
12	Winter	(Ln 3 * 6) / Ln 8		0.7%	0.8%	0.4%	0.4%	12
13	Carson City County Household Income		\$ 91,048					13
14	Energy Burden - All Energy Types		2%					14
	Average Monthly Bill							
15	Summer	(Ln 1 * 6) / Ln 13		0.2%	0.2%	0.2%	0.2%	15
16	Annual	(Ln 2 * 12) / Ln 13		1.0%	1.1%	0.6%	0.7%	16
17	Winter	(Ln 3 * 6) / Ln 13		0.8%	0.8%	0.4%	0.5%	17
18	Churchill County Household Income		\$ 91,565					18
19	Energy Burden - All Energy Types		3%					19
	Average Monthly Bill							
20	Summer	(Ln 1 * 6) / Ln 18		0.2%	0.2%	0.2%	0.2%	20
21	Annual	(Ln 2 * 12) / Ln 18		1.0%	1.1%	0.6%	0.7%	21
22	Winter	(Ln 3 * 6) / Ln 18		0.8%	0.8%	0.4%	0.5%	22
23	Douglas County Household Income		\$ 111,554					23
24	Energy Burden - All Energy Types		3%					24
	Average Monthly Bill							
25	Summer	(Ln 1 * 6) / Ln 23		0.2%	0.2%	0.1%	0.2%	25
26	Annual	(Ln 2 * 12) / Ln 23		0.8%	0.9%	0.5%	0.5%	26
27	Winter	(Ln 3 * 6) / Ln 23		0.6%	0.7%	0.4%	0.4%	27
28	Elko County - Median Household Income (2024\$)		\$ 105,310					28
29	Energy Burden - All Energy Types		2%					29
	Average Monthly Bill							
30	Summer	(Ln 1 * 6) / Ln 28		0.2%	0.2%	0.2%	0.2%	30
31	Annual	(Ln 2 * 12) / Ln 28		0.9%	0.9%	0.5%	0.6%	31
32	Winter	(Ln 3 * 6) / Ln 28		0.7%	0.7%	0.4%	0.4%	32
33	Eureka County - Median Household Income (2024\$)		\$ 86,268					33
34	Energy Burden - All Energy Types		3%					34
	Average Monthly Bill							
35	Summer	(Ln 1 * 6) / Ln 33		0.2%	0.3%	0.2%	0.2%	35
36	Annual	(Ln 2 * 12) / Ln 33		1.1%	1.1%	0.7%	0.7%	36
37	Winter	(Ln 3 * 6) / Ln 33		0.8%	0.9%	0.5%	0.5%	37
38	Humboldt County - Median Household Income (2023\$)		\$ 92,145					38
39	Energy Burden - All Energy Types		3%					39
	Average Monthly Bill							
40	Summer	(Ln 1 * 6) / Ln 38		0.2%	0.2%	0.2%	0.2%	40
41	Annual	(Ln 2 * 12) / Ln 38		1.0%	1.1%	0.6%	0.7%	41
42	Winter	(Ln 3 * 6) / Ln 38		0.8%	0.8%	0.4%	0.5%	42
43	Lander County - Median Household Income (2023\$)		\$ 101,925					43
44	Energy Burden - All Energy Types		2%					44
	Average Monthly Bill							
45	Summer	(Ln 1 * 6) / Ln 43		0.2%	0.2%	0.2%	0.2%	45
46	Annual	(Ln 2 * 12) / Ln 43		0.9%	1.0%	0.6%	0.6%	46
47	Winter	(Ln 3 * 6) / Ln 43		0.7%	0.7%	0.4%	0.4%	47
48	Lyon County - Median Household Income (2024\$)		\$ 93,241					48
49	Energy Burden - All Energy Types		2%					49
	Average Monthly Bill							
50	Summer	(Ln 1 * 6) / Ln 48		0.2%	0.2%	0.2%	0.2%	50
51	Annual	(Ln 2 * 12) / Ln 48		1.0%	1.1%	0.6%	0.6%	51
52	Winter	(Ln 3 * 6) / Ln 48		0.8%	0.8%	0.4%	0.5%	52
53	Pershing County - Median Household Income (2024\$)		\$ 82,922					53
54	Energy Burden - All Energy Types		3%					54
	Average Monthly Bill							
55	Summer	(Ln 1 * 6) / Ln 53		0.3%	0.3%	0.2%	0.2%	55
56	Annual	(Ln 2 * 12) / Ln 53		1.1%	1.2%	0.7%	0.7%	56
57	Winter	(Ln 3 * 6) / Ln 53		0.8%	0.9%	0.5%	0.5%	57
58	Storey County - Median Household Income (2024\$)		\$ 115,361					58
59	Energy Burden - All Energy Types		2%					59
	Average Monthly Bill							
60	Summer	(Ln 1 * 6) / Ln 58		0.2%	0.2%	0.1%	0.1%	60
61	Annual	(Ln 2 * 12) / Ln 58		0.8%	0.9%	0.5%	0.5%	61
62	Winter	(Ln 3 * 6) / Ln 58		0.6%	0.7%	0.4%	0.4%	62
63	Washoe County - Median Household Income (2024\$)		\$ 113,478					63
64	Energy Burden - All Energy Types		2%					64
	Average Monthly Bill							
65	Summer	(Ln 1 * 6) / Ln 63		0.2%	0.2%	0.1%	0.1%	65
66	Annual	(Ln 2 * 12) / Ln 63		0.8%	0.9%	0.5%	0.5%	66
67	Winter	(Ln 3 * 6) / Ln 63		0.6%	0.7%	0.4%	0.4%	67

[1] <https://www.energy.gov/cepf/silsc/lead-tool>, inclusive of all Federal Poverty Levels presented (0%-100%, 100%-150%, 150%-200%, 200%-400%, 400%+).  
 [2] Summer Season is May 1 - October 31 pursuant to Sheet No. 145 of the Company's Nevada Gas Tariff No. 7.  
 [3] Winter Season is November 1 - April 30 pursuant to Sheet No. 145A of the Company's Nevada Gas Tariff No. 7.  
 [4] Energy burden is defined as the percentage of gross household income spent on energy costs. It is calculated by dividing the average household energy cost by the average annual household income. According to data on the LEAD tool, the national average energy burden for low-income households is 6% (i.e. an AMI of 0-80% as defined by the U.S. Department of Housing and Urban Development), which is three times higher than that for non-low-income households, which is estimated at 2%. Source: <https://www.energy.gov/cepf/low-income-energy-affordability-data-lead-tool>

**SOUTHWEST GAS CORPORATION  
NEVADA  
RESIDENTIAL GAS SERVICE  
CUSTOMER NATURAL GAS BILL AFFORDABILITY - CALCULATION OF ENERGY BURDEN  
AT PERCENTAGES OF FEDERAL POVERTY INCOME LEVELS**

Line No.	Description	Reference	Household Income (2023)	SOUTHWEST GAS CORPORATION			NORTHERN NEVADA				
				Single-Family Residential	Multi-Family Residential	Single-Family Low-Income Residential	Multi-Family Low-Income Residential	Single-Family Low-Income Residential	Multi-Family Low-Income Residential		
			(e)	(c)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
			(1), (2)	At Current Effective Rates	At Proposed Tariff Rates	At Current Effective Rates	At Proposed Tariff Rates	At Current Effective Rates	At Proposed Tariff Rates	At Current Effective Rates	At Proposed Tariff Rates
<b>Southwest Gas</b>											
Average Monthly Bill											
1	Summer [3]	Schedule O-1	\$	28.59 \$	31.88 \$	22.72 \$	26.40 \$	35.13 \$	37.78 \$	28.38 \$	19.43
2	Annual	Schedule O-1		46.36	55.51	33.07	35.72	78.65	63.16	46.83	46.57
3	Winter [4]	Schedule O-1		68.12	79.04	37.42	45.03	116.97	128.54	67.50	73.70
<b>Calculated Energy Burden</b>											
Nevada 50% of Federal Poverty - Household of 3											
Average Monthly Bill											
4	Summer	(Ln 1 * 6) / Ln 4	\$	1.3%	1.4%	1.0%	1.2%	1.6%	1.7%	1.2%	0.8%
5	Annual	(Ln 2 * 12) / Ln 8		4.2%	5.0%	2.7%	3.2%	6.8%	4.2%	4.2%	2.8%
6	Winter	(Ln 3 * 6) / Ln 4		3.1%	3.6%	1.7%	2.0%	5.3%	3.0%	3.0%	1.9%
Nevada 75% of Federal Poverty - Household of 3											
Average Monthly Bill											
7	Summer	(Ln 1 * 6) / Ln 8	\$	0.9%	1.0%	0.7%	0.8%	1.1%	1.1%	0.8%	0.6%
8	Annual	(Ln 2 * 12) / Ln 8		2.9%	3.3%	1.8%	2.1%	4.6%	3.0%	2.8%	1.8%
9	Winter	(Ln 3 * 6) / Ln 8		2.0%	2.4%	1.1%	1.4%	3.5%	2.0%	2.0%	1.1%
Nevada 100% of Federal Poverty - Household of 3											
Average Monthly Bill											
10	Summer	(Ln 1 * 6) / Ln 12	\$	0.6%	0.7%	0.5%	0.6%	0.8%	0.8%	0.6%	0.4%
11	Annual	(Ln 2 * 12) / Ln 12		2.2%	2.5%	1.4%	1.6%	3.4%	2.1%	2.1%	1.4%
12	Winter	(Ln 3 * 6) / Ln 12		1.5%	1.8%	0.8%	1.0%	2.6%	1.5%	1.5%	0.8%
Nevada 125% of Federal Poverty - Household of 3											
Average Monthly Bill											
13	Summer	(Ln 1 * 6) / Ln 16	\$	0.5%	0.6%	0.4%	0.5%	0.6%	0.7%	0.5%	0.3%
14	Annual	(Ln 2 * 12) / Ln 16		1.7%	2.0%	1.1%	1.3%	2.7%	1.6%	1.7%	1.0%
15	Winter	(Ln 3 * 6) / Ln 16		1.2%	1.4%	0.7%	0.8%	2.1%	1.2%	1.2%	0.7%
Nevada 150% of Federal Poverty - Household of 3											
Average Monthly Bill											
16	Summer	(Ln 1 * 6) / Ln 20	\$	0.4%	0.5%	0.3%	0.4%	0.5%	0.6%	0.4%	0.3%
17	Annual	(Ln 2 * 12) / Ln 20		1.5%	1.7%	0.9%	1.1%	2.3%	1.4%	1.4%	0.9%
18	Winter	(Ln 3 * 6) / Ln 20		1.0%	1.2%	0.6%	0.7%	1.8%	1.0%	1.0%	0.6%
Nevada 175% of Federal Poverty - Household of 3											
Average Monthly Bill											
19	Summer	(Ln 1 * 6) / Ln 24	\$	0.4%	0.4%	0.3%	0.3%	0.5%	0.5%	0.3%	0.2%
20	Annual	(Ln 2 * 12) / Ln 24		1.2%	1.4%	0.8%	0.9%	2.0%	1.2%	1.2%	0.8%
21	Winter	(Ln 3 * 6) / Ln 24		0.9%	1.0%	0.5%	0.6%	1.5%	0.9%	0.9%	0.6%
Nevada 200% of Federal Poverty - Household of 3											
Average Monthly Bill											
22	Summer	(Ln 1 * 6) / Ln 28	\$	0.3%	0.4%	0.3%	0.3%	0.5%	0.5%	0.3%	0.2%
23	Annual	(Ln 2 * 12) / Ln 28		1.1%	1.2%	0.7%	0.8%	1.7%	1.0%	1.0%	0.7%
24	Winter	(Ln 3 * 6) / Ln 28		0.8%	0.9%	0.4%	0.5%	1.3%	0.8%	0.8%	0.5%
Nevada 225% of Federal Poverty - Household of 3											
Average Monthly Bill											
25	Summer	(Ln 1 * 6) / Ln 32	\$	0.3%	0.3%	0.2%	0.3%	0.4%	0.4%	0.3%	0.2%
26	Annual	(Ln 2 * 12) / Ln 32		1.0%	1.1%	0.6%	0.7%	1.5%	0.9%	0.9%	0.6%
27	Winter	(Ln 3 * 6) / Ln 32		0.7%	0.8%	0.4%	0.5%	1.2%	0.7%	0.7%	0.5%
Nevada 250% of Federal Poverty - Household of 3											
Average Monthly Bill											
28	Summer	(Ln 1 * 6) / Ln 36	\$	0.3%	0.3%	0.2%	0.2%	0.3%	0.3%	0.2%	0.2%
29	Annual	(Ln 2 * 12) / Ln 36		0.9%	1.0%	0.5%	0.6%	1.4%	0.8%	0.8%	0.6%
30	Winter	(Ln 3 * 6) / Ln 36		0.6%	0.7%	0.3%	0.4%	1.1%	0.6%	0.6%	0.4%

(1) U.S. Department of Health and Human Services, Office of the Assistant Secretary for Planning and Education.  
 (2) 2023 Average Number of Persons Per Household, 2020-2024: <https://www.census.gov/quickfacts/>  
 (3) Summer Season is May 1 - October 31 pursuant to Sheet No. 145 of the Company's Nevada Gas Tariff No. 7.  
 (4) Winter Season is November 1 - April 30 pursuant to Sheet No. 145 of the Company's Nevada Gas Tariff No. 7.  
 (5) Energy Burden is defined as the percentage of gross household income spent on energy costs. It is calculated by dividing the average household energy cost by the average annual household income. According to data on the LEO tool, the national average energy burden for low-income households is 6% (i.e. an ARI of 0.60%) as defined by the U.S. Department of Housing and Urban Development, which is three times higher than that for non-low-income households, which is estimated at 2%. Source: <https://www.energy.gov/eere/energy-affordability-data-and-tool>

**SOUTHWEST GAS CORPORATION**  
**NEVADA**  
**U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES, OFFICE OF THE ASSISTANT SECRETARY FOR PLANNING AND EDUCATION**  
**2025 POVERTY GUIDELINES [1]**

Line No.	Household/ Family Size (a)	50%	75%	100%	125%	150%	175%	200%	225%	250%	275%	300%	325%	350%	375%	400%	Line No.
		(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	
		Col (d) * 50%	Col (d) * 75%	Col (d) * 100%	Col (d) * 125%	Col (d) * 150%	Col (d) * 175%	Col (d) * 200%	Col (d) * 225%	Col (d) * 250%	Col (d) * 275%	Col (d) * 300%	Col (d) * 325%	Col (d) * 350%	Col (d) * 375%	Col (d) * 400%	
1	1	7,825	11,738	15,650	19,563	23,475	27,388	31,300	35,213	39,125	43,038	46,950	50,863	54,775	58,688	62,600	1
2	2	10,575	15,863	21,150	26,438	31,725	37,013	42,300	47,588	52,875	58,163	63,450	68,738	74,025	79,313	84,600	2
3	3	13,325	19,988	26,650	33,313	39,975	46,638	53,300	59,963	66,625	73,288	79,950	86,613	93,275	99,938	106,600	3
4	4	16,075	24,113	32,150	40,188	48,225	56,263	64,300	72,338	80,375	88,413	96,450	104,488	112,525	120,563	128,600	4
5	5	18,825	28,238	37,650	47,063	56,475	65,888	75,300	84,713	94,125	103,538	112,950	122,363	131,775	141,188	150,600	5
6	6	21,575	32,363	43,150	53,938	64,725	75,513	86,300	97,088	107,875	118,663	129,450	140,238	151,025	161,813	172,600	6
7	7	24,325	36,488	48,650	60,813	72,975	85,138	97,300	109,463	121,625	133,788	145,950	158,113	170,275	182,438	194,600	7
8	8	27,075	40,613	54,150	67,688	81,225	94,763	108,300	121,838	135,375	148,913	162,450	175,988	189,525	203,063	216,600	8
9	9	29,825	44,738	59,650	74,563	89,475	104,388	119,300	134,213	149,125	164,038	178,950	193,863	208,775	223,688	238,600	9
10	10	32,575	48,863	65,150	81,438	97,725	114,013	130,300	146,588	162,875	179,163	195,450	211,738	228,025	244,313	260,600	10
11	11	35,325	52,988	70,650	88,313	105,975	123,638	141,300	158,963	176,625	194,288	211,950	229,613	247,275	264,938	282,600	11
12	12	38,075	57,113	76,150	95,188	114,225	133,263	152,300	171,338	190,375	209,413	228,450	247,488	266,525	285,563	304,600	12
13	13	40,825	61,238	81,650	102,063	122,475	142,888	163,300	183,713	204,125	224,538	244,950	265,363	285,775	306,188	326,600	13
14	14	43,575	65,363	87,150	108,938	130,725	152,513	174,300	196,088	217,875	239,663	261,450	283,238	305,025	326,813	348,600	14

[1] Source: <https://aspe.hhs.gov/sites/default/files/documents/dd73d4f00d8a819d10b26b70a254f7b/detailed-guidelines-2025.pdf>

**SOUTHWEST GAS CORPORATION**  
**SOUTHERN NEVADA**  
**DEPARTMENT OF ENERGY - LOW INCOME ENERGY AFFORDABILITY DATA (LEAD) TOOL**  
**CUSTOMER NATURAL GAS BILL AFFORDABILITY - CALCULATION OF ENERGY BURDEN**  
**SINGLE FAMILY RESIDENTIAL ANNUAL AVERAGE MONTHLY GAS BILL**  
**AS A PERCENT OF TOTAL ENERGY COST**

Line No.	Description (a)	Reference (b)	Nevada (c)	Clark County (d)	Boulder City (e)	Henderson (f)	Las Vegas (g)	Mesquite (h)	North Las Vegas (i)	Line No.
<u>Department of Energy Low-Income Energy Affordability Data Tool</u>										
1	Number of Households	[1]	1,163,671	832,367	6,463	122,190	230,625	8,074	83,842	1
2	Energy Cost	[1]	\$ 2,183	\$ 2,214	\$ 1,893	\$ 2,405	\$ 2,216	\$ 1,717	\$ 2,323	2
3	Income	[1]	\$ 100,043	\$ 98,160	\$ 109,791	\$ 118,683	\$ 94,872	\$ 87,052	\$ 89,961	3
4	Energy Burden - All Energy Types	[1]	2%	2%	2%	2%	2%	2%	3%	4
<u>Southwest Gas - Annual Average Energy Cost</u>										
5	At Currently Effective Tariff Rates	Exhibit No. __ALT-4 Sh 3	\$ 580.26	\$ 580.26	\$ 580.26	\$ 580.26	\$ 580.26	\$ 580.26	\$ 580.26	5
6	% of Total Energy Cost - All Energy Types	Ln 5 / Ln 2	27%	26%	31%	24%	26%	34%	25%	6
7	Calculated Energy Burden at Currently Effective Tariff Rates	Ln 5 / Ln 3	0.6%	0.6%	0.5%	0.6%	0.7%	0.6%	0.6%	7
<u>At Proposed Tariff Rates</u>										
8	At Proposed Tariff Rates	Exhibit No. __ALT-4 Sh 3	\$ 666.12	\$ 666.12	\$ 666.12	\$ 666.12	\$ 666.12	\$ 666.12	\$ 666.12	8
9	% of Total Energy Cost - All Energy Types	Ln 8 / Ln 2	31%	30%	35%	28%	30%	39%	29%	9
10	Calculated Energy Burden at Proposed Tariff Rates	Ln 8 / Ln 3	0.7%	0.7%	0.6%	0.6%	0.7%	0.8%	0.7%	10

[1] <https://www.energy.gov/scep/sisc/lead-tool>; inclusive of all Federal Poverty Levels presented.  
[2] <https://www.census.gov/quickfacts>

**SOUTHWEST GAS CORPORATION  
NORTHERN NEVADA  
DEPARTMENT OF ENERGY - LOW INCOME ENERGY AFFORDABILITY DATA (LEAD) TOOL  
CUSTOMER NATURAL GAS BILL AFFORDABILITY - CALCULATION OF ENERGY BURDEN  
SINGLE FAMILY RESIDENTIAL ANNUAL AVERAGE MONTHLY GAS BILL  
AS A PERCENT OF TOTAL ENERGY COST**

Line No.	Description	Reference	Nevada (c)	Carson City County (d)	Churchill County (e)	Douglas County (f)	Elko County (g)	Eureka County (h)	Humboldt County (i)	Lander County (j)	Lyon County (k)	Pershing County (l)	Storey County (m)	Washoe County (n)	Line No.
1	Department of Energy Low-Income Energy Affordability Data Tool														
2	Number of Households	(1)	1,163,671	23,355	9,595	21,001	19,032	570	6,866	2,256	23,280	1,866	1,692	192,420	1
3	Energy Cost	(1)	\$ 2,183	\$ 1,691	\$ 2,920	\$ 2,210	\$ 2,486	\$ 2,668	\$ 2,947	\$ 2,366	\$ 2,166	\$ 2,663	\$ 3,052	\$ 1,917	2
4	Income	(1)	\$ 100,043	\$ 91,048	\$ 91,565	\$ 111,554	\$ 105,310	\$ 86,268	\$ 92,145	\$ 101,925	\$ 93,241	\$ 82,922	\$ 115,361	\$ 113,478	3
5	Energy Burden - All Energy Types	(1)	2%	2%	3%	2%	2%	3%	3%	2%	2%	3%	3%	2%	4
5	Southwest Gas - Annual Average Energy Cost														
6	At Currently Effective Tariff Rates	Exhibit No. ALT-5 Sh 3 Ln 5 / Ln 2	913 \$	913 \$	913 \$	913 \$	913 \$	913 \$	913 \$	913 \$	913 \$	913 \$	913 \$	913 \$	5
7	% of Total Energy Cost - All Energy Types		42%	48%	31%	41%	37%	34%	31%	39%	42%	34%	30%	48%	6
7	Calculated Energy Burden at Currently Effective Tariff Rates	Ln 5 / Ln 3	0.9%	1.0%	1.0%	0.8%	0.9%	1.1%	1.0%	0.9%	1.0%	1.1%	0.8%	0.8%	7
8	All Proposed Tariff Rates	Exhibit No. ALT-5 Sh 3 Ln 8 / Ln 2	985 \$	985 \$	985 \$	985 \$	985 \$	985 \$	985 \$	985 \$	985 \$	985 \$	985 \$	985 \$	8
9	% of Total Energy Cost - All Energy Types		45%	52%	34%	45%	40%	37%	33%	42%	45%	37%	32%	51%	9
10	Calculated Energy Burden at Proposed Tariff Rates	Ln 8 / Ln 3	4.0%	1.1%	1.1%	0.9%	0.9%	1.1%	1.1%	4.0%	1.1%	1.2%	0.9%	0.9%	10

[1] <https://www.energy.gov/ise/pis/lead-tool>; inclusive of all Federal Poverty Levels presented.  
[2] <https://www.census.gov/quickfacts>

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**AFFIRMATION OF AMY L. TIMPERLEY**

Pursuant to NAC 703.710, Amy L. Timperley affirms and declares the following:

1. I am over 18 years of age and am competent to testify to facts stated below which are based upon my personal knowledge.
2. That I am the person identified in the foregoing prepared testimony, including, where applicable, any exhibits.
3. That such testimony and exhibits were prepared by me or under my direction.
4. That the information appearing in my testimony and exhibits are true to the best of my knowledge and belief and that if I were asked the questions stated therein under oath, my answers would be the same.
5. Pursuant to NRS 53.045, I declare under penalty of perjury under the law of the State of Nevada that the foregoing is true and correct.

EXECUTED and DATED this 17<sup>TH</sup> day of March, 2026



\_\_\_\_\_  
AMY L. TIMPERLEY

IN THE MATTER OF  
SOUTHWEST GAS CORPORATION  
DOCKET NO. 26-03\_\_\_\_

PREPARED DIRECT TESTIMONY  
OF  
KRISTIEN M. TARY

ON BEHALF OF  
SOUTHWEST GAS CORPORATION

March 17, 2026

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of  
Kristien M. Tary

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BEFORE THE PUBLIC UTILITIES COMMISSION OF NEVADA

Prepared Direct Testimony  
of  
Kristien M. Tary

**I. INTRODUCTION**

**Q. 1 Please state your name and business address.**

A. 1 My name is Kristien M. Tary. My business address is 8360 S. Durango Drive, Las Vegas 89113.

**Q. 2 By whom and in what capacity are you employed?**

A. 2 I am employed by Southwest Gas Corporation (Southwest Gas or Company) in the Regulation department. My title is Manager/Regulation.

**Q. 3 Please summarize your educational background and relevant business experience.**

A. 3 My educational background and relevant business experience are summarized in Appendix A to this testimony.

**Q. 4 Have you previously testified before any regulatory commission?**

A. 4 Yes. I have previously testified before the Public Utilities Commission of Nevada (Commission) and provided written testimony to the Arizona Corporation Commission.

**Q. 5 What is the purpose of your prepared direct testimony in this proceeding?**

A. 5 My prepared direct testimony discusses and confirms the Company's compliance with various Commission Orders, including orders issued in the Company's 2021 and 2023 general rate cases (GRCs) (Docket Nos. 21-09001, and 23-09012, respectively), and the Commission's Orders in Docket Nos. 24-11005, 25-01017

1 and 25-03014. I also address the Company's obligation stemming from  
2 Southwest Gas Transmission Company's (SGTC) proceeding (Docket No. RP24-  
3 000-000) before the Federal Energy Regulatory Commission (FERC).

4 **Q. 6 Please summarize your prepared direct testimony.**

5 A. 6 My prepared direct testimony consists of the following key topics:

6 •The Company's compliance with each of the following:

- 7 ○ The directive set forth in the Commission's Order in Docket No.  
8 21-09001;
- 9 ○ Various directives set forth in the Commission's Order in  
10 Docket No. 23-09012;
- 11 ○ Various directives set forth in the Commission's Order in  
12 Docket No. 24-11005;
- 13 ○ The directive set forth in the Commission's Order in Docket No.  
14 25-01017;
- 15 ○ Various directives set forth in the Commission's Order in  
16 Docket No. 25-03014; and
- 17 ○ The Company's obligation related to the Federal Energy  
18 Regulatory Commission's (FERC) approval of the Southwest  
19 Gas Transmission Company Settlement in Docket No. RP-24-  
20 520-000.

21 **II. COMPLIANCE WITH COMMISSION ORDER IN DOCKET NO. 21-09001**

22 **Q. 7 Please summarize the directive issued by the Commission in its Order in**  
23 **Docket No. 21-09001 as they pertain to the instant docket.**

24 A. 7 The Commission's Order in Docket No. 21-09001 directed the Company to:

- Include in its future GRC filings any previously-authorized regulatory assets and liabilities that it seeks to re-amortize in rate base as the fully amortized balance as of the rate-effective date.

**Q. 8 Did the Company comply with the Commission’s directive described in Q&A 7?**

**A. 8** Yes. The prepared direct testimony of Company witness Celine Louise R. Apo provides discussion on and support for previously-authorized regulatory assets and liabilities the Company seeks to re-amortize in rate base.

**III. COMPLIANCE WITH COMMISSION ORDER IN DOCKET NO. 23-09012**

**Q. 9 Please summarize the directives issued by the Commission in its Order in Docket No. 23-09012 as they pertain to the instant docket.**

**A. 9** The Commission’s Order in Docket No. 23-09012 directed the Company to:

- File a Schedule of itemized Board of Directors expenses in its next general rate case, clearly showing the portion requested from ratepayers (Directive No. 6);
- File a schedule of itemized investor relations expenses in its next general rate case, clearly showing the portion requested from ratepayers (Directive No. 7);
- Continue evaluating a method that incorporates the warming trend into the weather normalization process that is supported with at least 20 years of historical data. (Directive No. 8);
- Include in its next General Rate Case filing a guide to its Class Cost of Service Study (COSS) models. The guide must outline key concepts, the cost-allocation process, the main model inputs and

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structure, and an explanation of how the Company's COSS models operate (Directive No. 9);

- To meet informally with Regulatory Operations Staff of the Commission (Staff), the Nevada Bureau Consumer of Protection (BCP), and any interested parties to the proceeding at least 6 months to Southwest Gas filing its next general rate case to discuss alternate methods of classifying and allocating the cost of the Company's transmission system mains, distribution system mains, and its distribution system service lines to customer classes in the Company's instant rate case (Directive No. 10);<sup>1</sup>
- Provide additional cost-of-service studies using alternative allocation methods, including throughput, and include proposed notice in the next general rate case application to move customers on Schedules SG-RAC/NGRAC, SG-AC/NG-AC, SG-WP/NG-WP, SG-EG/NG-EG, and SG-CNG/NG-CNG to their otherwise applicable rate schedules so they receive proper notice if any party later proposes eliminating those schedules;<sup>2</sup> and
- Provide as a compliance item an accounting of final costs incurred to present and prepare the GRC filed in Docket No. 23-09012 within 90 days of the date of the Commission's Order.

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<sup>1</sup> A directive in the Stipulation, Docket No. 23-09012, paragraph 5, page 5, filed April 8, 2024.

<sup>2</sup> Amended Stipulation, page 6, paragraph 6, Docket No. 23-09012.

1 | **Q. 10 Has the Company complied with each of the Commission’s directives**  
2 | **described in Q&A 9?**

3 | A. 10 Yes. The Company addressed each of the Commission directives described in  
4 | Q&A 9 as follows:

- 5 | • The instant application includes discussion and support in the  
6 | prepared direct testimony of Company witness, Randi L. Cunningham  
7 | for: 1) a schedule delineating every Board of Director charge included  
8 | for recovery in the instant application; and 2) a schedule of itemized  
9 | investor relations expenses showing the portion requested from  
10 | ratepayers;
- 11 | • The instant application includes discussion and support in the  
12 | prepared direct testimony of Company witness, Brandy L. Little on: 1)  
13 | a method to incorporate the warming trend into the weather  
14 | normalization process including supporting analysis containing at least  
15 | 20 years of historic data; 2) a weather normalization adjustment to  
16 | transportation volumes for the transportation service customer in a  
17 | similar category as a weather-normalized general sales service  
18 | category; 3) a weather normalization adjustment to the commercial  
19 | A/C schedule; and 4) a weather normalization adjustment to the  
20 | transportation small electric generation service schedule and the  
21 | contracts for special services transportation electric generation service  
22 | schedule;
- 23 | • The instant application includes discussion and support in the  
24 | prepared direct testimony of Company witness Christopher M. Brown  
25 |

1 on the guide to the Company's COSS models outlining the key  
2 concepts, the cost-allocation process, the main model inputs and  
3 structure, and an explanation of how the Company's COSS models  
4 operate;

- 5 • Southwest Gas, Staff, BCP, and interested parties met informally via  
6 Teams on August 5, 2026, to discuss alternate methods of classifying  
7 and allocating the cost of the Company's transmission system mains,  
8 distribution system mains, and its distribution system service lines to  
9 customer classes in the Company's instant rate case;<sup>3</sup>
- 10 • The instant application includes discussion and support from  
11 Company witness Christopher M. Brown on the additional  
12 cost-of-service studies using alternative allocation methods, including  
13 throughput, and include proposed notice in the next general rate case  
14 application to move customers on Schedules SG-RAC/NGRAC,  
15 SG-AC/NG-AC, SG-WP/NG-WP, SG-EG/NG-EG, and  
16 SG-CNG/NG-CNG to their otherwise applicable rate schedules so  
17 they receive proper notice if any party later proposes eliminating those  
18 schedules; and
- 19 • The Company filed with the Commission on June 17, 2024, as a  
20 compliance item, an accounting of final costs incurred to present and  
21 prepare the GRC filed in Docket No. 23-09012.

22  
23 . . .  
24  
25 <sup>3</sup> A directive in the Stipulation, Docket No. 23-09012, paragraph 5, page 5, filed April 8, 2024.

1 **IV. COMPLIANCE WITH COMMISSION ORDER IN DOCKET NO. 24-11005**

2 **Q. 11 Please summarize the directives issued by the Commission in its Order in**  
3 **Docket No. 24-11005 as they pertain to the instant docket.**

4 A. 11 The Commission's order in Docket 24-11005 approved the Stipulation filed by  
5 Southwest Gas, Staff and the BCP, which directs Southwest Gas to record all  
6 revenues collected through the Mesquite Infrastructure Expansion Rate (IER)  
7 from Southern Nevada customers (excluding customers in Mesquite) to a  
8 regulatory liability account and the balance of that account will be credited to the  
9 Company's Southern Nevada customers, similar to how revenue is treated from  
10 its contract customers, through rate design in the Company's future general rate  
11 cases filed after September 30, 2025.

12 **Q. 12 Has the Company complied with this directive in the instant application?**

13 A. 12 Yes. In August 2025, the Company recorded \$2,492,704 the balance of the  
14 revenue collected through the Southern Nevada Mesquite IER to a regulatory  
15 liability account. As discussed in the Prepared Direct Testimony of Celine Louise  
16 R. Apo, the Company proposes to return the estimated account balance of  
17 \$2,488,706 to Southern Nevada customers over a two-year amortization period.  
18 Company witness Christopher M. Brown discusses how this amount will be  
19 returned to customers through the Company's proposed rate design.

20 **V. COMPLIANCE WITH COMMISSION ORDER IN DOCKET NO. 25-01017**

21 **Q. 13 Please summarize the directive issued by the Commission in its Order in**  
22 **Docket No. 25-01017 as it relates to the instant application.**

23 A. 13 The Commission authorized regulatory accounting treatment for the Company's  
24 line locating expenses and the inclusion of the amount for recovery in its next  
25 GRC filing. The regulatory asset treatment granted did not extend past the

1 Company's next GRC filing, rather, the Company is required to seek approval for  
2 its continuation should the Company wish to do so.

3 **Q. 14 In compliance with the Commission's order, is the Company seeking**  
4 **approval to continue the regulatory accounting treatment associated with**  
5 **the Company's line locating expenses?**

6 A. 14 Yes. Christopher M. Brown supports the Company's request to continue the  
7 regulatory accounting treatment consistent with the authority granted in Docket  
8 No. 25-01017 in his prepared direct testimony.

9 **VI. COMPLIANCE WITH COMMISSION ORDER IN DOCKET NO. 25-03014**

10 **Q. 15 Please summarize the directives issued by the Commission in its Order in**  
11 **Docket No. 25-03014 as they pertain to the instant docket.**

12 A. 15 The Commission's Order in Docket No. 25-03014 directed, among other things,  
13 that the Company: 1) submit a payment in the amount of \$4,000 to the Nevada  
14 Regional Common Ground Alliance (NRCGA); 2) submit a payment in the amount  
15 of \$20,000 to the Commission, as a compliance item, for deposit in the State  
16 General Fund; and 3) allocate \$30,000 towards improving Southwest Gas' ticket  
17 management system, with Southwest Gas to donate to NRCGA any portion of the  
18 \$30,000 not spent on the ticket management improvements.

19 **Q. 16 Did the Company comply with the directives outlined in Q&A 13?**

20 A. 16 Yes. In May 2025, Southwest Gas paid \$4,000 to NRCGA and \$20,000 was  
21 submitted to the Commission for deposit into the State General Fund. Southwest  
22 Gas improved its ticket management system for \$28,500, and the remaining  
23 amount of \$1,500 was donated to NRCGA. All of the aforementioned donations  
24 and payments were charged to Federal Energy Regulatory Commission Account  
25 42630.

1 **VII. THE COMPANY'S COMPLIANCE WITH FERC'S ORDER OF SGTC SETTLEMENT**

2 **DOCKET NO. RP-24-520-000**

3 **Q. 17 Please provide an overview of the Company's obligation pursuant to FERC**  
4 **Docket No. RP-24-520-000.**

5 A. 17 Pursuant to the approval of the Stipulation and Agreement of Settlement in Lieu  
6 of Rate Filing (Settlement) in SGTC's proceeding before the FERC, Southwest  
7 Gas, as a signatory, agreed to an obligation to sponsor witness testimony to  
8 support any contribution in aid of construction paid by Southwest Gas for the  
9 construction, modification and/or rearrangement of SGTC facilities.

10 **Q. 18 Has the Company met its obligation pursuant to the Settlement and the**  
11 **FERC's order in RP-24-520-000?**

12 A. 18 Yes. Company witness Christopher M. Brown provides testimony supporting the  
13 CIAC included in plant in service in the instant docket.

14 **Q. 19 Does this conclude your prepared direct testimony?**

15 A. 19 Yes.

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## **SUMMARY OF QUALIFICATIONS KRISTIEN M. TARY**

I hold a Bachelor of Arts degree in Communication Studies from the University of Nevada, Las Vegas.

In 2000, I began my career at Southwest Gas Corporation (Southwest Gas or Company) as an Intern in the Corporate Communications Department. In 2001, I was hired by the Company as a Professional Staff Entry in the Corporate Communications Department. In 2004, I was promoted to Communications Representative. From 2001 to 2009, my primary responsibilities included representing the Company both internally and externally regarding communications, media relations, and consumer and community affairs; providing communications support for low-income programs and regulatory/compliance items; providing expertise and resources to create and execute strategic communications plans.

In 2009, I was promoted to Analyst II in the State Regulatory Affairs Department. In this position, my primary responsibilities included management and monitoring of regulatory proceedings in Arizona, California and Nevada, as well as ensuring the Company met its regulatory compliance obligations. In this role, I also facilitated and managed the data request process, provided regulatory perspective when responding to customer inquiries, and acted as a liaison with the state regulatory agencies and consumer advocates, when appropriate. In addition, I collaborated with regulatory representatives from other utilities regarding statewide initiatives and assisted with legislative activities.

From October 2014 to October 2019, I held positions of Analyst II and Senior Analyst in the Regulation Department; where I was responsible for calculating and implementing customer rates; overseeing tariff administration; formulating rate design recommendations; analyzing regulatory decisions and impacts; conducting economic feasibility analysis for customer bypass; handling various rate and revenue requirement analyses; as well as preparing forecasted results of operations and developing recommendations to management in support of corporate financial and regulatory goals for the Company's Arizona, California and Nevada ratemaking jurisdictions. In addition, I develop and maintain complex and technical analyses of multiple components for the Company's cost of service and rate design allocation models. I have testified in proceedings before the Public Utilities Commission of Nevada and provided written testimony before the Arizona Corporation Commission.

In October 2019, I transferred to the Resource Plan and Analysis department where I held the positions of Regulatory Specialist, Senior Regulatory Specialist (Dec. 2020), and Supervisor (Sept. 2022). In these roles I was responsible for developing and recommending strategy, regulatory policy, and objectives for Federal Regulatory Energy Commission (FERC)-related matters, as well as providing cost-of-service expertise for interstate pipeline rate proceedings filed with FERC. I also prepared and supervised resource planning activities for the Company's gas supply, interstate transportation, and storage resource requirements.

In July 2024, I transferred back to the Regulation Department as a Regulatory Affairs Professional managing all FERC activities as it relates to upstream natural gas pipelines filings. December 2024, I was promoted to Regulatory Manager, where I manage all Nevada regulatory activities and provide guidance consistent with the Company's regulatory initiatives.

1 **AFFIRMATION OF KRISTIEN M. TARY**

2 Pursuant to NAC 703.710, Kristien M. Tary affirms and declares the following:

- 3 1. I am over 18 years of age and am competent to testify to facts stated below which  
4 are based upon my personal knowledge.
- 5 2. That I am the person identified in the foregoing prepared testimony, including,  
6 where applicable, any exhibits.
- 7 3. That such testimony and exhibits were prepared by me or under my direction.
- 8 4. That the information appearing in my testimony and exhibits are true to the best  
9 of my knowledge and belief and that if I were asked the questions stated therein  
10 under oath, my answers would be the same.
- 11 5. Pursuant to NRS 53.045, I declare under penalty of perjury under the law of the  
12 State of Nevada that the foregoing is true and correct.

13 EXECUTED and DATED this 17th day of March 2026

14   
15 \_\_\_\_\_  
16 KRISTIEN TARY

IN THE MATTER OF  
SOUTHWEST GAS CORPORATION  
DOCKET NO. 26-03\_\_\_\_

PREPARED DIRECT TESTIMONY  
OF  
RANDI L. CUNNINGHAM

ON BEHALF OF  
SOUTHWEST GAS CORPORATION

March 17, 2026

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of  
Randi L. Cunningham

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BEFORE THE PUBLIC UTILITIES COMMISSION OF NEVADA

Prepared Direct Testimony  
of  
Randi L. Cunningham

**I. INTRODUCTION**

**Q. 1 Please state your name and business address.**

A. 1 My name is Randi L. Cunningham. My business address is 8360 S. Durango Drive, Las Vegas 89113.

**Q. 2 By whom and in what capacity are you employed?**

A. 2 I am employed by Southwest Gas Corporation (Southwest Gas or Company) in the Regulation department. My title is Director/Regulation.

**Q. 3 Please summarize your educational background and relevant business experience.**

A. 3 My educational background and relevant business experience are summarized in Appendix A to this testimony.

**Q. 4 Have you previously testified before any regulatory commission?**

A. 4 Yes. I have previously testified before the Public Utilities Commission of Nevada (Commission), the Arizona Corporation Commission, the California Public Utilities Commission, and the Federal Energy Regulatory Commission.

**Q. 5 What is the purpose of your prepared direct testimony in this proceeding?**

A. 5 My testimony supports the annualization of Labor and Benefits costs, the cost of service analysis undertaken by the Company to ensure that only costs appropriate for recovery are included in this Application, and a description of the new allocation for the Lake Tahoe area of the Company's Northern Nevada Division

1 (NND). I am serving as the witness for the Company's' compliance with the  
2 directives to: 1) file a ledger of adjusted expenses the Company is seeking  
3 recovery for food and beverage, travel, lodging, incidentals, real estate and  
4 entertainment consistent with the requirements contained in the Order in Docket  
5 No. 21-09001, 2) file a schedule which delineates every Board of Directors (BOD)  
6 charge included for recovery as required by the Order in Docket No. 23-09012;  
7 and 3) file a schedule which delineates every Investor Relations (IR) charge  
8 included for recovery as required by the Order in Docket No. 23-09012.

9 **Q. 6 Please summarize your prepared direct testimony.**

10 A. 6 My prepared direct testimony consists of the following key topics:

- 11 • Test year adjustments as set forth in Schedules H-3, H-5, and H-12;
- 12 • Certification Period Adjustments, as set forth in Schedule HC-3; and
- 13 • The Company's compliance with various directives set forth in the  
14 Commission's Order in Docket Nos. 21-09001 and 23-09012.

15 **II. WITHIN TEST YEAR ADJUSTMENTS**

16 **Q. 7 Please identify the test year adjustments you are supporting.**

17 A. 7 I am supporting the test year adjustments in Schedules H-3, H-5, and H-12.

18 **Q. 8 Please explain and discuss Schedule H-3, Labor and Benefits Adjustment.**

19 A. 8 Adjustment No. 3 annualizes the labor and related labor loadings of Southern  
20 Nevada, Northern Nevada, and Corporate employees employed by the Company  
21 at the end of the November 30, 2025, test period. The table below provides a  
22 comparison of the number of employees in each of these three areas at the end  
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of the test year in the instant docket and at the end of the test year in the Company's most recent general rate case (GRC).<sup>1</sup>

	Twelve Months Ended November 30, 2025	Twelve Months Ended May 31, 2023
Southern Nevada	354	340
Northern Nevada [1]	186	168
Corporate [2]	917	870

[1] Before allocation to the Northern Nevada rate jurisdiction.

[2] Also referred to as System Allocable.

The labor and labor loading annualization adjustment includes two components. On Schedule H-3, Sheet 1, a salary annualization is made for all Southern Nevada, Northern Nevada, and Corporate employees with salaries in effect at the end of the last pay period beginning prior to November 30, 2025. Second, labor loadings are annualized at the end of the test period and those costs are applied to the employees on Southwest Gas' payroll at the end of the test period.

Schedule H-3, Sheet 2, annualizes the non-service-related pension costs based on the 2025 actuarial amounts and allocates the amount using the Modified Massachusetts Formula (MMF) and the 4-Factor Allocation Methodology (4-Factor) to Southern Nevada and Northern Nevada. The overall impact of Adjustment No. 3 is an increase to operating expenses of \$1,032,396 for Southern Nevada and a decrease to operating expenses of \$30,955 for Northern Nevada.

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<sup>1</sup> Docket No. 23-09012.

1 **Q. 9 Please describe the labor loading process.**

2 A. 9 Service-related pension costs, benefits and payroll taxes are accumulated at the  
3 corporate level. These costs are then distributed among the various rate  
4 jurisdictions through a labor loading process. The labor loading rate is adjusted  
5 at the beginning of each year, based on budgeted pensions, benefits, paid time  
6 off, payroll taxes, and expected employee levels. The labor loading process  
7 applies the labor loading rate to each labor dollar, assigning an appropriate  
8 amount of pensions, benefits, paid time off, and payroll taxes to each account to  
9 which labor has been charged.

10 **Q. 10 How were labor loadings for Southern Nevada, Northern Nevada, and**  
11 **Corporate employees annualized in this proceeding?**

12 A. 10 Southwest Gas used a two-year average of the net periodic pension cost from the  
13 actuarial amounts, which are also used by the Company to accrue related  
14 expenses, as the basis for annualizing the service-related costs for pension, post-  
15 employment benefits other than pension (PBOP), and supplemental executive  
16 retirement plan (SERP).<sup>2</sup> Consistent with prior Commission decisions, the  
17 Company removed certain items recorded in the Miscellaneous Benefits  
18 subaccount from the cost of service, such as costs related to service awards,  
19 retirement gifts and parties, and employee recognition. Also, adjustments were  
20 made to remove out of period charges as necessary from the test year, and to  
21 bring in test year charges recorded out of period. In addition, payroll taxes,  
22 employee investment plan (401(k)) match, and indirect time were adjusted for the  
23 impact of annualizing payroll and overtime. For the remaining costs in Account

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25 <sup>2</sup> Consistent with the Commission's Decision in Docket No. 23-09012, the Company is only seeking the restorative SERP benefit.

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926, recorded test year costs were used as the basis for the annualization. These adjustments are consistent with prior Commission decisions.

There were two methods used to allocate labor loading costs to Southern Nevada and Northern Nevada. First, the 2025 and 2026<sup>3</sup> service-related cost of pensions, PBOP and SERP, along with executive deferred compensation and 401(k), were allocated based on each rate jurisdiction’s labor cost as a percentage of total Company labor. Second, for the remaining benefits, a cost per employee was calculated based on the adjusted costs divided by the total number of Company employees at the end of the test year. The cost per employee was multiplied by the number of Southern Nevada and Northern Nevada jurisdictional employees at the end of the test year to determine the amount allocated to each rate jurisdiction for ratemaking purposes. Company witness Albert Taylor supports the Company’s compensation and benefits programs and the prudence of the related expenses.

**Q. 11 In prior GRCs, the Company normalized retirement benefits using a three-year average. Why is it proposing to change its methodology to annualizing based on a two-year average?**

A. 11 A two-year average is more closely aligned with the Company’s GRC cycle, and is consistent with the amortization period for regulatory assets. As such, a two-year average is reasonable and should be approved by the Commission.

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<sup>3</sup> A two-year average of 2025 and 2026 were used for the certification period. A two-year average of 2024 and 2025 were used for the test period.

1 **Q. 12 Once the annualized labor and labor loadings were calculated, how was the**  
2 **adjustment determined?**

3 A. 12 The annualized labor and labor loadings were assigned to each account based on  
4 the historical test year relationships. For example, during the test year,  
5 approximately 54 percent of Southern Nevada and 63 percent of Northern Nevada  
6 direct labor and loadings were charged to O&M accounts. Therefore, 54 percent  
7 of the annualized Southern Nevada and 63 percent of the annualized Northern  
8 Nevada direct labor and loadings were assigned to O&M accounts. The difference  
9 between the annualized labor and loadings assigned to the O&M accounts and  
10 the recorded labor and loadings is the adjustment for that account. Since 54  
11 percent of the annualized Southern Nevada and 63 percent of the annualized  
12 Northern Nevada direct labor and loadings were assigned to O&M, the remaining  
13 46 percent and 37 percent, respectively, were assigned to capital and deferred  
14 accounts, and do not impact the annualized labor and labor loadings requested in  
15 this application. A similar assignment was performed for Corporate staff  
16 annualized labor and loadings to determine the adjustment required.

17 **Q. 13 Please describe the cost of service analysis the Company has historically**  
18 **performed when preparing a GRC application.**

19 A. 13 When preparing its GRC applications, the Company reviews thousands of  
20 transactions in various categories to determine whether, while valid business  
21 expenses, they are appropriate to include in the Company's proposed cost of  
22 service for consideration in establishing rates. The Company obtains the  
23 transactions from several sources including: 1) its accounts payable system, 2)  
24 journal entries in its general ledger, and 3) employee expense report system. The  
25 transactions are generally grouped into the following eight categories: 1)

1 Donation/Civic Activity, 2) Employee Events, 3) Employee Recognition, 4) Other  
2 Employee Welfare, 5) Sponsorships, Ads, Promos, 6) Non-Utility Expense, 7)  
3 Non-Recurring Expense, and 8) Retirement Gifts/Meals. There are additional  
4 categories that could increase or decrease the cost of service, which are generally  
5 grouped into three categories: 1) Out of Period Expenses, 2) Expense  
6 Annualizations, and 3) Accounting Corrections.

7 **Q. 14 What is the purpose of the cost of service analysis?**

8 A. 14 The purpose of the cost of service analysis is to review recorded business  
9 expenses to ensure they have been recorded to the correct account and rate  
10 jurisdiction, as well as to identify any expenses that should not be considered  
11 when establishing the Company's proposed cost of service in a GRC. This  
12 process is also used to identify out of period expenses, non-recurring expenses  
13 that may require adjustment, and expenses that may require annualization (or  
14 normalization).

15 **Q. 15 Did the Company perform a cost of service analysis when preparing its**  
16 **application in the instant docket?**

17 A. 15 Yes. Consistent with the pre-filing review and analysis described above, the  
18 Company conducted a cost of service analysis when preparing its application in  
19 the instant docket. The Regulation team also performed a review of work orders  
20 that were placed in service since the end of the certification period in the  
21 Company's last GRC through the end of the test year to identify any work orders  
22 that may not be appropriate for inclusion in the Company's proposed rate base.

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1 **Q. 16 Did the Company implement any enhanced processes as part of its GRC**  
2 **prefiling review?**

3 A. 16 Yes. In addition to the Company's typical prefiling review, the Regulation team  
4 has pursued additional process enhancements with the goal of further increasing  
5 transparency and improving the review process. To that end, the Regulation team  
6 enlisted assistance from the Company's Information Services department to  
7 identify and carry out technological enhancement initiatives to make the cost  
8 vetting process more efficient and accurate. The two departments collaborated,  
9 and continue to collaborate, to define what is needed from the business side, and  
10 to agree on solutions that could be implemented. For example, the Company  
11 developed and implemented a capital prudence package tool, which returns all  
12 available invoices, receipts, and general journals for a list of work orders entered  
13 into the tool. It also generates a report that itemizes each charge to the work order  
14 and a report that indicates whether each work order has closed to plant or not.  
15 The Company is working to expand this tool to have the ability to query specific  
16 segments of the Accounting Control Key (ACK) and to return all available invoices,  
17 receipts, and general journals. This will allow the Company to analyze specific  
18 costs and prepare any compliance items focused on specific costs more  
19 efficiently. Further, this tool is a faster, more streamlined retrieval process that  
20 vastly enhances the Company's ability to provide timely responses to data  
21 requests received from Regulatory Operations Staff (Staff) of the Commission and  
22 the Bureau of Consumer Protection when requesting copies of all invoices,  
23 receipts and general journals for expenses and/or capital projects, which is often  
24 voluminous and was previously required to be retrieved one by one. The  
25 Company is in the early stages of implementing Artificial Intelligence (AI) to

1 automate the process of finding transactions that were incorrectly charged by  
2 reviewing the text within the actual receipts and invoices, versus the current  
3 process which is limited to the business purpose and comments entered by the  
4 user into the Company's systems. This effort will complement and enhance the  
5 review process, allowing for an automated review of tens of thousands of receipts  
6 and vouchers.

7 The Regulation department took ownership of the "All P-Card Transaction",  
8 "All Invoice Transaction", and the "Meals Attendees" detailed reports it uses to  
9 review costs from Internal Audit, which significantly shortens the time between  
10 when month end close and when the Regulation team can begin reviewing  
11 transactions. In addition, the Regulation department owns the scripts that are  
12 run against recorded expenses (both P-card transactions and vouched invoices)  
13 to flag expenses that may match the criteria of expenses the Company is not  
14 requesting recovery for in the instant application. The Company included any  
15 adjustments necessary in an effort to ensure the allocated expenses included in  
16 the Company's proposed cost of service were appropriate for consideration when  
17 establishing rates. Expenses the Company is not seeking recovery for, as well  
18 as non-recoverable expenses, were identified and are included in the Company's  
19 Cost of Service Adjustment reflected in Schedule H-5 in both Northern Nevada  
20 and Southern Nevada as summarized below.

21 To reinforce the importance of accurate recordkeeping and to provide  
22 continuing education to employees across the Company's multi-jurisdictional  
23 operations, the Company has provided numerous communications and internal  
24 training sessions surrounding proper documenting and recording of costs since  
25 its last GRC. The Company will continue to do so on an ongoing basis. The

1 Company provided numerous job aids to help employees charge costs properly.  
2 The Company also plans to implement required companywide interactive annual  
3 cost of service training to all employees through its Learning Management  
4 System during the second quarter of 2026. The Company will continue to fine  
5 tune and enhance its communication and training offerings based on findings  
6 during this ongoing review and technology improvements.

7 **Q. 17 Please explain Schedule H-5, Cost of Service Analysis.**

8 A. 17 This adjustment was made after an extensive review of test year expenses, as  
9 explained above. The purpose of the review and adjustment is to identify and  
10 include only those expenditures appropriate to recover as part of its cost of service  
11 to Nevada customers. This adjustment also adjusts the cost of service for any  
12 costs identified as out of period, non-recurring, or otherwise needing an  
13 accounting correction. The impact of this adjustment is a reduction to operating  
14 expenses of approximately \$300,000 in Southern Nevada and \$79,000 in  
15 Northern Nevada.

16 **Q. 18 Is the Company proposing to recover 100 percent of Board of Directors'**  
17 **(BOD) compensation and related expenses?**

18 A. 18 No. The Company is requesting to recover approximately 33 percent<sup>4</sup> of the  
19 incurred BOD compensation and related expenses, as adjusted for certain items,  
20 from its Nevada customers as these costs are shared across the Company's other  
21 five rate jurisdictions outside of Nevada. The Company removed the portion of  
22 BOD compensation related to interest earned on deferred compensation as  
23

24 <sup>4</sup> Southern Nevada 4-Factor of 28.34% and Northern Nevada 4-Factor of 5.08%, after allocation to Great  
25 Basin Gas Transmission Company and Southwest Gas Transmission Company using the MMF allocation  
factor of 4.10%.

1 discussed further below, and, after a comprehensive review, removed a number  
2 of other costs from consideration in the instant docket. During the test year, the  
3 BOD held additional board meetings for non-utility-related topics. The Company  
4 is not requesting recovery for the costs associated with those meetings. In  
5 addition, and as a result of the cost of service analysis discussed above, the  
6 Company removed costs it does not seek to recover in the instant docket. Other  
7 than the aforementioned costs, the Company is proposing to recover the  
8 remaining test year BOD compensation and related expenses allocable to  
9 Southwest Gas, and ultimately, the approximate 33 percent of the incurred cost  
10 allocable to the Company's Southern Nevada and Northern Nevada rate  
11 jurisdictions. The itemized BOD expenses are included in Confidential Exhibit No.  
12 \_\_\_\_ (RLC-1).

13 **Q. 19 Are the BOD costs the Company seeks to recover in the instant docket**  
14 **reasonable?**

15 A. 19 Yes. Company witness Albert Taylor further discusses the reasonableness of the  
16 BOD compensation in his prepared direct testimony. Furthermore, a competent  
17 and engaged BOD is necessary for the Company's operations. The Company  
18 believes the Commission should find the amounts the Company seeks to recover  
19 for BOD compensation and related expenses prudently incurred and recoverable.  
20 The total BOD compensation and related expenses requested for recovery after  
21 the removal of certain expenses is \$2,724,742. However, this amount is  
22 significantly reduced after allocation to Nevada, as the jurisdictional amounts  
23 included in the Company's request are \$740,528 in Southern Nevada and  
24 \$132,696 in Northern Nevada.

25

1 **Q. 20 Please explain Schedule H-12, Board of Directors – Interest Earned on**  
2 **Deferred Compensation.**

3 A. 20 Consistent with prior Commission directives, the purpose of this adjustment is to  
4 remove interest earned on past and current BOD deferred compensation. This  
5 adjustment reduces operating expense in Southern Nevada and Northern Nevada  
6 by \$210,506 and \$37,721, respectively.

7 **III. CERTIFICATION PERIOD ADJUSTMENTS**

8 **Q. 21 Are you sponsoring any adjustments within the certification period ending**  
9 **November 30, 2025?**

10 A. 21 Yes. I am sponsoring Adjustment No. C3 which is contained in Schedule H-C3.  
11 The test year number of employees was used in the certification period labor and  
12 labor loading annualization adjustment. A general wage increase, which has been  
13 implemented and will become effective in March 2026 during the certification  
14 period, was applied to test year employees. The general wage increase also  
15 impacts wages subject to FICA and other payroll taxes (which use 2026 wage  
16 bases and tax rates), as well as the Company 401(k) match. Company witness  
17 Albert Taylor supports the prudence of the general wage increase. The 2025 test  
18 year actuarial amounts were updated to 2026 actuarial amounts for annualizing  
19 the service-related costs for pension, PBOP, and SERP because they were  
20 known, measurable and effective during the certification period.

21 After allocation, the labor and labor loading annualization adjustment at  
22 certification is estimated to increase operating expense by \$2,645,282 in Southern  
23 Nevada and \$591,997 in Northern Nevada. All Certification adjustments will be  
24 certified in Statement I.

25

1 **IV. LAKE TAHOE-AREA ALLOCATION**

2 **Q. 22 What is the purpose of the Company’s new Lake Tahoe Area Allocation?**

3 A. 22 The Company developed a new allocation and receiving district to allocate costs  
4 that benefit the entirety of the Lake Tahoe basin geographical area to just those  
5 areas, which include the Company’s Northern California (NCA) and South Lake  
6 Tahoe (SLT) California rate jurisdictions as well as Tahoe District 0023 in the  
7 Company’s Northern Nevada rate jurisdiction. District 0018 records both labor  
8 and non-labor costs associated with activities performed in the Lake Tahoe basin  
9 that provide shared operational benefits to the Northern Nevada, South Lake  
10 Tahoe, and Northern California rate jurisdictions located within the Lake Tahoe  
11 basin. To ensure an equitable distribution of these costs, an allocation  
12 methodology is applied that assigns a proportionate share of District 0018  
13 expenses to each of the three rate jurisdictions. This allocation is based on the  
14 total number of customers in the Northern Nevada District 0023, Tahoe District,  
15 South Lake Tahoe, and Northern California rate jurisdictions. The customer  
16 counts for all three areas within the Lake Tahoe basin are combined to establish  
17 the allocation base, and each jurisdiction receives its respective share of District  
18 0018 costs according to its relative share of total customers. The allocation factor  
19 used in this methodology is reviewed and updated annually to ensure it remains  
20 accurate and reflective of current customer levels. Company witness Christopher  
21 R. Anderson discusses the need for this allocation from an operational  
22 perspective in his prepared direct testimony. The revenue requirement  
23 associated with Lake Tahoe-area general plant is also allocated in a similar  
24 fashion through the Company’s annual interjurisdictional “rent” allocation process.  
25

1 **V. COMPLIANCE ITEMS**

2 **Q. 23 Please provide an overview of the directive in ordering paragraph 11 in the**  
3 **Commission's order in Docket No. 21-09001 (2021 GRC).**

4 A. 23 Ordering paragraph 11 directed that the Company would file, in its next GRC, a  
5 ledger of adjusted expenses for the following items for which the Company is  
6 seeking recovery: food and beverage, travel, lodging, incidentals, real estate, and  
7 entertainment. The Company fulfilled this obligation in the Company's 2023 GRC  
8 (Docket No. 23-09012).

9 **Q. 24 Is the Company once again providing a similar ledger in the instant docket?**

10 A. 24 Yes. While the Commission's Order in the Company's most recent GRC (Docket  
11 No. 23-09012) did not include a directive to file the above-referenced ledgers, the  
12 Company has elected to once again provide ledgers that show the amounts  
13 requested for recovery for the aforementioned expenses. These ledgers are  
14 included in a separate volume to this application.

15 **Q. 25 Are you providing testimony supporting the Company's fulfillment of**  
16 **Directive No. 6 of the Commission's Order in Docket No. 23-09012 to file a**  
17 **schedule of itemized BOD expenses requested for recovery in the instant**  
18 **application?**

19 A. 25 Yes. The compliance schedule of adjusted itemized BOD expenses requested for  
20 recovery in the instant application is included in the instant filing in Confidential  
21 Exhibit No. \_\_\_\_ (RLC-1). Adjustments were made as a result of the cost of service  
22 analysis review discussed above.

23 **Q. 26 Are you providing testimony supporting the Company's fulfillment of**  
24 **Directive No. 7 of the Commission's Order in Docket No. 23-09012 to file a**  
25 **schedule of itemized Investor Relations (IR) expenses?**

1 A. 26 Yes. The compliance schedule of adjusted itemized IR expenses requested for  
2 recovery is included in the instant filing in Confidential Exhibit No. \_\_\_\_ (RLC-2).  
3 Adjustments were made as a result of the cost of service analysis review  
4 discussed above. For further testimony supporting the reasonableness of the  
5 Company's IR costs, please refer to the prepared direct testimony of Company  
6 witness Justin S. Forsberg.

7 **VI. CONCLUSION**

8 **Q. 27 Does this conclude your prepared direct testimony?**

9 A. 27 Yes.

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## **SUMMARY OF QUALIFICATIONS RANDI L. CUNNINGHAM**

I graduated from the University of Washington in Seattle, Washington with a Bachelor of Arts in Business Administration, Accounting. My areas of concentration were accounting and finance. I graduated from the University of Nevada, Las Vegas with a Masters in Business Administration (MBA), with Beta Gamma Sigma honors. I am a Certified Management Accountant (CMA) and have the Certified in Strategy and Competitive Analysis (CSCA) credential, and a member of the Institute of Management Accountants.

One year before completing my bachelor's degree, I accepted employment at Washington Mutual Savings Bank in Seattle, Washington as an Asset/Liability Management intern. Upon graduation in 1993, I accepted a full-time position as a Financial Analyst Trainee in the Financial Forecasting Department. In 1994, I was promoted to Financial Analyst I. My responsibilities included assisting in the budget and forecasting process and performing various financial analyses.

In February 1995, I accepted a position as a Budget Analyst in the Budget and Forecasting Department at PriMerit Bank in Las Vegas, Nevada, which was a subsidiary of Southwest Gas at the time. In April 1996, I transferred to Southwest Gas as a Corporate Accountant I in the Accounting Control Department. In January 1998, I was promoted to Analyst I/Accounting. In February 1998, I transferred to the Revenue Requirements department as an Analyst. In January 2001 I was promoted to Specialist, in July 2003 I was promoted to Senior Specialist, in May 2007 I was promoted to Supervisor, and in April 2009 I was promoted to Manager. Subsequent to a reorganization in October 2014, I worked in the Regulation and Energy Efficiency department as a Regulatory Professional. In February 2021 I was promoted to Sr.

Regulatory Professional, and in June 2022 I was promoted to my current position, in which I am responsible for the following: developing and ensuring compliance with regulatory cost accounting standards; the billing quality assurance function; providing mentorship to junior colleagues, reviewing and critiquing complex and technical analyses; and serving as a subject matter expert on all Company regulatory matters.

I have attended numerous training and technical conferences related to utility ratemaking, regulatory, and accounting issues.

I served as instructor for the Cost of Service Problem course at “The Basics” conference presented by the Center for Public Utilities at New Mexico State University and the National Association of Regulatory Utility Commissioners from 2003 to 2014.

**Docket No. 26-03\_\_\_\_**

General Rate Case

Confidential Exhibit No.\_\_(RLC-1)

**\*\*CONFIDENTIAL\*\***

**SOUTHWEST GAS CORPORATION**

Docket No. 26-03\_\_\_\_

Confidential Exhibit No.\_\_(RLC-1)

Sheet 1 of 5

Southwest Gas is providing this information pursuant to the protective agreement(s)  
executed with Staff and BCP in the above-referenced docket.

**Docket No. 26-03\_\_**

General Rate Case

Confidential Exhibit No.\_\_(RLC-1)

**\*\*CONFIDENTIAL\*\***

**SOUTHWEST GAS CORPORATION**

Docket No. 26-03\_\_

Confidential Exhibit No.\_\_(RLC-1)

Sheet 2 of 5

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General Rate Case

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**SOUTHWEST GAS CORPORATION**

Docket No. 26-03\_\_\_\_

Confidential Exhibit No.\_\_(RLC-1)

Sheet 3 of 5

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General Rate Case

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Docket No. 26-03\_\_\_\_

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Sheet 4 of 5

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Docket No. 26-03\_\_\_\_

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Sheet 5 of 5

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General Rate Case

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Docket No. 26-03\_\_\_\_

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Sheet 1 of 9

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Docket No. 26-03\_\_\_\_

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Sheet 2 of 9

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General Rate Case

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**SOUTHWEST GAS CORPORATION**

Docket No. 26-03\_\_\_\_

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Sheet 3 of 9

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**SOUTHWEST GAS CORPORATION**

Docket No. 26-03\_\_\_\_

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Sheet 5 of 9

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Sheet 6 of 9

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**SOUTHWEST GAS CORPORATION**

Docket No. 26-03\_\_\_\_

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Sheet 7 of 9

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**SOUTHWEST GAS CORPORATION**

Docket No. 26-03\_\_\_\_

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Sheet 8 of 9

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General Rate Case

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**SOUTHWEST GAS CORPORATION**

Docket No. 26-03\_\_\_\_

Confidential Exhibit No.\_\_(RLC-2)

Sheet 9 of 9

Southwest Gas is providing this information pursuant to the protective agreement(s)  
executed with Staff and BCP in the above-referenced docket.

1 **AFFIRMATION OF RANDI L. CUNNINGHAM**

2 Pursuant to NAC 703.710, Randi I. Cunningham affirms and declares the following:

- 3 1. I am over 18 years of age and am competent to testify to facts stated below which  
4 are based upon my personal knowledge.
- 5 2. That I am the person identified in the foregoing prepared testimony, including,  
6 where applicable, any exhibits.
- 7 3. That such testimony and exhibits were prepared by me or under my direction.
- 8 4. That the information appearing in my testimony and exhibits are true to the best  
9 of my knowledge and belief and that if I were asked the questions stated therein  
10 under oath, my answers would be the same.
- 11 5. Pursuant to NRS 53.045, I declare under penalty of perjury under the law of the  
12 State of Nevada that the foregoing is true and correct.

13 EXECUTED and DATED this 17th day of March, 2026

14   
15 \_\_\_\_\_  
16 RANDI L. CUNNINGHAM

IN THE MATTER OF  
SOUTHWEST GAS CORPORATION  
DOCKET NO. 26-03\_\_\_\_

PREPARED DIRECT TESTIMONY  
OF  
CELINE LOUISE R. APO

ON BEHALF OF  
SOUTHWEST GAS CORPORATION

March 17, 2026

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Celine Louise R. Apo

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BEFORE THE PUBLIC UTILITIES COMMISSION OF NEVADA

Prepared Direct Testimony  
of  
Celine Louise R. Apo

**I. INTRODUCTION**

**Q. 1 Please state your name and business address.**

A. 1 My name is Celine Louise R. Apo. My business address is 8360 S. Durango Drive,  
Las Vegas 89113.

**Q. 2 By whom and in what capacity are you employed?**

A. 2 I am employed by Southwest Gas Corporation (Southwest Gas or Company) in  
the Regulation department. My title is Manager/Regulation.

**Q. 3 Please summarize your educational background and relevant business  
experience.**

A. 3 My educational background and relevant business experience are summarized in  
Appendix A to this testimony.

**Q. 4 Have you previously testified before any regulatory commission?**

A. 4 Yes. I have previously testified before the Public Utilities Commission of Nevada  
(Commission). I have also provided written testimony to the California Public  
Utilities Commission.

**Q. 5 What is the purpose of your prepared direct testimony in this proceeding?**

A. 5 I am sponsoring the following components of the revenue requirement calculation:

- Operations and Maintenance (O&M) and Administrative and General (A&G)  
expenses; and

- Depreciation and Amortization expense.

I also sponsor various statements, schedules, and adjustments as described below.

**Q. 6 Please summarize your prepared direct testimony.**

A. 6 My prepared direct testimony consists of the following key topics:

- Test year adjustments, specifically:
  - Schedule H-7, Uncollectibles Expense Annualization and Normalization
  - Schedule H-15, Annual Leak Survey Costs
  - Schedule H-16, Depreciation and Amortization Expense Annualization
  - Schedule H-18, Regulatory Amortizations
  - Schedule H-19, Variable Compensation Normalization
  - Schedule H-20, Company-Operated Aircraft
  - Schedule H-21, In-Line-Inspection Normalization (Southern Nevada Only)
  - Schedule H-24, Research, Development, and Demonstration;
- Certification Period Adjustments, specifically:
  - Schedule H-C3, Incremental Rate Case Expense
  - Schedule H-C4, Annualization of Depreciation and Amortization
  - Schedule H-C6, Regulatory Amortizations Adjustment;
- Statement K, Operations and Maintenance Expense; and
- Statement L, Depreciation and Amortization Expenses.

...

...

1 **II. STATEMENTS**

2 **Q. 7 Which statements are you sponsoring?**

3 A. 7 I am sponsoring Statements K and L.

4 **Q. 8 Are these statements required per the Commission's regulations?**

5 A. 8 Yes. Nevada Administrative Code (NAC) 703.2265 sets forth filing requirements  
6 for utilities with annual gross operating revenues of \$250K or more, which includes  
7 the filing of Statements K and L with a general rate case application.

8 **Q. 9 Has the Company provided Statement K consistent with NAC 703.2361 and  
9 the related K Schedules?**

10 A. 9 Yes. Consistent with NAC 703.2361, Statement K presents O&M expenses  
11 recorded by account developed from supporting Schedules K-1 through K-7.

12 **III. WITHIN TEST YEAR ADJUSTMENTS**

13 **Q. 10 Please explain and describe Schedule H-7, Uncollectible Expense  
14 Annualization and Normalization.**

15 A. 10 This adjustment smooths out fluctuations and/or abnormal conditions experienced  
16 during the test year by utilizing a two-year historic average rate of uncollectible  
17 expense (excluding gas cost). This adjustment uses the average net write-off  
18 percentage (the sum of gross write-offs, net of recoveries) for the two years ended  
19 November 30, 2024, and 2025. This average write-off percentage was applied to  
20 test year margin at present rates (annualized and weather-normalized) to  
21 determine the normalized uncollectible expense for this case. The adjustment was  
22 computed as the difference between the actual uncollectible expense recorded in  
23 the test year in Federal Energy Regulatory Commission (FERC) Account 904, and  
24 the annualized uncollectible expense. The annualized uncollectible expense was  
25 derived by multiplying the margin at present rates by the two-year average write-

1 off percentage of 1.5585 percent in Southern Nevada and 0.8129 percent in  
2 Northern Nevada. To normalize the level of expense to be included in the  
3 Company's cost of service, the test year amount recorded to FERC Account 904  
4 is then subtracted from the annualized amount. The impact of the normalization  
5 adjustment on operating expense is a decrease of \$1,431,218 in Southern  
6 Nevada and an increase of \$388,122 Northern Nevada. This adjustment is  
7 calculated consistent with recent general rate cases.

8 **Q. 11 Please explain Schedule H-15, Annual Leak Survey Costs.**

9 A. 11 Southwest Gas received approval to track and defer the incremental costs of  
10 complying with the annual leak survey requirements in Docket No. 19-09011,  
11 which the Company implemented when the new regulations became effective in  
12 2023. In the Company's last general rate case (Docket No. 23-09012), the  
13 Company requested and received approval to continue tracking the incremental  
14 costs associated with the annual leak survey requirement and did not propose to  
15 incorporate the increased level of related expense in O&M at that time. The  
16 transition to annual leak survey of the Company's facilities has been underway for  
17 just over two years and the related incremental costs associated with performing  
18 annual leak surveys are recurring and necessary to maintain compliance with  
19 Nevada regulations. As a result, the Company proposes to include a normalized  
20 level of the incremental leak survey costs in O&M. Therefore, Southwest Gas  
21 included the test year expenses charged to the deferred account in this  
22 adjustment, resulting in an increase in operating expenses by \$4,925,406 for  
23 Southern Nevada and \$1,277,223 for Northern Nevada. Further, the Company is  
24 not seeking continued regulatory asset treatment for these expenses, instead, the  
25 Company proposes to amortize the approximate \$13 million balance accumulated

1 in the Annual Leak Survey deferred account since December 2023 over two years  
2 and discontinue tracking of incremental expenses in the deferred account  
3 effective October 2026 when rates from the instant docket are anticipated to  
4 become effective.

5 **Q. 12 Please explain Schedule H-16, Depreciation and Amortization Expense**  
6 **Annualization.**

7 A. 12 Adjustment No. 16 annualizes depreciation and amortization expense based on  
8 adjusted plant in service as of November 30, 2025, using current Commission-  
9 approved depreciation rates.<sup>1</sup> This adjustment increases operating expenses by  
10 \$1,229,697 for Southern Nevada and decreases operating expenses by \$714,883  
11 for Northern Nevada.

12 **Q. 13 Please explain why an adjustment is necessary to annualize depreciation**  
13 **and amortization expense for the test year.**

14 A. 13 This adjustment is necessary to synchronize the depreciation and amortization  
15 expense with the plant in service at the end of the test year, as adjusted.  
16 Southwest Gas employs a depreciation convention based on the month the plant  
17 is actually placed into service. Southwest Gas begins depreciation on plant the  
18 month subsequent to the month it is first placed in service, and in turn, records a  
19 full month's depreciation in the month it is removed or retired from service. As a  
20 result, plant that is placed in service or retired after the beginning of the test year  
21 has a partial year's depreciation expense recorded on the books of the Company.  
22 To allow Southwest Gas the opportunity to recover its reasonable and necessary  
23 operating expenses, and to avoid charging customers for assets removed or  
24

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25 <sup>1</sup> The Commission approved the Company's depreciation rates in Docket No. 23-09012.

1 retired from service, depreciation and amortization must be annualized based on  
2 end of test year plant balances, as adjusted. This adjustment accomplishes those  
3 objectives and is consistent with the methodology used in the Company's two  
4 most recently filed Depreciation Studies.<sup>2</sup>

5 **Q. 14 Please explain Schedule H-18, Regulatory Amortizations.**

6 A. 14 The Company made this adjustment in order to reflect the appropriate level of test  
7 year regulatory amortization expense. The test year regulatory amortization  
8 expense related to costs recovered through a surcharge is not requested for  
9 recovery in this proceeding. The result is an increase of \$19,796 in Southern  
10 Nevada and a decrease of \$19,808 in Northern Nevada.

11 **Q. 15 Please explain Schedule H-19, Variable Compensation Normalization.**

12 A. 15 The Company is proposing to recover a normalized level of variable  
13 compensation. Please refer to the Prepared Direct Testimony of Company  
14 witness Albert Taylor for evidence supporting the reasonableness of these  
15 compensation programs.

16 **Q. 16 Please explain how the Company normalized variable compensation.**

17 A. 16 The Company's normalization methodology for variable compensation is generally  
18 consistent with the Company's methodology accepted by the Commission in prior  
19 rate cases.<sup>3</sup> The Company normalized the Long-Term Incentive compensation  
20 (Performance Share Plan, Restricted Stock Plan, and Cash Award) based on a  
21 two-year average of recorded expenses. The Company normalized the  
22 Management Incentive Plan (MIP) based on a two-year average of awarded  
23 percent of target on the test year salaries of eligible participants. The Company

24 \_\_\_\_\_  
25 <sup>2</sup> Docket Nos. 23-09012 and 18-05031.

<sup>3</sup> Docket Nos. 23-09012, 21-09001, 20-02023, 18-05031.

1 proposes to normalize the expense using a two-year average consistent with the  
2 two-year amortization period proposed in the instant application and the  
3 amortization period authorized in the Company's last two general rate cases  
4 (Docket Nos. 21-09011 and 23-09012). Further, a two-year period aligns with the  
5 Company's general rate case cycle as demonstrated since 2018.

6 **Q. 17 What was the impact of this adjustment?**

7 A. 17 This adjustment decreases test year recorded system allocable expenses by  
8 \$8,890,830, of which \$2,416,342 was allocated to Southern Nevada and  
9 \$432,988 was allocated to Northern Nevada.

10 **Q. 18 Please explain Schedule H-20, Company-Operated Aircraft.**

11 A. 18 Adjustment No. 20 is a compliance adjustment in accordance with the  
12 Commission's decision in Docket Nos. 93-3003/3004. The Company-operated  
13 aircraft was sold in March 2025 and removed from plant in-service in April 2025,  
14 eliminating the need to remove the aircraft and hangar from rate base. However,  
15 there were certain aircraft-related costs recorded in the test year. This adjustment  
16 also reflects revisions to travel-related expenses following the sale of the  
17 Company-operated aircraft. After March 2025, the Company began using  
18 chartered flights. For ratemaking purposes, this adjustment replaces the cost of  
19 those chartered flights with the cost of comparable commercial aircraft flights that  
20 would have otherwise been incurred for the business travel, consistent with prior  
21 general rate cases. As of November 30, 2025, the employees (pilots) were no  
22 longer employed by the Company. Therefore, the related labor and labor-related  
23 loadings recorded during the test year were removed as part of the labor  
24 annualization adjustment. This adjustment reduces test year expense by  
25 \$176,772 in Southern Nevada and \$31,676 in Northern Nevada.

1 **Q. 19 Please explain Schedule H-21 for Southern Nevada, In-Line-Inspection**  
2 **Normalization.**

3 A. 19 This adjustment normalizes in-line-inspection expenses consistent with the Order  
4 in Docket No. 20-02023<sup>4</sup>. However, the Company proposes to normalize the  
5 expense using a two-year average consistent with the two-year amortization  
6 period proposed in the instant application and the amortization period authorized  
7 in the Company's last two general rate cases (Docket Nos. 21-09011 and 23-  
8 09012). Further, a two-year period aligns with the Company's general rate case  
9 cycle as demonstrated since 2018. The adjustment decreases Southern Nevada  
10 expenses by \$329,174.

11 **Q. 20 Please explain Schedule H-24, Research, Development, and Demonstration.**

12 A. 20 This adjustment allocates Southwest Gas' research, development, and  
13 demonstration (RD&D) annual budget of \$2,210,000 with the applicable allocation  
14 factor. The Company's RD&D budget is utilized by two internal departments:  
15 Emerging Technology and Research & Development (ETRD) and Emerging  
16 Technology & Innovation (ETI). ETRD engages in RD&D projects that benefit all  
17 Southwest Gas customers and therefore, the ETRD portion of the budget of  
18 \$1,520,000 is allocated using the 4-Factor. The ETRD department budget is  
19 comprised of two programs: GTI Energy Operations Technology Development  
20 (OTD) and NYSEARCH. ETI's RD&D budget is generally comprised of two  
21 programs: GTI Energy Utilization Technology Development (UTD) and the Low  
22 Carbon Resource Initiative (LCRI). Each program is made up of utility lead  
23

24 <sup>4</sup> Order at page 116, paragraph 330. The Company proposed a 2-year amortization period, but the  
25 Commission authorized a four-year amortization period. Since that time, the Company has filed general  
rate cases approximately every two years.

1 consortiums and committees that drive projects and programs together.  
2 Southwest Gas has direct control and input on project activities, specifications,  
3 and approach agreed to in project planning and various phases throughout the  
4 project lifecycle. The UTD program expenses have historically been allocated  
5 entirely to the Nevada jurisdiction based on the initial assessment that the primary  
6 activities and near-term benefits of the program were most closely aligned with  
7 Nevada customers. Upon further review, the Company evaluated the purpose of  
8 the UTD program and determined that the program provides benefit to customers  
9 across all of Southwest Gas' service territories. Therefore, the Company  
10 proposes to also allocate the UTD program expenses of \$355,000 using the 4-  
11 Factor. The membership fees for the LCRI program are based on the number of  
12 Southwest Gas customers in Arizona and Nevada only. As a result, the LCRI  
13 expenses of \$335,000 are allocated only to those rate jurisdictions, using the  
14 Factor IV (average number of customers). This adjustment decreases Southern  
15 Nevada expenses by \$96,502 and Northern Nevada expenses by \$47,292.

16 **Q. 21 Please describe the GTI Energy UTD, OTD, LCRI, and NYSEARCH Programs.**

17 A. 21 Southwest Gas' memberships in GTI Energy UTD, GTI Energy OTD, LCRI and  
18 NYSEARCH each deliver unique benefits that help lower costs, improve safety,  
19 and support reliable service for ratepayers. GTI Energy UTD advances  
20 energy-efficient end-use technologies that can help reduce customer energy  
21 consumption and long-term operating costs. GTI Energy OTD focuses on  
22 operational innovations—such as methane-reduction tools, improved leak  
23 detection, and construction efficiencies—that decrease system risk and avoid  
24 costly repairs. LCRI aims to accelerate a safe, affordable, reliable, and  
25

1 environmentally responsible energy transition and advance a variety of clean  
2 energy technologies and options. NYSEARCH further expands operational RD&D  
3 by developing technologies that improve pipeline integrity, reduce emissions, and  
4 leverage significant external funding, multiplying the value of each utility dollar  
5 invested. Together, these memberships help keep gas service safe, affordable,  
6 and resilient without duplicating work.

7 **IV. CERTIFICATION PERIOD ADJUSTMENTS**

8 **Q. 22 Please describe Schedule H-C3, Incremental Rate Case Expense .**

9 A. 22 The Company's estimated rate case expense is \$298,297. This amount includes  
10 actual expenses incurred between December 1, 2023, and May 31, 2024  
11 (\$181,297) for the Company's most recent general rate case (Docket No. 23-  
12 09012) together with expenses estimated (\$117,000) to be incurred through the  
13 certification period in this general rate case. The estimated amount will be updated  
14 to reflect actual costs incurred through May 31, 2026, in the Company's  
15 certification filing. Southwest Gas proposes to recover these amounts over two  
16 years, which is the expected length of the next rate case cycle. Of the total  
17 estimated rate case expense of \$298,297, \$252,967 is allocated to Southern  
18 Nevada and \$45,330 is allocated to Northern Nevada based on the 4-Factor  
19 percentages of 84.80% and 15.20%, derived using the test year 4-Factor  
20 percentages of 28.34% and 5.08%, respectively. To normalize the level of  
21 expense to be included in the Company's cost of service, the test year amount  
22 recorded to Account 928 is then subtracted from the estimated annualized  
23 amount. This adjustment is expected to increase operating expense by \$46,768  
24 in Southern Nevada and by \$7,569 in Northern Nevada.

25

1 **Q. 23 Please describe Schedule H-C4, Annualization of Depreciation and**  
2 **Amortization.**

3 A. 23 This adjustment annualizes the change in depreciation and amortization expense  
4 based on direct and system allocable plant added during the certification period  
5 at currently authorized depreciation rates, which is expected to increase operating  
6 expense by \$3,145,145 in Southern Nevada and \$696,342 in Northern Nevada.  
7 The actual expense will be updated in the Company's certification filing to  
8 synchronize with actual plant in service at May 31, 2026.

9 **Q. 24 Please describe Schedule H-C6, Regulatory Amortizations Adjustment.**

10 A. 24 This adjustment projects the amortization of regulatory assets, based on the  
11 beginning balances as of March 31, 2024 (the month prior to current rates  
12 becoming effective in the Company's last general rate case) and two-year  
13 amortization period as ordered by the Commission in Docket 23-09012, through  
14 September 30, 2026 to establish a beginning balance at October 2026, which is  
15 the anticipated effective date of rates resulting from the instant docket. Because  
16 the Company received approval to amortize regulatory assets over two years in  
17 Docket No. 23-09012, which was effective April 2024, and rates are anticipated to  
18 be effective October 2026 for the instant docket, the previously authorized  
19 regulatory asset amounts should be fully amortized as of the rate-effective date.  
20 Therefore, there is no outstanding balance associated with the amounts approved  
21 in Docket No. 23-09012 that require amortization for the following regulatory  
22 assets in the instant docket:

- 23 • Post Certification Rate Case Expense (through November 2023)
- 24 • Annual Leak Survey Incremental Costs (through November 2023)

25

- Customer-Owned Yard Lines (COYL) Replacement Program (through May 2023).

The Company requests to include new regulatory amortizations (for activity not included in Docket 23-09012) for the following two existing regulatory assets and one new regulatory asset:

- Annual Leak Survey Incremental Costs (beginning December 2023)
- COYL Replacement Program (beginning June 2023)
- Damage Prevention<sup>5</sup> (beginning January 2025).

In addition, Southwest Gas has included the Mesquite Regulatory Liability pursuant to the Order in Docket No. 24-11005, which is further discussed in the Prepared Direct Testimony of Company witness Christopher M. Brown. The Company is also proposing to include an adjustment for the Southern Nevada Picarro Advanced Mobile Leak Detection (AMLD) unit (WO 0021W0007768), to credit Southern Nevada customers for the temporary use of the unit in the Company's Arizona service territory between April 15, 2024 – October 27, 2024 and November 1, 2024 – February 23, 2025.

Beginning in October 2026 (when rates resulting from the instant docket are anticipated to become effective), the Company is proposing a two-year amortization period, which is the expected length of the next rate case cycle. The total regulatory amortization adjustment is an increase in operating expenses of \$4,119,278 and \$1,924,096 for Southern Nevada and Northern Nevada, respectively.

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<sup>5</sup> Authorized in Docket No. 25-01017. Company witness Christopher M. Brown provides testimony supporting the Company's request to continue the regulatory accounting treatment associated with the Damage Prevention (line locate) expenses in his prepared direct testimony.

1 **Q. 25 Please describe the Picarro AMLD charged to WO 0021W0007768.**

2 A. 25 The Picarro AMLD, charged to WO 0021W0007768, involved the acquisition of an  
3 advanced cavity ring down spectroscopy-based methane leak detection device  
4 for use in identifying and quantifying leaks on Company facilities in Southern  
5 Nevada. The Picarro AMLD device is mounted on a vehicle in combination with  
6 hardware, software, and a data analytics system, which is used to conduct  
7 multiple leak patrols on natural gas infrastructure. The temporary usage of this  
8 vehicle outside of Southern Nevada was a joint effort between Nevada and  
9 Arizona operations, with the support from Engineering Staff aimed to continue  
10 advancing this new technology, while sharing best practices for the operational  
11 groups to leverage in developing their own implementation and usage plans.

12 **Q. 26 Please describe the Picarro AMLD adjustment.**

13 A. 26 The Picarro AMLD described above was purchased for and charged to a Southern  
14 Nevada work order. Since the equipment belongs in Southern Nevada and was  
15 simply used in Arizona on a temporary basis, there were no changes made in  
16 plant books for this work order. Instead, Southwest Gas calculated the revenue  
17 requirement for this work order for the period April 15, 2024, through February 28,  
18 2025, for the days the Picarro AMLD was temporarily used in the Company's  
19 Arizona service territory. The credit adjustment totaling \$183,457 is included in  
20 Schedule H-C6, which Southwest Gas proposes to amortize over a two-year  
21 period.

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1 **Q. 27 Please describe the Commission’s directive related to previously authorized**  
2 **regulatory assets and liabilities.**

3 A. 27 Directive 4 in the Order from Docket No. 21-09001 requires Southwest Gas to  
4 include any previously authorized regulatory assets and liabilities that it seeks to  
5 re-amortize in rate base at the fully-amortized balance as of the rate-effective date.  
6 As described in Q&A 24 above, Southwest Gas is not requesting to re-amortize  
7 the regulatory asset balances approved in Docket No. 23-09012 as those  
8 balances are projected to be zero at the time rates from the instant application  
9 become effective. Therefore, a regulatory liability account is not needed to record  
10 any amounts related to previously authorized regulatory amortizations beyond the  
11 two-year amortization period approved by the Commission in Docket No. 23-  
12 09012.

13 **V. STATEMENT K – OPERATIONS AND MAINTENANCE EXPENSE**

14 **Q. 28 Please explain Statement K, Operations and Maintenance Expense.**

15 A. 28 Statement K shows the recorded O&M expenses separately for Southern Nevada  
16 and Northern Nevada. Statement K also shows a summary, by account, of  
17 adjustments for test year, certification, Expected Change in Circumstance (ECIC)  
18 and the requested O&M expenses. There is a separate Statement K for both the  
19 Southern Nevada rate jurisdiction and the Northern Nevada rate jurisdiction.

20 **Q. 29 Please explain Schedule K-1.**

21 A. 29 Schedule K-1 is a detailed schedule that shows the O&M and corporate A&G by  
22 functional category. The amounts are further separated into labor, labor-related  
23 loadings, and materials and expenses. There is a separate Schedule K-1 for both  
24 the Southern Nevada rate jurisdiction and the Northern Nevada rate jurisdiction.

25 . . .

1 **Q. 30 Please explain Schedule K-2.**

2 A. 30 Schedule K-2 contains an analysis of each account that contains advertising  
3 costs. Details include a description of the service, the name of the firm providing  
4 the service, and whether or not the cost is being requested for recovery in this  
5 proceeding. The costs that Southwest Gas removed in compliance with  
6 Commission directives are discussed in Adjustment No. 8 in the Prepared Direct  
7 Testimony of Company witness Charlene A. Lachica. Southwest Gas included  
8 additional documentation in the workpapers supporting Schedule K-2 regarding  
9 advertising costs for which Southwest Gas is requesting recovery.

10 **Q. 31 Please explain Schedules K-3 through K-7.**

11 A. 31 Schedules K-3 through K-7 were compiled to satisfy the Commission's filing  
12 requirements as set forth in Chapter 703 of the NAC. Each schedule depicts an  
13 itemized analysis of the amounts and cause for the expense. The expenses  
14 detailed in Schedules K-3 through K-7 include: outside services employed;  
15 employee pensions and benefits; regulatory commission expense; miscellaneous  
16 general expenses; and intercompany and interdepartmental transactions. There  
17 is a separate set of Schedules K-3 through K-7 for each rate jurisdiction.

18 **VI. STATEMENT L – DEPRECIATION AND AMORTIZATION EXPENSE**

19 **Q. 32 Please explain Statement L for the test period ended November 30, 2025.**

20 A. 32 Statement L, Sheet 1 shows depreciable plant as of November 30, 2025, and  
21 depreciation and amortization expense recorded on the functional categories of  
22 plant during the test period for Southern Nevada or Northern Nevada, and system  
23 allocable. The effects of the test period adjustments are also reflected on this  
24 sheet. Statement L, Sheet 2 is related to the certification period ended May 31,  
25 2026.

1 | **Q. 33 Please describe Schedule L-1.**

2 | A. 33 Schedule L-1, Sheets 1 and 2 show depreciation and amortization expense  
3 | recorded by account during the test period for Southern Nevada or Northern  
4 | Nevada, and system allocable. The effects of the test period adjustments are also  
5 | reflected on these sheets.

6 | **Q. 34 Does this conclude your prepared direct testimony?**

7 | A. 34 Yes.

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**SUMMARY OF QUALIFICATIONS**  
**CELINE LOUISE R. APO**

I graduated from the University of Nevada Las Vegas with a Bachelor of Science in Business Administration; Accounting in 2009.

From 2010 to present, I have been employed by Southwest Gas Corporation (Company), initially as an Analyst I in the State Regulatory Affairs department. I was subsequently promoted to Analyst II/Energy Efficiency in 2012, Senior Analyst/Energy Efficiency in 2015, Administrator/Energy Efficiency in 2017, and Supervisor/Regulation and Energy Efficiency in 2018. My responsibilities included supporting the Company's conservation and energy efficiency (CEE) and low-income programs. I was also responsible for assisting and reviewing various regulatory filings and projects. In May 2021, my responsibilities shifted from a focus on CEE and low-income program oversight to include additional regulatory-related filings and projects, including detailed review of rate filings and projections; review of rate changes in the Company's billing system; preparing and reviewing components of the Company's annual budget; updating cost of service and rate design models; overseeing tariff administration; overseeing regulatory noticing; and training department staff.

In March 2022, I was promoted to my current position as Manager in the Regulation department, where I continued to be responsible for various regulatory filings and projects, focusing on the Company's Nevada rate jurisdictions. In 2024, my responsibilities shifted to the revenue requirement function including developing the revenue requirement for general rate cases and other regulatory filings; contributing to the development of the Company's revenue budget; and performing detailed margin variance analyses.

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**AFFIRMATION OF CELINE LOUISE R. APO**

Pursuant to NAC 703.710, Celine Louise R. Apo affirms and declares the following:

1. I am over 18 years of age and am competent to testify to facts stated below which are based upon my personal knowledge.
2. That I am the person identified in the foregoing prepared testimony, including, where applicable, any exhibits.
3. That such testimony and exhibits were prepared by me or under my direction.
4. That the information appearing in my testimony and exhibits are true to the best of my knowledge and belief and that if I were asked the questions stated therein under oath, my answers would be the same.
5. Pursuant to NRS 53.045, I declare under penalty of perjury under the law of the State of Nevada that the foregoing is true and correct.

EXECUTED and DATED this 17 day of March, 2026

  
\_\_\_\_\_  
CELINE LOUISE R. APO

IN THE MATTER OF  
SOUTHWEST GAS CORPORATION  
DOCKET NO. 26-03\_\_\_\_

PREPARED DIRECT TESTIMONY  
OF  
CHARLENE A. LACHICA

ON BEHALF OF  
SOUTHWEST GAS CORPORATION

March 17, 2026

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BEFORE THE PUBLIC UTILITIES COMMISSION OF NEVADA

Prepared Direct Testimony  
of  
Charlene A. Lachica

**I. INTRODUCTION**

**Q. 1 Please state your name and business address.**

A. 1 My name is Charlene A. Lachica. My business address is 8360 S. Durango Drive,  
Las Vegas 89113.

**Q. 2 By whom and in what capacity are you employed?**

A. 2 I am employed by Southwest Gas Corporation (Southwest Gas or Company) in  
the Regulation department. My title is Senior Analyst.

**Q. 3 Please summarize your educational background and relevant business  
experience.**

A. 3 My educational background and relevant business experience are summarized in  
Appendix A to this testimony.

**Q. 4 Have you previously testified before any regulatory commission?**

A. 4 Yes. I have previously testified before the Public Utilities Commission of Nevada  
(Commission). I have also provided written testimony to the California Public  
Utilities Commission.

**Q. 5 What is the purpose of your prepared direct testimony in this proceeding?**

A. 5 I sponsor various statements, schedules, and adjustments as described below.

**Q. 6 Please summarize your prepared direct testimony.**

A. 6 My prepared direct testimony consists of the following key topics:

- I sponsor Statement N;
- Test year adjustments, specifically:
  - Schedule H-4, Call Center and Support Function Reallocation Adjustment;
  - Schedule H-8, Promotional Advertising;
  - Schedule H-11, Officer Perquisites;
  - Schedule H-13, Commitment Fees Related to Short-Term Debt; and
  - Schedule H-14, Credit Union Lease.

**II. STATEMENT N**

**Q. 7 Which statement are you sponsoring?**

A. 7 I sponsor Statement N (with the exception of schedule N-2).

**Q. 8 Has the Company provided Statement N consistent with Nevada Administrative Code (NAC) 703.2441?**

A. 8 Yes. NAC 703.2265 sets forth filing requirements for utilities with annual gross operating revenues of \$250,000 or more, which includes the filing of Statement N with a general rate case application.

Consistent with the requirements of NAC 703.2441, Statement N shows the allocation of both rate base components and components of the results of operations between or among departments, jurisdictions or regulated and nonregulated operations.

**III. WITHIN TEST YEAR ADJUSTMENTS**

**Q. 9 Please explain Schedule H-4, Call Center and Customer Support Adjustment No. 4.**

1 A. 9 This adjustment is required because the expenses related to the Company's  
2 customer support functions are charged primarily to the two operating divisions  
3 (Northern Nevada and Southern California) that provide support to Southwest  
4 Gas' three-state service territory. It also properly allocates the costs for the  
5 Company's Contact Center, which is a corporate (system allocable) department,  
6 based on the end of the test period allocation factor. To ensure that the costs are  
7 properly allocated to the rate jurisdiction that incurred the cost, the subaccounts  
8 are totaled for the entire Company and reallocated to each ratemaking jurisdiction  
9 based on the number of customers utilized in the 4-Factor allocation methodology  
10 (or Factor IV) at the end of the test period. The impact of this adjustment on  
11 operating expense is an increase of \$19,917 in Southern Nevada and a decrease  
12 of \$25,169 in Northern Nevada.

13 **Q. 10 Please explain Schedule H-8, Promotional Advertising.**

14 A. 10 This adjustment removes advertising costs that do not fall within the guidelines  
15 established by the Commission. The effect of this adjustment is to decrease  
16 operating expenses by \$1,851 and \$17,760 in Southern Nevada and Northern  
17 Nevada, respectively.

18 **Q. 11 Please explain Schedule H-11, Officer Perquisites.**

19 A. 11 The Company is not seeking recovery of officer perquisites<sup>1</sup>. The adjustment  
20 decreases Southern Nevada and Northern Nevada expense by \$14,350 and  
21 \$2,571, respectively.

22 **Q. 12 Please explain Schedule H-13, Commitment Fees Related to Short-Term**  
23 **Debt.**

24  
25 <sup>1</sup> Includes the cost of physicals and financial planning totaling \$52,800.

1 A. 12 This adjustment removes the cost of commitment fees incurred by the Company  
2 related to its test year short-term debt and recorded to Federal Energy Regulatory  
3 Commission (FERC) Account 930.2 and. This adjustment is in compliance with  
4 the Commission's Order in Docket Nos. 93-3003/3004 and reduces operating  
5 expense in Southern Nevada and Northern Nevada by \$266,168 and \$47,695,  
6 respectively.

7 **Q. 13 Please explain Schedule H-14, Credit Union Lease.**

8 A. 13 This adjustment reflects the increase in rent revenues collected from the credit  
9 union that leases part of the Company's headquarters (Durango) building. The  
10 revenues are recorded to FERC Account 931 – A&G Rental Headquarters  
11 Property and reduces Southern Nevada and Northern Nevada expense by \$2,001  
12 and \$358, respectively.

13 **IV. COST RESPONSIBILITY AND ALLOCATIONS**

14 **Q. 14 Briefly describe how costs associated with Southwest Gas' natural gas  
15 operations are treated in this application.**

16 A. 14 Operating costs are incurred and capital investments are generally made at the  
17 Southern Nevada or Northern Nevada division levels and at the corporate level.  
18 Operating costs are also incurred at the Southwest Gas Holdings, Inc. (HoldCo)  
19 level. Costs incurred at the division level are generally charged directly to a  
20 specific rate jurisdiction. There are three exceptions to this cost allocation  
21 methodology. When Southern Nevada employees perform work for Southwest  
22 Gas Transmission Company (SGTC), the labor and related expenses are initially  
23 charged to Southern Nevada responsibility center 4108. Each month the  
24 transactions are aggregated at the account number and cost element level and  
25 reversed out of Southwest Gas using responsibility center 4109, with the debit to

1 the SGTC intercompany account. The second exception is when costs benefit  
2 the entirety of the Northern Nevada/Northern California geographical area  
3 (excluding Great Basin Gas Transmission Company (GBGTC)). Those costs are  
4 charged to receiving district (RD) 0022. Each month those costs are aggregated,  
5 and an allocation is made to the Northern Nevada, Northern California, and South  
6 Lake Tahoe ratemaking jurisdictions based on the weighted 4-Factor allocations  
7 for just those jurisdictions. The third exception is when costs benefit the Lake  
8 Tahoe Area and costs are charged to RD 0018. Each month those costs are  
9 aggregated, and an allocation is made to the Tahoe District in Northern Nevada  
10 and the Northern California, Truckee, and South Lake Tahoe Districts in  
11 California. The District 0018 (Lake Tahoe Area) allocation is supported by  
12 Company witnesses Randi L. Cunningham and Christopher R. Anderson and  
13 discussed in further detail in their prepared direct testimonies. The allocation  
14 factors are updated annually.

15 Costs at the corporate level may be charged to one or more rate jurisdictions  
16 if the cost/activity was incurred on its behalf (i.e., “corporate direct” costs). In  
17 instances where corporate costs are incurred on behalf of all of the Company’s  
18 rate jurisdictions, or where the effort of tracking the jurisdictional allocation of the  
19 costs is not practical, such costs are allocated to all rate jurisdictions (i.e.,  
20 “common” or “system allocable” costs). The costs charged at the HoldCo level  
21 in FERC Account 930.2 are now allocated solely to Southwest Gas because there  
22 are no longer any other Companies under HoldCo following the separation of  
23 Centuri in 2024. The HoldCo costs allocated to Southwest Gas are considered  
24 system allocable costs.

25 . . .

1 **Q. 15 What types of costs are considered system allocable costs?**

2 A. 15 System allocable costs consist primarily of corporate Administrative & General  
3 (A&G) expenses incurred at the Southwest Gas corporate level and the amount  
4 allocated from HoldCo, the costs associated with intangible plant (computer  
5 software and licenses), and general plant used to support the corporate  
6 administrative staff. It also includes corporate charges to Operation &  
7 Maintenance (O&M) accounts, where such costs are beneficial to all of the  
8 Company's rate jurisdictions, or where the effort of tracking the jurisdictional  
9 allocation of the costs is not practical. These O&M costs are aggregated and  
10 allocated to each state ratemaking jurisdiction in the general ledger on a monthly  
11 basis – FERC accounts 901-910 are allocated with Factor IV, average number of  
12 customers, while the remaining FERC O&M accounts are allocated using the 4-  
13 Factor, which is described below.

14 **Q. 16 How does the Company allocate system allocable costs to GBGTC and**  
15 **SGTC?**

16 A. 16 System allocable A&G expenses (except Account 924, Property Insurance) are  
17 first allocated to GBGTC and SGTC using the Modified Massachusetts Formula  
18 ("MMF"), a FERC-authorized methodology used by Southwest Gas. The MMF is  
19 calculated on Statement N, Sheet 10. Property insurance is allocated using an  
20 insurable property factor (WP Schedule H-10, Adjustment No. 10, Sheets 1-2).  
21 GBGTC is also charged a rental fee for its use of system allocable intangible and  
22 general plant. System allocable costs that are allocated and charged to GBGTC  
23 are transferred to and recorded on GBGTC's books monthly, and to SGTC's  
24 books annually. Consequently, system allocable A&G expenses shown on  
25 Southwest Gas' books are net of the allocations to GBGTC and SGTC. For this

1 rate application, the MMF and the insurable property factor were recalculated  
2 using end of test year data. The resulting pro forma adjustment is presented in  
3 Adjustment No. 10, which is discussed in further detail in the Prepared Direct  
4 Testimony of Kasey D. Bohannon.

5 **Q. 17 After system allocable costs are allocated to GBGTC and SGTC, how are the**  
6 **remaining costs allocated to Southwest Gas' retail rate jurisdictions?**

7 A. 17 Property insurance costs are allocated to each retail rate jurisdiction using the  
8 same insurable property factor discussed previously, and the remaining system  
9 allocable costs are allocated using the 4-Factor methodology described below.

10 **Q. 18 Please explain the 4-Factor methodology utilized by Southwest Gas.**

11 A. 18 The 4-Factor methodology is based on the average of four equally weighted  
12 components: (a) direct operating expenses; (b) average direct gross plant in  
13 service; (c) direct labor; and (d) average number of customers. The 4-Factor  
14 methodology has consistently been accepted and approved by each of the  
15 Company's state regulatory commissions. Statement N, Sheet 8 provides the  
16 development of the 4-Factor percentages as of the end of the test year.

17 **Q. 19 Please describe Statement N.**

18 A. 19 Statement N provides an overall summary of revenues, expenses and rate base  
19 of the Company's ratemaking areas and jurisdictions. It also provides the  
20 calculations of the various allocation methodologies used for utility and non-utility  
21 operations, and the balance sheets and income statements for each of the  
22 Company's subsidiaries. A revised schedule was provided in Statement N in this  
23 rate case to provide the test year allocation percentages for District 0022 and  
24 District 0018 (Northern Nevada only).

25 . . .

1 | **Q. 20 Please describe Schedule N-1.**

2 | A. 20 Schedule N-1 shows the labor and labor-related loadings or benefits that are  
3 | charged to regulated and non-regulated operations of any Company employees  
4 | who have directly charged labor to any non-regulated entity during the test year.

5 | **Q. 21 Does this conclude your prepared direct testimony?**

6 | A. 21 Yes.

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## **SUMMARY OF QUALIFICATIONS CHARLENE A. LACHICA**

I graduated from the University of Phoenix with a Bachelor of Science in Accounting in 2017.

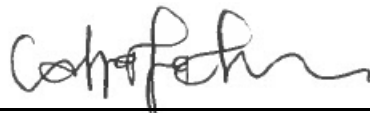
From 2016 to present, I have been employed by Southwest Gas Corporation (Company), initially as an Administrative Representative in the Regulation department. I was promoted to Analyst I/Regulation in 2017, Analyst II/Regulation in 2021 and Senior Analyst/Regulation in 2023. My responsibilities as a Senior Analyst have included acting as lead on all margin, rate development and implementation filings, tariff interpretation and administration, and revenue requirement models for the Company's California rate jurisdiction, as well as contributing to the Nevada General Rate Case and Annual Rate Adjustment Applications. My current responsibilities include working on the revenue requirement models for the Company's Nevada rate jurisdiction, as well as regulatory filings and projects related to revenue requirements and cost of service and preparing and analyzing components of the Company's annual budget and quarterly Rate of Return and Results of Operations Study.

1 **AFFIRMATION OF CHARLENE A. LACHICA**

2 Pursuant to NAC 703.710, Charlene A. Lachica affirms and declares the following:

- 3 1. I am over 18 years of age and am competent to testify to facts stated below which  
4 are based upon my personal knowledge.
- 5 2. That I am the person identified in the foregoing prepared testimony, including,  
6 where applicable, any exhibits.
- 7 3. That such testimony and exhibits were prepared by me or under my direction.
- 8 4. That the information appearing in my testimony and exhibits are true to the best  
9 of my knowledge and belief and that if I were asked the questions stated therein  
10 under oath, my answers would be the same.
- 11 5. Pursuant to NRS 53.045, I declare under penalty of perjury under the law of the  
12 State of Nevada that the foregoing is true and correct.

13 EXECUTED and DATED this 17th day of March, 2026

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16 CHARLENE A. LACHICA

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IN THE MATTER OF  
SOUTHWEST GAS CORPORATION  
DOCKET NO. 26-03\_\_\_\_

PREPARED DIRECT TESTIMONY  
OF  
KASEY D. BOHANNON

ON BEHALF OF  
SOUTHWEST GAS CORPORATION

March 17, 2026

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BEFORE THE PUBLIC UTILITIES COMMISSION OF NEVADA

Prepared Direct Testimony  
of  
Kasey D. Bohannon

**I. INTRODUCTION**

**Q. 1 Please state your name and business address.**

A. 1 My name is Kasey D. Bohannon. My business address is 1600 E. Northern Avenue, Phoenix, Arizona 85020.

**Q. 2 By whom and in what capacity are you employed?**

A. 2 I am employed by Southwest Gas Corporation (Southwest Gas or Company) in the Regulation department. My title is Director/Regulation.

**Q. 3 Please summarize your educational background and relevant business experience.**

A. 3 My educational background and relevant business experience are summarized in Appendix A to this testimony.

**Q. 4 Have you previously testified before any regulatory commission?**

A. 4 Yes. I have previously testified before the Arizona Corporation Commission, the California Public Utilities Commission and New Mexico Public Regulation Commission.

**Q. 5 What is the purpose of your prepared direct testimony in this proceeding?**

A. 5 I sponsor the Company's overall revenue requirement and deficiency calculation. I sponsor various statements, schedules, and adjustments as described below.

**Q. 6 Do other witnesses sponsor testimony regarding Southwest Gas' revenue requirement?**

1 A. 6 Yes. Company witnesses Randi L. Cunningham, Celine Louise R. Apo, Charlene  
2 A. Lachica, Ann E. Bulkley, Justin S. Forsberg, Byron C. Williams, and Christopher  
3 M. Brown sponsor testimony for various statements, schedules and adjustments  
4 supporting the Company's revenue requirement. Several Company witnesses  
5 support the Company's capital investments included in rate base, including,  
6 Matthew A. Helmers, Preston D. Weaklend, Keith A. Bacon, Raied N. Stanley,  
7 Thomas W. Cardin, Christopher M. Brown, and Christopher R. Anderson.

8 **Q. 7 Please summarize your prepared direct testimony.**

9 A. 7 My prepared direct testimony consists of the following key topics:

- 10 • The Statements I sponsor include Statements G, H, I, and P;
- 11 • A summary of the results of operations for the Company's Southern Nevada  
12 rate jurisdiction (Southern Nevada) and Northern Nevada rate jurisdiction  
13 (Northern Nevada), including the determination of revenue deficiencies;
- 14 • Test year adjustments, specifically:
  - 15 ○ Schedule H-6, Company-Owned Vehicles
  - 16 ○ Schedule H-9, Self-Insured Retention Normalization
  - 17 ○ Schedule H-10, Great Basin Allocation Annualization
  - 18 ○ Schedule H-21, Spring Creek Projects (Northern Nevada Only)
  - 19 ○ Schedule H-22, Remittance Processing and Print to Mail Assets
  - 20 ○ Schedule H-23, Miscellaneous Capital Expenditures;
- 21 • Certification Period Adjustments, specifically:
  - 22 ○ Schedule H-C5, Rate Base and Property Tax Changes; and
- 23 • Expected Change in Circumstances (ECIC) Adjustments, specifically:
  - 24 ○ Schedule H-EC1, Lamb Tap.

25

1 **Q. 8 How are the rate jurisdictions treated in the statements, schedules and**  
2 **workpapers?**

3 A. 8 Differences in adjustments or amounts are separately identified for each rate  
4 jurisdiction. In addition, each rate jurisdiction has its own set of statements,  
5 schedules and workpapers supporting the revenue requirement applicable to  
6 each rate jurisdiction. Each statement or schedule discussed in this testimony is  
7 applicable to both Southern Nevada and Northern Nevada unless otherwise  
8 indicated.

9 **II. STATEMENTS**

10 **Q. 9 Which statements are you sponsoring?**

11 A. 9 I am sponsoring Statements G, H, I, and P, along with select H schedules as noted  
12 above.

13 **Q. 10 Are these statements required per the Public Utilities Commission of**  
14 **Nevada's (Commission) regulations?**

15 A. 10 Yes. Nevada Administrative Code (NAC) 703.2265 sets forth filing requirements  
16 for utilities with annual gross operating revenues of \$250,000 or more, which  
17 includes the filing of Statements G, H, I, and P with a general rate case (GRC)  
18 application.

19 **Q. 11 Has the Company provided Statement H consistent with NAC 703.2345?**

20 A. 11 Yes. Consistent with the requirements of NAC 703.2345, Statement H presents  
21 a summary of the overall results of operations, including the amounts recorded on  
22 the Company's books and records as of November 30, 2025, test year and  
23 certification adjustments developed from the supporting schedules and  
24 statements, and the requested rate of return and the application of the requested  
25 rate of return to the overall rate base.

1 **Q. 12 Has the Company provided Statement P consistent with NAC 703.2451?**

2 A. 12 Yes. Consistent with the requirements of NAC 703.2451, Statement P discloses,  
3 as applicable, any changes in presentation for rate making and any change in  
4 accounting methods, procedures and allocations adopted since the Company's  
5 last GRC and identifies expenses previously considered and disallowed in a GRC  
6 by the Commission, including new facts and policy considerations offered for each  
7 item proposed.

8 **III. SUMMARY OF RESULTS OF OPERATIONS**

9 **Q. 13 Please explain Statement H, Sheet 1, Summary of the Overall Results of**  
10 **Operations.**

11 A. 13 Statement H, Sheet 1 provides a comprehensive overview of the Company's  
12 results of operations and overall rate of return for the test year ended  
13 November 30, 2025, and projected at the end of the certification period ending  
14 May 31, 2026. It also presents the Company's proposed revenue requirement  
15 and margin deficiency. The following table provides a summary of adjusted test  
16 year results for Statement H:

17

<b>ADJUSTED TEST YEAR RESULTS</b>		
Description	Southern Nevada	Northern Nevada
Net Operating Income	\$109.2M	\$18.0M
Rate Base	\$2.04B	\$254.2M
Overall Rate of Return (ROR)	5.36%	7.07%

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22 The following table provides a summary of projected results at the end of  
23 the certification period for Statement H, and includes the Company's resulting  
24 margin deficiency:  
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<b>CERTIFICATION PERIOD RESULTS</b>		
Description	Southern Nevada	Northern Nevada
Net Operating Income	\$101.8M	\$15.5M
Rate Base	\$2.09B	\$269.8M
Overall ROR	4.86%	5.76%

The following table provides a summary of projected results at the end of the ECIC period for Statement H, and includes the Company’s resulting margin deficiency:

<b>ECIC PERIOD RESULTS</b>		
Description	Southern Nevada	Northern Nevada
Net Operating Income	\$101.3M	\$15.5M
Rate Base	\$2.13B	\$269.8M
Overall ROR	4.76%	5.76%
Margin Deficiency <sup>1</sup>	\$66.3M	\$4.97M

The Company’s requested overall rate of return (ROR) is 7.17 percent in Southern Nevada and 7.20 percent in Northern Nevada. Company witnesses Ann E. Bulkley and Justin S. Forsberg provide testimony supporting the requested ROR as presented in Statement F.

**Q. 14 Please explain Statement H, Sheets 2 through 7.**

A. 14 Sheets 2 through 4 summarize the adjustments to the recorded results for the test year. Sheet 5 summarizes the adjustments expected to occur during the certification period and Sheet 6 summarizes the adjustments expected to occur in

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<sup>1</sup> The term “margin” refers to the billed revenue Southwest Gas receives, less the cost of gas. Since Southwest Gas has a separate quarterly deferred energy account adjustment mechanism to ensure the Company recovers its actual cost of gas, revenues and gas cost associated with the cost of gas are excluded from this Application.

1 the ECIC period. Sheet 7 shows the calculation of the Gross Revenue Conversion  
2 Factor used to calculate the requested increase in operating margin. The  
3 requested increase is required to generate net income sufficient to produce the  
4 ROR requested in this application.

5 **Q. 15 Please describe the purpose of having within test year expense**  
6 **adjustments.**

7 A. 15 Actual expenses incurred within the test year may not accurately represent  
8 operating expenses necessary to operate the utility when rates from this  
9 proceeding are effective. Therefore, some operating expenses must be  
10 annualized, normalized, or otherwise adjusted to reflect expected levels of these  
11 expenses on a going forward basis.

12 **Q. 16 Please describe the adjustments to the amounts recorded during the test**  
13 **year.**

14 A. 16 The Company proposes twenty-four adjustments to test year recorded data. One  
15 adjustment has separate Southern and Northern Nevada components. Twenty-  
16 one of the twenty-four proposed adjustments are in compliance with prior  
17 Commission decisions or consistent with adjustments that the Company made in  
18 its most recent GRC (Docket No. 23-09012). In some instances, as noted in the  
19 description of each adjustment, the Company presents evidence from a Company  
20 witness in support of the merits of its proposed methodology or ratemaking  
21 position.

22 **Q. 17 Please describe the adjustments to the amounts recorded during the**  
23 **certification period.**

24 A. 17 The Company proposes seven certification adjustments, all of which are common  
25 to both rate jurisdictions. All seven of these proposed adjustments are in

1 compliance with prior Commission decisions or consistent with adjustments that  
2 the Company made in its most recent GRC (Docket No. 23-09012). In some  
3 instances, as noted in the description of each adjustment, the Company is  
4 presenting evidence from a Company witness in support of the merits of its  
5 proposed methodology or ratemaking position.

6 **Q. 18 Please describe the adjustments to the amounts recorded during the ECIC**  
7 **period.**

8 A. 18 The Company is only proposing one ECIC adjustment for Southern Nevada. This  
9 adjustment is discussed in detail later in my testimony.

10 **Q. 19 What is Southwest Gas' proposed increase in each rate jurisdiction as a**  
11 **percentage of revenue at present rates?**

12 A. 19 The proposed Southern Nevada increase of \$66.3 million represents a 12.42%  
13 percent increase in revenue. The proposed Northern Nevada increase of \$4.97  
14 million represents a 3.94% percent increase in revenue.

15 **IV. STATEMENT G – TEST PERIOD RATE BASE**

16 **Q. 20 Please explain the Company's Statement G filed in this GRC proceeding for**  
17 **the test period ended November 30, 2025.**

18 A. 20 Statement G provides a summary of the rate base components comprising the  
19 investment Southwest Gas has made in the Southern Nevada and Northern  
20 Nevada rate jurisdictions through the test period ended November 30, 2025. The  
21 total investment or rate base as adjusted at November 30, 2025, is \$2.0 billion  
22 and \$254 million for the Southern Nevada and Northern Nevada rate jurisdictions,  
23 respectively. Details of the various rate base components are contained in  
24 Schedules G-1, G-2, G-3, G-4, G-5, and G-6.  
25

1 **Q. 21 Please describe Schedule G-1.**

2 A. 21 The respective Southern Nevada and Northern Nevada Schedule G-1 consists of  
3 the following sheets:

- 4 • Sheet 1 is a summary of the cost of the Southern Nevada or Northern  
5 Nevada gas plant in service (GPIS), and the system allocable GPIS as  
6 recorded on the Company's books at November 30, 2025;
- 7 • Sheet 2 is a summary of the cost of the Southern Nevada or Northern  
8 Nevada GPIS, and the system allocable GPIS as adjusted at November  
9 30, 2025;
- 10 • Sheets 5 and 6 provide supporting detail of the costs of the Southern  
11 Nevada or Northern Nevada GPIS, and the system allocable GPIS at the  
12 beginning and end of the test period, including any additions, retirements,  
13 transfers and adjustments that affected those balances;
- 14 • Sheets 7 and 8 reflect within test period adjustments to Southern Nevada  
15 or Northern Nevada, and system allocable plant;
- 16 • Sheets 3, 4, 10, 11, are related to the certification period ended May 31,  
17 2026; and
- 18 • Sheet 12 is related to the ECIC adjustment.

19 System allocable plant was allocated to Great Basin Gas Transmission  
20 Company (Great Basin) and Southwest Gas Transmission Company based on  
21 the total Modified Massachusetts Formula (MMF) of 4.10 percent, followed by the  
22 Southern Nevada and Northern Nevada rate jurisdictions based on the 4-Factor  
23 allocation percentage of 28.34 percent and 5.08 percent, respectively. The MMF  
24  
25

1 allocation percentages are shown on Statement N, Sheet 10 and the 4-Factor  
2 allocation percentages are shown on Statement N, Sheet 8.

3 **Q. 22 Please describe Schedule G-2.**

4 A. 22 Schedule G-2 consists of the following sheets:

- 5 • Sheet 1 is a summary of the Southern Nevada or Northern Nevada  
6 accumulated provision for depreciation and amortization (D&A), and  
7 system allocable D&A as recorded at November 30, 2025;
- 8 • Sheet 2 is a summary of the Southern Nevada or Northern Nevada D&A,  
9 and system allocable D&A as adjusted at November 30, 2025;
- 10 • Sheets 5 and 6 provide supporting detail of the beginning and ending  
11 balances of the D&A for the test period for Southern Nevada or Northern  
12 Nevada, and system allocable. The supporting detail includes the annual  
13 provision for depreciation, salvage, cost of removal, retirements, transfers  
14 and adjustments that affected those balances;
- 15 • Sheets 7 and 8 reflect within test period adjustments to Southern Nevada  
16 or Northern Nevada, and system allocable plant; and
- 17 • Sheets 3, 4, 9, 10, 11, and 12 are related to the certification period ending  
18 May 31, 2026.

19 **Q. 23 Please describe Schedule G-3.**

20 A. 23 Schedule G-3 provides the current D&A rates for Southern Nevada or Northern  
21 Nevada, and system allocable plant.

22 **Q. 24 Please describe Schedule G-4.**

23 A. 24 Schedule G-4, Sheet 1, provides the 13-month average balances of materials and  
24 supplies at November 30, 2025, in Southern Nevada and Northern Nevada.  
25

1 Schedule G-4, Sheet 2, provides the system allocable 13-month average  
2 balances of materials and supplies. Schedule G-4, Sheets 3 and 4 are related to  
3 the certification period ending May 31, 2026.

4 **Q. 25 Please describe Schedule G-5.**

5 A. 25 Schedule G-5, Sheet 1, provides the results of the test period lead-lag study which  
6 is discussed below. This includes a listing of the items included as other debits  
7 and credits. Most of the other debits and credits are calculated using a 13-month  
8 average balance. Schedule G-5, Sheet 2 is related to the certification period  
9 ending May 31, 2026.

10 **Q. 26 Please describe Schedule G-6.**

11 A. 26 Schedule G-6, Sheet 1, provides the 13-month average balances of customer  
12 advances for construction at November 30, 2025, for Southern Nevada and  
13 Northern Nevada. Schedule G-6, Sheet 2 is related to the certification period  
14 ending May 31, 2026.

15 **V. LEAD-LAG STUDY**

16 **Q. 27 Please describe the development of the lead lag study.**

17 A. 27 The lead-lag study compares differences between the Company's revenue lag  
18 and expense leads. The revenue lag measures the number of days from the time  
19 natural gas service is provided to customers to the time payment is received from  
20 customers. The expense leads measure the number of days from the time goods  
21 and services used to provide natural gas service are provided to the Company to  
22 the time payments are made by the Company for those goods and services. The  
23 lag and leads are measured in days for individual expenses, converted to "dollar-  
24 days" that reflect a weighting by expense amount, and then summed across all  
25

1 expenses. Schedule G-5 provides the results of the Company's lead-lag study for  
2 the test year.

3 **VI. WITHIN TEST YEAR ADJUSTMENTS**

4 **Q. 28 Please identify the within test year adjustments you are supporting.**

5 A. 28 I am supporting the within test year adjustments in Schedules H-6, H-9, H-10, H-  
6 21 (Northern Nevada only), H-22, and H-23. The remaining within test year  
7 adjustments are supported by other Company witnesses, as follows: Schedules  
8 H-1 and H-2 are supported by Christopher M. Brown; Schedules H-3, H-5, and H-  
9 12 are supported by Randi L. Cunningham; Schedules H-7, H-15, H-16, H-18, H-  
10 19, H-20 and H-21 (Southern Nevada only) are supported by Celine Louise R.  
11 Apo; Schedules H-8, H-13, and H-14 are supported by Charlene A. Lachica; and  
12 Schedule H-17 is supported by Byron C. Williams.

13 **Q. 29 Please explain Schedule H-6, Company-Owned Vehicles.**

14 A. 29 This adjustment removes the rate base related to the hangar towing vehicle  
15 previously used for the Company-owned aircraft. Although the aircraft was sold  
16 in March 2025, the hangar towing vehicle remains recorded on the Company's  
17 plant books. As a result, this adjustment decreases total rate base by \$22,200.  
18 The Company recorded a total of \$36,099 of salvage during the test year, which  
19 is also removed because Nevada customers did not pay for this asset. The net  
20 impact after allocation to Southern Nevada and Northern Nevada is an increase  
21 to rate base of \$3,778 and \$677, respectively.

22 **Q. 30 Please explain Schedule H-9, Self-Insured Retention Normalization.**

23 A. 30 Adjustment No. 9 adjusts the test year recorded self-insured accruals charged to  
24 Account 925 during the test year to a normalized level.

25 . . .

1 . . .

2 **Q. 31 What was the Company’s level of self-insurance for general liability claims**  
3 **at the end of the test year?**

4 A. 31 Through the Company’s General Liability policy, Southwest Gas has a \$1 million Self  
5 Insured Retention, commonly known as SIR. As such, the Company is self-insured  
6 for the first \$1 million of every general liability claim, with this per-occurrence amount  
7 applying to each claim individually and without any annual limit. For non-vehicle  
8 general liability claims that exceed \$1 million, the Company is also responsible for the  
9 portion above \$1 million until its total payments for these excess amounts reach the  
10 policy’s \$4 million Supplemental Retention Aggregate, after which the insurer takes  
11 over payments above the \$1 million per-occurrence level for the remainder of the  
12 policy year. Importantly, the \$4 million aggregate does *not* apply to automobile liability  
13 claims or other coverage areas expressly excluded by the policy—meaning auto  
14 claims only trigger the \$1 million per-occurrence retention and do not count toward  
15 the aggregate.

16 **Q. 32 Please explain the accounting for the self-insured portion of the liability**  
17 **claims.**

18 A. 32 When an incident is identified that may require payment, the Company accrues  
19 the estimated payment as a self-insured retention expense. The entry is a debit  
20 to Account 925, Injuries and Damages, and a credit to Account 228.2,  
21 Accumulated Provision for Injuries and Damages. Once the outcome of the claim  
22 becomes final, any costs paid are charged against the accrual in Account 228.2.  
23 If the amounts paid are different than the amount accrued, then the net difference  
24 is removed from Account 228.2 and charged back against Account 925.

25

1 | **Q. 33 Given the method used to account for the self-insured portion of liability**  
2 | **claims, does the test year expense reflect ongoing operations?**

3 | A. 33 No. It is not unusual to have fluctuations in the net charges to Account 925 from  
4 | period-to-period due to the nature of the method used to account for this process  
5 | and the fact that large claims that reach the \$5 million threshold do not occur every  
6 | year. This can result in Account 925 having an expense level during any given  
7 | recorded period that is not representative of ongoing operations. For this reason,  
8 | it is appropriate to normalize this cost based on claims experience over the last  
9 | ten years.

10 | **Q. 34 Please explain the normalized adjustment to self-insured expense.**

11 | A. 34 The Company uses a ten-year average of self-insured claim amounts to normalize  
12 | this expense for ratemaking purposes. Schedule H-9, Sheet 2, the ten-year  
13 | average of Southern Nevada and Northern Nevada direct claims is \$312,616 and  
14 | \$13,000, respectively, compared to the test year amounts of \$2,400,000 for  
15 | Southern Nevada and \$0 for Northern Nevada. This results in a \$13,000 upward  
16 | adjustment for Northern Nevada and a downward adjustment of \$2,087,384 for  
17 | Southern Nevada.

18 | The ten-year average system allocable expense is \$15,000, compared to the  
19 | test year amount of (\$500,000), resulting in an upward adjustment of \$515,000.  
20 | After allocating a portion of this expense to Great Basin, the Southern Nevada  
21 | and Northern Nevada portions of this adjustment result in a decrease of \$139,966  
22 | and \$25,081, respectively. The total impact of these adjustments on Southern  
23 | Nevada's and Northern Nevada's operating expenses is (\$1,947,417) and  
24 | \$38,081, respectively.

25 |

1 **Q. 35 Please explain Schedule H-10, Great Basin Allocation Annualization.**

2 A. 35 Adjustment No. 10 annualizes the system allocable A&G amounts allocated to  
3 Great Basin through the MMF allocation methodology and the insurable property  
4 factor for the test year ended November 30, 2025. The supporting workpapers to  
5 Adjustment No. 10 show the detailed calculations needed to derive the Great  
6 Basin insurable property factor at November 30, 2025. This adjustment is  
7 consistent with the methodology approved by the Commission in the Company's  
8 last several rate cases. The adjustment decreases Southern Nevada and  
9 Northern Nevada and A&G expenses by \$223,980 and \$41,405, respectively.

10 **Q. 36 Please explain Schedule H-21 for Northern Nevada, Spring Creek Projects.**

11 A. 36 This adjustment removes from rate base the projects contemplated in the  
12 Company's Spring Creek Expansion Project deferrals (Spring Creek Projects).  
13 The Stipulation filed and Commission Order issued in Docket No. 19-06017  
14 established separate and distinct rates and amounts required to be paid by certain  
15 customers, for the Company's Northern Nevada, Elko District, and Spring Creek  
16 Expansion Area customers. The Company is removing the Spring Creek Projects  
17 from the revenue requirement in the instant docket to ensure consistency with the  
18 intent of that order. The adjustment decreases Northern Nevada rate base by  
19 approximately \$45.43 million.

20 **Q. 37 Please explain Schedule H-22, Remittance Processing and Print to Mail  
21 Assets.**

22 A. 37 This adjustment adjusts rate base to properly account for the Company's decision  
23 to outsource its remittance processing and print to mail functions. The adjustment  
24 decreases Southern Nevada and Northern Nevada rate base by \$8,771 and  
25 \$48,946, respectively.

1 **Q. 38 Please explain Schedule H-23, Miscellaneous Rate Base Adjustment.**

2 A. 38 The Company has removed from rate base certain expenditures associated with  
3 various work orders including those identified by the Company in Docket No. 18-  
4 05031. The adjustment decreases Southern Nevada and Northern Nevada rate  
5 base by \$182,432 and \$95,955, respectively.

6 **Q. 39 In prior GRCs, the Company included a Wrongful Termination Adjustment**  
7 **but did not include this adjustment in the instant docket. Will you please**  
8 **explain why?**

9 A. 39 In its most recent GRC, the Company included an adjustment to establish the test  
10 year level expense related to wrongful terminations based on a three year  
11 average. The Company did not propose an adjustment in the instant docket  
12 because no costs related to wrongful terminations were incurred during the most  
13 recent three-year period (2023, 2024, 2025). The Company may include an  
14 adjustment in a future rate case should such costs be incurred.

15 **VII. CERTIFICATION PERIOD ADJUSTMENTS**

16 **Q. 40 Please describe Schedule H-C5, Rate base and Property Tax Annualization.**

17 A. 40 This adjustment accounts for the expected increases in rate base for the  
18 certification period and annualizes the property tax accordingly. This is expected  
19 to increase operating expenses by \$253,145 and \$136,383 in Southern Nevada  
20 and Northern Nevada, respectively. It is expected to increase rate base by  
21 \$56,306,134 and \$15,672,925 in Southern Nevada and Northern Nevada,  
22 respectively. These amounts will be updated at certification to reflect plant in  
23 service at May 31, 2026, evidenced by the Company's books and records.

24 . . .

25

1 **VIII. EXPECTED CHANGES IN CIRCUMSTANCES ADJUSTMENTS**

2 **Q. 41 What is the statutory basis for the Company's ECIC proposal?**

3 A. 41 Nevada Revised Statutes 704.110(4) authorizes a utility to include, with its GRC  
4 application, a statement showing the effects on an annualized basis of all  
5 expected changes in circumstances that are reasonably known and measurable  
6 with reasonable accuracy.

7 **Q. 42 What criteria must be met for an ECIC to be considered by the Commission?**

8 A. 42 The expected change in circumstances must consist of specific and identifiable  
9 events or programs, must have an objectively high probability of occurring, and  
10 must be measurable primarily using recorded or verifiable data, rather than  
11 general trends, forecasts, or budgets. Additionally, the statement associated with  
12 an ECIC must include all increases and decreases in revenue and expenses  
13 which may occur within 210 days after the date on which its GRC application is  
14 filed with the Commission if such expected changes in circumstances are  
15 reasonably known and are measurable with reasonable accuracy.

16 **Q. 43 Does the Company's proposed ECIC adjustment meet all the criteria above?**

17 A. 43 Yes.

18 **Q. 44 Please explain Schedule H-EC1, Lamb Tap.**

19 A. 44 This adjustment includes the rate base, depreciation expense, property tax, and  
20 incremental operating expenses for the Lamb Tap Project, which is expected to  
21 be completed by October 2026. This activity is not reflected in the recorded test  
22 period but is expected to occur during the ECIC period. The Lamb Tap Project is  
23 further discussed in the prepared direct testimony of Company witness Thomas  
24 W. Cardin.

25

1 **Q. 45 Why does the Company believe this ECIC is reasonably known and**  
2 **measurable with reasonable accuracy?**

3 A. 45 The ECIC adjustment is supported by executed contracts, approved work plans  
4 and engineering estimates rather than general assumptions or forecasts. As a  
5 result, the Company can quantify the impact with reasonable accuracy.

6 **Q. 46 Does this ECIC rely primarily on estimates or projections?**

7 A. 46 No. While some limited estimation may be necessary, the calculation relies  
8 primarily on verifiable cost information, with estimates used only secondarily,  
9 consistent with Commission precedent.

10 **Q. 47 Has the Company identified any corresponding offsets to revenue or**  
11 **expense which would occur within 210 days of the Company filing the**  
12 **instant Application?**

13 A. 47 No, the Company is unaware of any offsets within the subject period.

14 **Q. 48 What is the impact of the ECIC adjustment?**

15 A. 48 The adjustment increases rate base by \$35,337,541, O&M by \$95,000,  
16 depreciation expense by \$643,951, and deferred taxes by \$167,284 for Southern  
17 Nevada. The costs associated with this adjustment are described in more detail  
18 in the prepared direct testimony of Company witness Thomas W. Cardin.

19 **IX. STATEMENT P – RATEMAKING AND ACCOUNTING CHANGES**

20 **Q. 49 Please describe Statement P.**

21 A. 49 Statement P provides a narrative description of changes in methodology and  
22 presentation of ratemaking items, as well as any changes in accounting methods,  
23 procedures, and allocations adopted by the Company since the test year in its  
24 most recent GRC.

25

1                   The Company presents Statement P in three sections. The first section  
2 (Section 1) describes various ratemaking changes that require disclosure and  
3 their impact on the cost of service and rate base. This section encompasses  
4 adjustments being proposed for the first time, and adjustments or positions that  
5 are different from those proposed or accepted in prior rate cases. Any revenue  
6 requirement impact is also disclosed. The second section (Section 2) addresses  
7 categories of expense or rate base considered and disallowed in the past. Any  
8 revenue requirement impact is also disclosed. The third section (Section 3)  
9 addresses major changes in presentation that do not have a revenue requirement  
10 impact.

11                   Board of Directors' Compensation and Related Expenses, Compensation,  
12 Directors and Officers (D&O) Liability Insurance, and the Excavation Damage  
13 O&M were included in the Company's Statement P in its most recent general rate  
14 case filing in Docket No. 23-09012. The Commission-approved Stipulation in  
15 Docket No. 23-09012 does not specifically address the aforementioned  
16 adjustments. Consequently, the Company is presenting those same items again  
17 herewith in this Statement P.

18 **Q. 50 Does this conclude your prepared direct testimony?**

19 **A. 50 Yes.**

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## **SUMMARY OF QUALIFICATIONS**

### **KASEY D. BOHANNON**

My name is Kasey D. Bohannon. I am the Director of Regulation for Southwest Gas Corporation (“Southwest Gas”). In this role, I am responsible for overseeing all revenue requirement functions and cost of service activities for the Company’s regulated operations in Arizona, Nevada, and California.

I have more than 18 years of experience in the utility industry. I joined Southwest Gas in January 2020. Prior to joining the Company, I held positions of increasing responsibility in Accounting, Finance, and Regulatory Affairs at Arizona Public Service Company. Immediately prior to joining Southwest Gas in 2020, I served as Regulatory Manager at EPCOR, a gas and water utility, where I directed regulatory activities across three jurisdictions: Arizona, New Mexico, and Texas.

Throughout my career, I have been responsible for the preparation and review of general rate case filings, including cost of service studies, revenue requirement analyses, testimony, and regulatory compliance filings. My experience includes coordinating cross-functional teams, supporting regulatory strategy, and ensuring compliance with commission requirements.

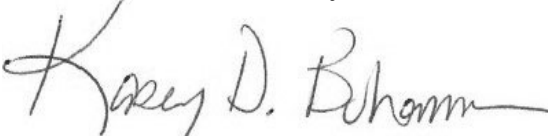
I received a Bachelor of Science in Business Administration with a concentration in Finance from Northern Arizona University. I also earned a Master of Business Administration with an emphasis in Accounting.

1 **AFFIRMATION OF KASEY D. BOHANNON**

2 Pursuant to NAC 703.710, Kasey D. Bohannon affirms and declares the following:

- 3 1. I am over 18 years of age and am competent to testify to facts stated below which  
4 are based upon my personal knowledge.
- 5 2. That I am the person identified in the foregoing prepared testimony, including,  
6 where applicable, any exhibits.
- 7 3. That such testimony and exhibits were prepared by me or under my direction.
- 8 4. That the information appearing in my testimony and exhibits are true to the best  
9 of my knowledge and belief and that if I were asked the questions stated therein  
10 under oath, my answers would be the same.
- 11 5. Pursuant to NRS 53.045, I declare under penalty of perjury under the law of the  
12 State of Nevada that the foregoing is true and correct.

13 EXECUTED and DATED this 17th day of March, 2026

14 

15 KASEY D. BOHANNON

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IN THE MATTER OF  
SOUTHWEST GAS CORPORATION  
DOCKET NO. 26-03\_\_\_

PREPARED DIRECT TESTIMONY  
OF  
ALBERT TAYLOR

ON BEHALF OF  
SOUTHWEST GAS CORPORATION

March 17, 2026

Table of Contents  
Prepared Direct Testimony  
of  
ALBERT TAYLOR

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Appendix A – Summary of Qualifications of Albert Taylor

Exhibit No.\_\_(AT-1)

Confidential Exhibit No.\_\_(AT-2)

Confidential Exhibit No.\_\_(AT-3)

Confidential Exhibit No.\_\_(AT-4)

Confidential Exhibit No.\_\_(AT-5)

Confidential Exhibit No.\_\_(AT-6)

Confidential Exhibit No.\_\_(AT-7)

Exhibit No.\_\_(AT-8)

Confidential Exhibit No.\_\_(AT-9)

Affirmation of Albert Taylor

BEFORE THE PUBLIC UTILITIES COMMISSION OF NEVADA

Prepared Direct Testimony  
of  
Albert Taylor

**I. INTRODUCTION**

**Q. 1 Please state your name and business address.**

A. 1 My name is Albert Taylor. My business address is 8360 South Durango Drive,  
Las Vegas, Nevada 89113.

**Q. 2 By whom and in what capacity are you employed?**

A. 2 I am employed by Southwest Gas Corporation (Southwest Gas or Company) in  
the Human Resources department. My title is Vice President/Human Resources.

**Q. 3 Please summarize your educational background and relevant business  
experience.**

A. 3 My educational background and relevant business experience are summarized  
in Appendix A to this testimony.

**Q. 4 Have you previously testified before any regulatory commission?**

A. 4 Yes, I have previously provided testimony before the Arizona Corporation  
Commission.

**Q. 5 What is the purpose of your prepared direct testimony in this proceeding?**

A. 5 My prepared direct testimony supports the Company's reasonable and prudently  
incurred expenses associated with its compensation and benefits programs,  
which include base pay and incentive pay. I also provide support for the  
Company's non-cash compensation benefits and the appropriateness of the  
Board of Directors' compensation.

1 | **Q. 6 Please summarize your prepared direct testimony.**

2 | A. 6 My prepared direct testimony consists of the following key topics:

- 3 | • An overview and discussion of the Company's compensation
- 4 | philosophy and the determination of its base pay;
- 5 | • An overview and discussion of the Company's incentive plans and
- 6 | performance metrics;
- 7 | • An overview and discussion of the Company's non-cash
- 8 | compensation programs;
- 9 | • Southwest Gas' Pension Program and Other Post-Employment
- 10 | Benefits (OPEB); and
- 11 | • Reasonableness of the Company's Board of Directors' compensation.

12 | **II. COMPENSATION PHILOSOPHY AND DETERMINATION OF BASE PAY**

13 | Market Positioning and Philosophy

14 | **Q. 7 Please describe Southwest Gas' overall compensation philosophy.**

15 | A 7 Like most customer-focused natural gas utilities, Southwest Gas maintains  
16 | market-based compensation programs so it can attract and retain a qualified  
17 | and motivated workforce, while ensuring the Company continues to provide safe  
18 | and reliable natural gas service for its customers. Reliable natural gas service  
19 | depends on a workforce with specialized technical skills in pipeline operations,  
20 | system integrity, regulatory compliance, and emergency response.  
21 | Compensation is not simply a labor expense, it is an investment in operational  
22 | safety, risk mitigation, and customer protection. As a result, Southwest Gas must  
23 | be able to attract, retain, and motivate the talented employees who make it  
24 | possible to achieve excellent overall utility operations that are safe and reliable.  
25 | The Company competes for quality employees in a market that includes

1 regulated and nonregulated energy companies as well as non-energy  
2 entities. Independent research from Analysis Group<sup>1</sup> shows that when utilities  
3 underfund employee compensation, the resulting staffing challenges lead to  
4 degraded reliability, weakened safety performance, and higher long-term costs  
5 for ratepayers. The report emphasizes that skilled, stable workforces are  
6 essential to meeting pipeline safety standards and executing long-term  
7 infrastructure plans. The Company's goal is to maintain a total compensation  
8 and benefits program that generally aligns with the 50th percentile of the market  
9 median for most Southwest Gas positions. However, for many non-exempt  
10 positions and Engineering roles, Southwest Gas' target is the 75th percentile to  
11 help attract and retain top talent in these competitive positions. This also aligns  
12 with the median of the Company's relevant peer groups and competitors and  
13 reflects the full value of cash and non-cash benefits provided in exchange for  
14 employees' contributions.

15 The Company's total rewards program includes market-competitive base  
16 pay, incentive compensation, comprehensive health and welfare benefits  
17 (including medical, dental, vision, wellness programs, life insurance, disability  
18 insurance, and accidental death and dismemberment insurance), and post-  
19 employment benefits.

20 In 2024, Southwest Gas updated its compensation philosophy to further  
21 reflect the following outcomes:

- 22 • Enable fair and consistent application of the compensation philosophy  
23 across the organization and employee lifecycle.

24  
25 <sup>1</sup> <https://www.fortnightly.com/fortnightly/2012/03/labor-costs-and-rate-case>

- Provide greater transparency into the compensation structure.
- Drive awareness and comprehension of how the compensation programs are aligned to Southwest Gas' jobs and the unique and competitive market.

Q. 8 **How does Southwest Gas determine the appropriate levels of total compensation?**

A. 8 Southwest Gas is committed to fairly compensating employees for the value of the work they perform. The targeted Total Direct Compensation (TDC) is the primary tool the Company uses to effectively recruit, retain and motivate a high-performing workforce. To maintain competitive compensation levels, Southwest Gas evaluates the market value of each position based on the knowledge, skills, and abilities required of a fully proficient employee. In addition to assessing market data for base pay, the Company also reviews its incentive and retirement programs for both employees and executives to ensure they remain comparable to those offered by peer organizations.

Southwest Gas utilizes numerous compensation surveys to determine market competitive pay levels, which typically include surveys prepared and published by Willis Towers Watson, American Gas Association (AGA), Mercer, and World@Work. A primary source for comparison of senior executives is the compensation paid by companies within the Southwest Gas public-company peer group, which is comprised of utilities deemed to be of comparable size and similar operational complexity to the Company. For senior executives, the Company engages an external compensation consultant to perform its executive compensation analysis and recommendations, which involves the use of

1 national, regional, industry-specific benchmarking data as well as publicly  
2 disclosed compensation data. The survey data includes target Total Cash  
3 Compensation (TCC) and TDC values to assist in evaluating the  
4 appropriateness of total compensation and ensure the salary ranges for these  
5 positions are within the competitive range of the 50<sup>th</sup> percentile for most jobs.

6 **Q. 9 Please elaborate on the importance of aligning TDC with the 50<sup>th</sup> percentile**  
7 **in attracting and retaining qualified employees.**

8 A. 9 To attract and retain qualified employees, it is essential that the Company's TDC  
9 aligns with the 50th percentile of the market median. TDC includes both TCC  
10 and variable incentive pay and represents the primary metric by which  
11 employees evaluate their overall compensation. Maintaining competitive TDC is  
12 critical in today's labor environment with increased turnover and costs.

13 According to the Center for Energy Workforce Development (CEWD),  
14 (Exhibit No.\_\_(AT-1)), overall utility workforce turnover reached 7.2% in 2022,  
15 the highest rate since tracking began. This trend has intensified competition for  
16 skilled workers across the region. Nevada, specifically, had the largest increase  
17 in hourly pay in 2025 based on U.S. Bureau of Labor Statistics data at 6.37%.<sup>2</sup>  
18 Replacing experienced employees is also costly, and industry benchmarks  
19 indicate total turnover costs—including recruiting, onboarding, training, lost  
20 productivity, and institutional knowledge loss—typically range from 20% to 150%  
21 of annual salary and can be even higher for technical or hard-to-fill positions.

22 By maintaining compensation at the market median (50th percentile), the  
23 Company is able to ensure pay levels are competitive and reasonable. This

24 \_\_\_\_\_  
25 <sup>2</sup> <https://www.msn.com/en-us/money/markets/nevada-has-largest-increase-in-hourly-pay-in-us-study-finds/ar-AA1TaUW3>

1 approach reduces turnover risk and mitigates hidden costs that would otherwise  
2 be passed on to customers in future rates. Competitive compensation is  
3 therefore a prudent investment in workforce stability and service reliability.

4 **Q. 10 Please describe the impact on TDC if any single component of variable pay**  
5 **is removed.**

6 A. 10 The TDC includes both short-term variable pay through the Management  
7 Incentive Program (MIP) and long-term variable pay through Restricted Stock  
8 Unit (RSU) awards and Performance Share Unit (PSU) awards. As noted above,  
9 the Company's compensation strategy is designed to generally position  
10 employees at the 50<sup>th</sup> percentile of market TDC.

11 If any one component of TDC is removed, such as a portion of the MIP or all  
12 long-term incentive compensation, overall employee compensation would fall  
13 below the Company's 50<sup>th</sup> percentile market position. Should the Commission  
14 exclude recovery of certain variable pay components, it can increase risk and  
15 costs, limits Long-term planning and sustainability, and reduces internal equity.

16 In theory, the Company could replace variable pay with an additional base  
17 salary to maintain market competitiveness. However, such an approach would  
18 eliminate the performance-based, at-risk, nature of variable compensation for  
19 management and could weaken incentives intended to encourage strong  
20 employee performance and cost management.

21 **Q. 11 Did Southwest Gas engage a consulting service to evaluate executive**  
22 **compensation?**

23 A. 11 Yes. Southwest Gas engaged the consulting services of Aon to review the  
24 executive compensation for its Officer and named executive officer (NEO)

25

1 populations. Aon is the executive compensation consultant to the Compensation  
2 Committee of the Board of Directors.

3 **Q 12 Please provide a general overview of the evaluation performed by Aon for**  
4 **the Officer population.**

5 A. 12 Aon conducted a competitive review of compensation levels, as compared to the  
6 median of the market, for Southwest Gas vice presidents below the named  
7 NEOs. Competitive data was obtained from a combination of various cuts of the  
8 Towers Watson 2024 U.S. Energy Services Executive Compensation Survey,  
9 including one specific to the Company's peer group as approved by the  
10 Compensation Committee of the Board of Directors. The study evaluated the  
11 following compensation components:

- 12 • Base salary;
- 13 • Target Total Cash Compensation (TCC) – comprised of base salary plus  
14 the Officer's target annual incentive (bonus) opportunity pursuant to the  
15 Management Incentive Plan (MIP);
- 16 • Long-Term Incentives (LTI) – including the value of equity awards granted  
17 based on the Officer's target annual incentive opportunity pursuant to the  
18 Restricted Stock Unit (RSU) award and Performance Share Unit (PSU)  
19 awards; and
- 20 • Total Direct Compensation (TDC) – comprised of the sum of the Target  
21 TCC and the LTI.

22 I provide detailed discussion on the MIP, RSU and PSU incentive plans later  
23 in my testimony.

1 Each position was evaluated and compared to a comparable position in the  
2 market. To the extent there was not an exact match for a given position, an  
3 adjustment – an increase or decrease – was applied to select Southwest Gas  
4 positions to ensure the value of the role and its responsibility in the organization  
5 most appropriately aligned with the closest position match presented in the  
6 market data. In summary, the analysis revealed that the overall positioning of  
7 the Officer group’s TDC was below the median of the market. The complete  
8 results of the AON analysis are provided in Confidential Exhibit No.\_\_(AT-2).<sup>3</sup>

9 **Q 13 Please provide a general overview of the evaluation performed by Aon for  
10 the NEO population.**

11 **A. 13** Aon conducted a competitive review of the compensation levels for the NEOs,  
12 as compared to the market median. The Company’s 19-company peer group  
13 was used to benchmark the five Southwest Gas NEOs included in the review.  
14 Competitive data was obtained from each peer Company’s most recently filed  
15 proxy statement as of March 27, 2025. Aon’s review evaluated the components  
16 listed in Q&A 12: base salary, TCC, LTI, and TDC.

17 Each position was evaluated and compared to a comparable position in the  
18 market as provided in Confidential Exhibit No.\_\_(AT-3). In summary, the  
19 analysis revealed that the overall positioning of the NEO group’s TDC was  
20 generally within the competitive range of the peer median. Please note, the  
21 compensation amounts listed for the five Southwest Gas NEOs are before  
22

23 \_\_\_\_\_  
24 <sup>3</sup> Confidential Exhibit No.\_\_(AT-2) is submitted confidentially because the report contains commercially  
25 sensitive, confidential, information about Southwest Gas’ compensation. Maintaining the confidentiality of  
this information is important because the compensation programs and levels for certain executive  
positions contain sensitive personal information and is proprietary to Southwest Gas. Public disclosure of  
this information could also impact Southwest Gas in the competitive employment market.

1 allocation amongst the Company's six state-regulated rate jurisdictions and two  
2 federally regulated interstate pipeline companies.<sup>4</sup>

3 Annual Wage & Salary Administration Process

4 **Q. 14 Please provide an overview of the annual analysis conducted to administer**  
5 **the Company's base pay.**

6 A. 14 Southwest Gas conducts an annual analysis to determine recommended  
7 percentage adjustments for non-exempt wage rates, exempt (non-officer/NEOs)  
8 salary ranges, and overall salary increase budgets. In addition to using  
9 compensation survey data to evaluate competitive pay levels, the analysis also  
10 considers industry trends in base pay increases.

11 The Company's analysis generally follows four steps:

12 **1. Review of Prior Year Adjustments**

13 The Company first evaluates the prior year's actual salary increases  
14 and salary structure adjustments and compares them with what the  
15 market was projected to do. Please refer to Confidential Exhibit  
16 No.\_\_(AT-4) for a summary of the salary budget planning.

17 **2. Review of Current Market Projections**

18 After validating the prior year's results, the Company evaluates several  
19 national salary increase surveys to assess and understand projected  
20 market activity for the upcoming year's base pay administration. The  
21 surveys help identify expected wage and salary adjustments and any  
22 structural changes that may be necessary. Because regulated natural  
23

24 <sup>4</sup> Corporate or system allocable costs are allocated to the Company's Arizona, Southern California,  
25 Northern California, South Lake Tahoe, Northern Nevada, and Southern Nevada state rate jurisdictions,  
after allocation to Southwest Gas Transmission Company and Great Basin Gas Transmission Company.

1 gas utility jobs require specialized skills, the Company places greater  
2 emphasis on utility-specific survey data rather than general industry  
3 projections. These surveys guide reasonable movement in wages,  
4 salaries and salary structures to ensure ongoing market alignment  
5 while maintaining competitive pay practices.

### 6 **3. Evaluation of Internal Compensation Data**

7 The Company evaluates internal compensation data, including current  
8 exempt employee pay levels compared to where they fall within the  
9 salary range for their positions (compa-ratios),<sup>5</sup> as well as historical  
10 salary adjustments.

### 11 **4. Compilation and Review by the Employee Compensation and** 12 **Resource Committee (ECRC)**

13 The recommended wage and salary adjustment findings are  
14 consolidated, as shown in Confidential Exhibit No.\_\_(AT-4), and  
15 presented to the ECRC, which is composed of senior-level Company  
16 executives. The ECRC reviews the analysis provided by the  
17 Compensation team and Human Resources leadership and may  
18 request additional information and/or further analyses before reaching  
19 consensus. The Committee ultimately approves the annual wage and  
20 salary increase budgets and salary structure adjustments for the non-  
21 exempt (non-Officer/NEO) and exempt employee groups.

22  
23  
24 <sup>5</sup> A compa-ratio represents an employee's pay relative to the midpoint of the salary range of the position.  
25 Generally, an employee with a low compa-ratio is new to the position or role, whereas an individual with  
a high compa-ratio is more tenured in that position or role.

1 | **Q. 15 How does Southwest Gas ensure that total compensation levels are**  
2 | **reasonable?**

3 | A. 15 Southwest Gas generally benchmarks base pay to the market median, or the  
4 | 50<sup>th</sup> percentile, as previously stated. Base pay is provided to all employees as  
5 | either an hourly wage (for non-exempt positions) or an annual salary (for exempt  
6 | positions). The Company believes that targeting the median represents a  
7 | reasonable and prudent approach to maintaining competitive base pay levels.  
8 | The benchmarking process used to ensure compensation remains attractive and  
9 | supports the recruitment and retention of a skilled workforce is explained below:

- 10 | • **Non-exempt** – Jobs for non-exempt employees are assigned to a pay  
11 | structure with assigned wage steps that have been matched to the market.  
12 | A percentage adjustment is applied to the structure once a year to reflect the  
13 | change in market conditions. This percentage is determined by annual  
14 | increase projections published by nationally recognized compensation  
15 | budget salary surveys as outlined in Confidential Exhibit No.\_\_(AT-4).
- 16 | • **Exempt** – Positions for nonexecutive employees (director level and below)  
17 | are assigned to a pay structure based on market data. The range reflects the  
18 | minimum, midpoint, and maximum salary for each grade. A percentage  
19 | adjustment may be applied to the midpoint of the range (structure  
20 | adjustment) each year to reflect changes in market conditions. This  
21 | percentage adjustment is determined using nationally recognized  
22 | compensation salary surveys which include projections provided by  
23 | participating companies as outlined in Confidential Exhibit No.\_\_(AT-4).

24 |  
25 |

1                   The annual increase process for exempt employees is similar to the  
2 process for non-exempt employees with the exception that not all exempt  
3 employees receive the same increase. Once the percentage increase for  
4 base pay adjustments is determined, it is used to establish a “pool” of dollars  
5 (budget) that is allocated to management, who considers each employee’s  
6 individual work performance, contributions to the Company’s operational  
7 goals, and placement within their position’s salary range to determine the  
8 employee’s specific annual salary increase amount. The percentage for base  
9 pay adjustments is determined using nationally recognized compensation  
10 salary surveys which include projections published by participating  
11 companies as outlined in Confidential Exhibit No.\_\_(AT-4).

12                   • **Officers** – Officers are executive-level employees, consisting of those with  
13 the vice president title, who have a comprehensive total compensation  
14 analysis that has historically been completed by an outside executive  
15 compensation consulting firm. Based on the recommendations of the  
16 consulting firm, adjustments are made and approved by the Chief Executive  
17 Officer (CEO) using the same methodology as the exempt population.  
18 Officers are eligible for annual increases based on the annual increase of  
19 projections published by nationally recognized compensation salary surveys,  
20 as outlined in Confidential Exhibit No.\_\_(AT-4).

21                   • **Named Executive Officers (NEOs)** – NEOs are the top five, highest paid  
22 positions within the Company. Compensation for these employees is  
23 reviewed annually by an outside executive compensation consulting firm that  
24 completes salary analyses and recommendations based on a proxy analysis  
25

1 of the Company's peer group. The Board of Directors must approve all  
2 compensation changes for NEOs.

3 Annual Wage & Salary Adjustments

4 **Q 16 Please summarize the results of the salary surveys conducted for the non-**  
5 **exempt and exempt groups.**

6 A. 16 Based on the 2025 Salary Increase Budget Surveys — which included seven  
7 national survey sources covering general industry, utilities and energy sectors  
8 — the projected increases for both the non-exempt and exempt employee  
9 groups averaged 3.8%. After reviewing these survey results and completing its  
10 internal analysis, the Company granted a 3.6% wage increase for non-exempt  
11 employees and a 3.8% salary increase for exempt employees.

12 Market-Informed Salary Structure & Workforce Stability

13 **Q. 17 Have there been any significant salary structure changes since the**  
14 **Company's 2023 general rate case.**

15 A. 17 Yes. In 2024, with the help of Mercer<sup>6</sup>, the following changes were made to  
16 salary structures:

17 Traditional Structure

18 Southwest Gas shifted from a job-specific pay management strategy (i.e.,  
19 discrete pay ranges for each job that are mostly independent of each other) to  
20 market-informed salary structures containing a progression of pay ranges. The  
21 Company created a traditional salary structure with sixteen (16) salary grades  
22  
23

24 <sup>6</sup> See Confidential Exhibit No. \_\_ (AT-5), Pay Structure Design Overview & Discussion and New Pay  
25 Structures: Cost Impact.

1 and three (3) different geographic variations. All exempt and some non-exempt  
2 employees are slotted into this structure based on typical market practice.

3 Step Structure

4 The step structure includes ten (10) grades (also known as distinct schedules),  
5 each containing seven (7) steps and three (3) geographical variations. This new  
6 step structure essentially consolidates the previous grandfathered and current  
7 step structures. Most non-exempt roles are categorized into this structure.

8 **Q. 18 Has there been any impact on labor expenses due to this salary structure  
9 adjustment?**

10 **A. 18** Yes. Due to the Company's new pay structures, a market adjustment was  
11 implemented in two phases during 2024 as part of the Company's structural  
12 labor market realignment. This process included factors such as company-wide  
13 wage compression corrections, competitive market pressures adjustments, and  
14 updated salary benchmarking. The total baseline adjustment was approximately  
15 7.9% and specifically focused on employee impacts, internal equity, and  
16 decreasing any gap between job families.

17 The adjustment was applied after the 2024 annual increase of 3.9%,  
18 resetting the base labor cost for 2025 before applying the 2025 annual increase  
19 factor of 3.6%. This ensures transparency by separating recurring inflationary  
20 increases from a one-time market realignment. The table below captures the  
21 referenced increases.

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Year	Increase Type	Rate (%)	Notes
2024	Annual Labor Increase	3.9%	Applied to the 2024 effective Base Salaries
2024	<b>Market Adjustments</b>	7.9%	One-time market realignment applied
2025	Annual Labor Increase	3.6%	Applied after the market adjustments

**Q. 19 Please explain what work was completed in Phase 1 of the Company’s salary structure and compensation study, and why it was necessary?**

**A 19** During Phase 1, Southwest Gas partnered with Mercer—a nationally recognized compensation and analytics consulting firm—to conduct a comprehensive evaluation of all jobs across the Company. This phase included both an internal and external review, covering more than 700 job descriptions representing more than 2,300 employees. Mercer conducted interviews, gathered employee and leadership perspectives, analyzed current pay practices, reviewed industry compensation trends, and examined our compensation philosophy and framework.

This deliberate assessment ensured a clear understanding of where our positions stand relative to the broader utility and energy labor markets. The outcomes of Phase 1 established an improved compensation philosophy that supports market competitiveness, recognizes geographic differences in labor costs, and strengthens transparency in how compensation decisions are communicated. During this phase, adjustments were made across the

1 organization in support of the new philosophy. The work completed in Phase 1  
2 created the foundation required to advance to Phase 2.

3 **Q. 20 What was Phase 2 of the salary structure and compensation study, and**  
4 **how were the results used?**

5 **A. 20** Phase 2 focused on compensation benchmarking—a data-driven process that  
6 determines competitive pay levels for similar positions within the utility and  
7 energy sectors. Using the improved compensation philosophy developed in  
8 Phase 1, Mercer evaluated market data, applied geographic differentials, and  
9 aligned Southwest Gas roles with comparable industry positions to ensure  
10 appropriate, competitive salary ranges.

11 This phase directly informed the compensation structure the Company will  
12 use going forward, ensuring it remains competitive in attracting and retaining top  
13 talent. The Phase 2 results and recommended actions were completed and  
14 communicated to employees by the end of 2024.

15 **Q. 21 Please explain how employee surveys impacted Company compensation**  
16 **strategies and salary structural changes.**

17 **A. 21** Listening to employees—through engagement surveys, pulse checks, and exit  
18 interviews—plays an essential role in shaping the Company’s compensation  
19 strategies. These feedback channels help the Company understand what  
20 employees value and identify areas where compensation programs may not  
21 meet expectations. This ongoing feedback supports trust, retention, and the  
22 continued competitiveness of the Company’s total rewards programs.

23 Survey findings highlight both strengths and areas for improvement in how  
24 employees perceive career growth and compensation. For example, 61.62% of  
25 employees agree or strongly agree that they are satisfied with their opportunities

1 for advancement. However, perceptions related to compensation are notably  
2 lower: 57.72% feel they are paid fairly for the work they perform, and 48.3%  
3 believe their total compensation is competitive with the market.

4 These gaps are meaningful. When employees question whether they are  
5 being compensated fairly, morale, engagement, and long-term retention can be  
6 negatively affected. Because compensation influences both an employee's  
7 financial well-being and their sense of being valued, lower confidence in pay  
8 competitiveness can lead employees — particularly those in high-demand  
9 roles—to consider external opportunities. By analyzing survey feedback, the  
10 Company can pinpoint where compensation concerns are most significant and  
11 take proactive steps to evaluate them and address them, as appropriate. Insights  
12 from listening to employees inform decisions such as:

- 13 • Updating salary structures to maintain market competitiveness;
- 14 • Adjusting pay practices to strengthen internal equity;
- 15 • Enhancing communication and transparency around compensation  
16 decisions; and,
- 17 • Strengthening the connection between pay, performance and  
18 advancement opportunities.

19 When employees see that their feedback leads to meaningful change — such  
20 as updated compensation frameworks, clearer career paths, and improved  
21 communication — it builds trust and enhances perception of fairness. This, in  
22 turn, helps reduce avoidable turnover, protects and preserves institutional  
23 knowledge, and supports a more stable and engaged workforce.

24  
25

1 By prioritizing employee feedback, the Company ensures its compensation  
2 decisions reflect the real experiences and expectations of employees. This  
3 alignment helps retain top talent, reduces recruitment costs, and cultivates a  
4 resilient organization where employees feel valued, supported, and motivated to  
5 contribute long-term.

6 **Q 22 What specific benefits have the market adjustments in 2024 provided in**  
7 **terms of workforce stability, safety, reliability, and customer affordability?**

8 A 22 The adjustment enabled the Company to maintain competitive total  
9 compensation (base + benefits + limited incentives), supports long-term  
10 sustainability of organizational talent, and supports internal equity. The 2024  
11 market adjustment helped offset inflation and keeps pay aligned with market  
12 trends, reducing the risk of talent loss to competitors. These adjustments are  
13 necessary because utility operations require a skilled, stable workforce to  
14 ensure safe, reliable natural gas service, infrastructure maintenance,  
15 emergency response, and compliance with safety regulations. Without market-  
16 competitive compensation, the Company risks higher turnover, recruitment  
17 challenges (especially for specialized roles), and reduced employee  
18 engagement, which could lead to safety issues or increased long-term costs to  
19 ratepayers.

20 Annualized Labor Costs

21 **Q. 23 What is the test year annualized labor cost the Company is seeking**  
22 **approval for in the instant docket?**

23 A. 23 The Company's Nevada test year annualized labor cost of approximately \$76.2  
24 million (~\$61.5 million in Southern Nevada and ~\$14.7 million in Northern  
25 Nevada) in the instant docket is compared to the annualized labor cost of \$61.1

1 million labor cost of in Docket No 23-09012. This amount is representative of the  
2 Company's total annualized labor costs for the Company's Nevada and  
3 Corporate (after allocation) test year employees. This annualized labor cost  
4 includes all changes in wages and salaries incurred for the Company's Nevada  
5 and Corporate (after allocation) test year employees since the Public Utilities  
6 Commission of Nevada (Commission) approved the annualized labor costs  
7 Docket No. 23-09012. Please refer to Confidential Exhibit No.\_\_(AT-6) for this  
8 comparison. Company witness Randi L. Cunningham supports the Company's  
9 labor annualization.

10 **Q. 24 Is the Company's proposed annualized test year labor cost of**  
11 **approximately \$76.2 million reasonable?**

12 A. 24 Yes. This is accomplished through three major principles:

13 **1. Market Aligned Pay for Essential Roles**

14 Maintaining market-aligned compensation for essential natural gas  
15 roles—pipeline technicians, gas controllers, corrosion specialists, leak  
16 survey and meter technicians, and emergency response crews—is critical  
17 because the energy sector is operating in a tight labor market with  
18 significant skills gaps, elevating retention risk and the cost of vacancies  
19 and overtime. Current workforce indicators compiled by the Center for  
20 Energy Workforce Development (CEWD) (Confidential Exhibit No.\_\_(AT-  
21 7) show widespread talent shortages across energy and utilities and  
22 highlight that a large share of employers report skills gaps within their  
23 existing workforce—conditions that require utilities to compete on pay to  
24 attract and retain specialized operational talent that directly supports  
25

1 system safety and reliability. Moreover, CEWD’s recent industry updates  
2 underscore an historic ramp-up in workforce development needs as  
3 utilities modernize systems and respond to evolving operational demands,  
4 reinforcing the case for benchmarking and aligning pay to the external  
5 labor market to secure the qualified people needed to maintain pipeline  
6 integrity, meet emergency response standards, and sustain day-to-day  
7 service quality for customers.

## 8 **2. Compensation as a Cost Control Measure**

9 Although competitive pay represents an investment, it helps avoid  
10 significantly higher long-term costs resulting from turnover, emergency  
11 staffing, and operational disruptions. Underpaying the workforce today  
12 leads to:

- 13 • More vacancies
- 14 • Increased error rates
- 15 • Training cost spikes
- 16 • Higher contractor expenses
- 17 • Potential regulatory penalties

## 18 **3. Built-In Cost Prudence**

19 Southwest Gas’ compensation proposals reflect a balanced approach  
20 that ensures we can maintain a stable, engaged workforce while  
21 remaining fully mindful of impacts to customer rates. The Company  
22 recognizes its responsibility to manage costs and maintain affordability  
23 for the customers we serve. Accordingly:

- All compensation requests are grounded in objective market data and industry benchmarks, ensuring pay levels are competitive but not excessive.
- The Company continuously evaluates internal efficiencies to ensure compensation dollars are directed where they have the greatest impact on safety, reliability, and customer experience.
- These principles demonstrate that competitive pay and reasonable rates are not mutually exclusive. On the contrary, competitive compensation is a long-term cost management strategy that protects customers from the far greater costs of turnover, service disruptions, or safety incidents.

12 **Q. 25 Did the Company grant wage and salary adjustments for non-exempt and**  
13 **exempt employees during the certification period in the instant docket?**

14 **A. 25** Yes. In March 2026, the Company granted a 3.6% wage increase for  
15 nonexempt employees. For exempt employees, the ECRC approved a base  
16 salary adjustment budget of 3.6% and a pay-for-performance adjustment budget  
17 of .10%. As previously described, exempt salary increases are awarded based  
18 on individual work performance, and the amounts awarded vary by employee.  
19 The analysis Southwest Gas conducted to inform and administer the increase  
20 during the certification period is highlighted in Confidential Exhibit No.\_\_(AT-4).

21 **III. INCENTIVE COMPENSATION AND PERFORMANCE METRICS**

22 Program Overview

23 **Q. 26 Please briefly describe the components of the Company's incentive**  
24 **compensation programs.**

1 A. 26 Southwest Gas offers incentive compensation through its STI Plan and its LTI  
2 Plan. The STI Plan is referred to as the MIP. The LTI Plan includes three types  
3 of awards – PSUs, RSUs, and cash – and is discussed more fully below. The  
4 Company also offers an Energy Solutions Key Accounts Incentive Award  
5 Program Plan (ES-KAM) to certain employees. A broader explanation of these  
6 incentive programs is highlighted later in my testimony.

7 By linking a portion of employee compensation to measurable results, we  
8 ensure that pay increases correspond to actual improvements in service quality  
9 and/or performance rather than automatic or discretionary spending.

10 MIP – Design and Eligibility

11 **Q. 27 Please describe the MIP.**

12 A. 27 The MIP, or the STI, is a cash-based annual incentive program that provides  
13 participating management-level employees and executives with an opportunity  
14 to receive variable at-risk pay based upon the achievement of specific  
15 benchmarks that are critical to the short-term and long-term success of the  
16 Company and that reward superior performance for the Company's customers.  
17 For the test year, the MIP included the following performance metrics:

- 18 • Financial Performance
- 19 • Cost Management
- 20 • Utility Net income
- 21 • Safety & Operations Performance
- 22 • Customer Service Satisfaction

23 **Q. 28 How many Company employees were eligible for the MIP in plan years**  
24 **2023, 2024 and 2025?**

25

A. 28 The table below reflects the number of employees eligible for the MIP in plan years 2023, 2024, and 2025.

Eligible Employees by Division	MIP Plan Year 2023	MIP Plan Year 2024	MIP Plan Year 2025
Corporate	159	153	163
Northern Nevada	9	9	10
Southern Nevada	11	12	10
Other Divisions	34	32	32
<b>Total</b>	<b>213</b>	<b>206</b>	<b>215</b>

Q. 29 **Has the MIP design changed since the Company’s last general rate case?**

A. 29 No, similar to the design in 2023, in that the performance metrics were renamed and the weights now differ by management level, oversight responsibility, and priority as indicated in the following charts: Overall, the design of the metrics have not changed since 2023 when the three groups were established (Holdings Officers, Utility Officers, Utility Leaders). The financial metric for the Holdings Officers has varied, but has carried a weight of 40%. In 2023 the financial performance Utility Net Income was (30%) and EBITDA less Gross Capex at 10%. In 2025, Financial Performance is Utility Net Income (30%) and Centuri EBITDA (7.5%) / Centuri Free Cash Flow (2.5%). However, the 2025 grant stated that "When [Southwest Gas] is no longer consolidating Centuri for GAAP purposes, Financial Performance for Holdings Officers shifts to 40% Utility Net Income for the entire plan year with no proration." Since this occurred, Holdings Officers awards for PY2025 are now at 40% of the Utility Net Income. The chart provided below is the 2025 metrics and weights.

Leadership Team	Performance Metrics	Weight
Holdings Officers (CEO and CFO)	Financial Performance - Utility Net Income (30%) / Centuri EBITDA (7.5%) / Centuri Cash Flow (2.5%)	40%
	Cost Management - O&M Per Customer	30%
	Safety/Operational Performance - Damage per 1,000 tickets (7.5%); Response within 30 minutes (7.5%)	15%
	Customer Service Satisfaction	15%
Total		100%
Utility Officers (President and SVPs)	Utility Net Income	40%
	Cost Management - O&M Per Customer	30%
	Safety/Operational Performance - Damage per 1,000 tickets (7.5%); Response within 30 minutes (7.5%)	15%
	Customer Service Satisfaction	15%
Total		100%
Utility Leaders (VPs, Directors, and Managers)	Cost Management - O&M Per Customer	40%
	Safety/Operational Performance - Damage per 1,000 tickets (20%); Response within 30 minutes (20%)	40%
	Customer Service Satisfaction	20%
	Total	

### MIP Metrics – Definitions, Targets and Results

**Q. 30 Please explain each MIP performance metric and how it is measured.**

**A. 30** The five metrics are measured as follows:

1. Utility Net Income<sup>7</sup> is a measure of all income generated by utility operations (gas distribution and sales) minus all utility expenses. Targeted and actual results exclude any income derived from the Company-Owned Life Insurance COLI policy designed to reward the efficient operation and performance of the entire organization structured under Southwest Gas Holdings, Inc., for the Corporate Strategy Executives, and the efficient

<sup>7</sup> The Net Income metric is calculated on a consolidated basis for the Holdings Officers (CEO, CFO, and General Counsel/Corp Secretary); in contrast, for the Utility Officers (SWG President and Senior Vice Presidents), Net Income is calculated with respect to the organization's gas segment by backing out Net Income allocable to Centuri Group. In addition, the Net Income metric is measured without regard to Company-Owned Life Insurance (COLI) returns.

1 operation and performance of Southwest Gas Corporation (gas segment  
2 only) for the remaining participants.

3 2. Cost Management (O&M Per Customer) is the total cost of operations and  
4 maintenance divided by the average customer count during the period of  
5 measurement and is designed to reward participants for efficient operations.

6 3. Customer Satisfaction is determined using a survey conducted by a third  
7 party that measures customer satisfaction after they have received a service  
8 from Southwest Gas. The responses can range from “Very Satisfied” to “Very  
9 Dissatisfied,” and the results are received on a monthly basis. This metric is  
10 designed to reward participants’ success in achieving a predetermined  
11 customer satisfaction percentage.

12 4. Safety/Operational Performance has two components: 1) Damage per 1,000  
13 tickets refers to the number of lines that are hit or punctured per 1,000 tickets  
14 and is designed to reward participants’ success in minimizing damage to the  
15 Company’s distribution system. 2) Incident Response Time Within 30 Minutes  
16 measures the response time from when an individual reports the smell of gas  
17 and a service technician responds to the report and is designed to reward  
18 improvement on incident response time.

19 For each metric, actual performance may vary from 50% to 200% of the  
20 target incentive opportunity based on performance relative to the target. No MIP  
21 award is paid in any year unless the Company achieves a minimum of 80% of  
22 the Company’s target adjusted net income for the performance year.

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1 **Q. 31 How does the MIP benefit customers?**

2 A. 31 The MIP performance metrics are designed to reward participants by  
3 incentivizing them to operate and manage the Company in a way that benefits  
4 the Company's customers.

5 With respect to Utility Net Income, given that Southwest Gas' customer  
6 rates are subject to review and approval, the inclusion of a Net Income metric  
7 focuses participating employees on prudent management of utility expenses to  
8 maximize net income in a given year. Managing expenses benefits the customer  
9 as lower expenses help Southwest Gas maintain lower customer rates. The Net  
10 Income metric, combined with the Customer Satisfaction and Safety metrics,  
11 help to ensure that expenses are managed in a sustainable manner that results  
12 in an efficient operation of the Company that delivers superior customer service  
13 and does so safely.

14 The Cost Management (O&M per Customer) metric incentivizes efficient  
15 operations and requires participating employees to manage Operations &  
16 Maintenance expenses while providing superior customer performance.  
17 Managing O&M expenses benefits the customer as lower expenses help  
18 Southwest Gas maintain lower customer rates.

19 The Customer Satisfaction metric is explicitly tied to customer satisfaction  
20 and benefits the Company's customers. This metric (as well as the Safety  
21 metrics discussed below) works with the Net Income and O&M metrics to ensure  
22 that management does not sacrifice customer welfare and customer satisfaction  
23 in favor of the Company's financial performance. Put another way, if  
24 management chooses to emphasize the Company's financial performance to  
25

1 the detriment of its customers, the MIP is designed to penalize management  
2 through lower performance on Customer Satisfaction and Safety metrics.

3 The Safety metric has two components: 1) damage per 1,000 tickets and  
4 2) incident response time within 30 minutes. The first component provides a  
5 direct benefit to customers and the public in general by focusing on the  
6 Company's damages per 1,000 tickets in providing services. These  
7 companywide metrics impact Nevada directly by sharing expertise, best  
8 practices, and continuous improvement on all program efforts, thus reducing  
9 state-level damage per thousand tickets. The companywide program directly  
10 aligns with Nevada's focus on the Company's gas distribution system, helping  
11 ensure safety is a priority throughout the organization. The second component  
12 is designed to reward improvements in incident response times; as with the other  
13 Safety metric within the MIP, this metric provides a direct service and safety  
14 benefit to customers and the public in general.

15 In summary, the MIP metrics provide a clear incentive to MIP participants to  
16 maximize management's performance in a manner that benefits customers.

17 **Q. 32 How does Southwest Gas set performance expectations for the MIP**  
18 **metrics?**

19 **A. 32** Southwest Gas uses industry standards to set performance expectations, and  
20 each of the targets for MIP measures are revisited annually to ensure their  
21 reasonableness. For example, both safety metrics used by Southwest Gas are  
22 well understood in our industry. These targets are benchmarked against AGA  
23 peer companies and set the expectation for performance Companywide.  
24 Similarly, the Customer Satisfaction metric is also a measure of focus in our  
25 industry. Performance is measured monthly by an independent third party.

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**Q. 33 Does the Company assign specific MIP metric targets to each of its states or operating divisions for purposes of determining whether there is a payout for each metric?**

A. 33 No. The Company uses the companywide targets described above to determine payouts under the MIP safety measures. As part of our culture of continuous operational improvement, Southwest Gas encourages companywide collaboration and alignment to explore, share and utilize best practices, and strategies that support the overall objectives of reducing its number of damages and minimizing its incident response time companywide. The Company's current methodology is consistent with how the industry provides its benchmarking data and how damage prevention and emergency response are assessed. In other words, information from other multi-jurisdictional utilities is provided, assessed, and benchmarked without breaking the data out by each utility's individual operating areas. Lastly, the Company's targets incorporate all state and jurisdictional differences, so all areas' results are reflected in MIP results.

**Q. 34 Please provide the companywide, state and division actual results for the two MIP safety metric targets for the past 5 years.**

A. 34 The tables below reflect the companywide targets, as well as companywide, Nevada state, and Nevada division actual results for the two MIP safety metrics in plan years 2021, 2022, 2023, 2024, and 2025.

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...



looking at state or division-specific data. This is a Company level metric that is leveraged across the industry and our peer groups.

**Q. 35 Please provide the five MIP companywide metric targets for plan years 2023, 2024, 2025 and the actual results achieved each year.**

**A. 35** The table below reflect the targets and actual results for each MIP metric in plan years 2023, 2024 and 2025.

Financial Performance (CEO, CFO, GC)				
Plan Year	Threshold	Target	Maximum	Actuals
2023	190,464	204,800	215,040	225,477 <sup>[1]</sup>
	121,400	161,900	186,200	177,978 <sup>[2]</sup>
2024	206,127	229,030	240,482	252,474 <sup>[1]</sup>
	216,160	270,200	310,730	233,508 <sup>[3]</sup>
2025	120,063	150,079	172,591	136,780 <sup>[4]</sup>
	247,464	266,090	284,716	273,938 <sup>[1]</sup>
[1] SWG Utility Net Income (adjusted)		[3] Centuri EBITDA		
[2] Centuri EBITDA less Gross CapX (adjusted)		[4] Centuri Free Cash Flow		
<b>Utility Net Income</b>				
2023	190,464	204,800	215,040	225,477
2024	206,127	229,030	240,482	252,474
2025	247,464	266,090	284,716	273,938
<b>O&amp;M Per Customer</b>				
2023	224.0	219.0	215.0	219.04
2024	235.8	223.8	220.5	225.15
2025	238.3	226.3	222.9	226.62
<b>Customer Satisfaction</b>				
2023	92%	95%	96%	94.9%
2024	90%	94%	96%	95.3%
2025	90%	94%	96%	95.3%
<b>Safety - Damages per 1,000 Tickets</b>				
2023	1.19	0.99	0.89	0.998
2024	1.20	1.00	0.95	0.848
2025	1.10	1.00	0.92	0.835
<b>Safety - Incident Response Time</b>				
2023	70.0%	75.0%	78.0%	76.4%
2024	70.0%	75.0%	77.5%	76.4%
2025	71.0%	75.0%	76.5%	79.2%

1 | **Q. 36 Are the MIP costs reasonable, prudently incurred, and appropriate for**  
2 | **inclusion in the rates authorized in this proceeding?**

3 | A. 36 Yes. As discussed above, the MIP is in-line with peer group incentive plans and  
4 | includes market-competitive terms. As opposed to offering the entirety of  
5 | employee compensation guaranteed, the MIP portion of employee  
6 | compensation is at-risk and designed to incentivize management to operate the  
7 | Company in an efficient manner that minimizes customer rates while maximizing  
8 | customer satisfaction and safety.

9 | It is appropriate to include MIP costs in the rates approved through this  
10 | proceeding because the MIP is part of the total compensation that keeps MIP-  
11 | level employee positions competitive with the market. Further, the system  
12 | allocable portion of incentive compensation is already shared across the  
13 | Company's rate jurisdictions, providing customers across all rate jurisdictions  
14 | value, therefore, it is appropriate and reasonable to allow the Company to  
15 | recover the approximate 33% of the allocated incentive compensation from  
16 | Nevada customers. Offering total compensation in line with the median of the  
17 | market is reasonable and necessary to attract and retain employees to operate  
18 | the Company. As such, the entirety of the Company's MIP expense is a  
19 | reasonable and prudently incurred business expense that should be authorized  
20 | for recovery through customer rates in this proceeding.

21 | Long-Term Incentives

22 | **Q. 37 Please describe the Long-Term Incentive Plan.**

23 | A. 37 The LTI Plan is designed to reward sustained performance over a three-year  
24 | period with each grant made under the plan.

25 |

1                    Since 2017, the Company has granted two forms of equity awards to  
2 eligible employees: 1) Time-Lapse Restricted Share Units (RSUs) and 2)  
3 Performance Share Units (PSUs). In the Plan Year 2023, payable in 2024,  
4 director-level employees received LTI in the form of a cash payout rather than  
5 RSUs. Executives are eligible to receive both RSU and PSU awards. LTI  
6 awards: RSU, PSU, and cash payouts are granted annually.

7                    **PSU awards:**

8                    When these are granted to Holdings executives, they include three  
9 financial measures:

- 10                    1. 3-Year Utilities Earnings Per Share (EPS), weighted at 50% of the  
11 target award;  
12                    2. 3-Year Centuri Earnings Per Share (EPS), weighted at 10% of the  
13 target award; and  
14                    3. 3-Year Utility Return on Equity (ROE), weighted at 40% of the target  
15 award.

16                    PSU awards granted to Utility executives also include two financial  
17 measures:

- 18                    1. 3-Year Utility Net Income, weighted at 60% of the target award; and  
19                    2. 3-year Utility ROE.

20                    The award is subject to a relative Total Shareholder Return (TSR)  
21 modifier that will adjust vesting by plus or minus 25% when the  
22 Company's TSR is at or above the 75th percentile or below the 25th  
23 percentile of the proxy peer group.  
24  
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1 plan, the compensation associated with these positions would fall well below the  
2 50<sup>th</sup> percentile and would no longer be competitive. Consequently, the Company  
3 would have difficulty attracting and retaining the talent necessary to provide  
4 customers safe and reliable natural gas service. Offering total compensation in  
5 line with the median market is reasonable and necessary to attract and retain  
6 employees to operate the Company. Notwithstanding, there are various  
7 customer benefits that can be derived from insuring leadership and tenure is  
8 retained as outline below:

- 9 ○ **Long-term planning and sustainability:** Long-term incentives tied  
10 to multi-year return on equity and/or net income goals can drive the  
11 finding of efficiencies with innovation, integration of sustainability  
12 projects, and optimizing maintenance programs. This promotes our  
13 investments in one of our most valuable assets, our leadership and  
14 employees.
- 15 ○ **Customer-oriented outcomes:** Leaders are motivated to prioritize  
16 service quality and operational excellence over short-term decisions  
17 and expenditures. When long-term incentives support a balanced  
18 approach to compensation with a tie to operating expenses, customers  
19 and shareholders benefit.

20 As such, the Company's LTI Plan expense is a reasonable and prudently  
21 incurred business expense that should be authorized for full recovery through  
22 customer rates in this proceeding.

23 For ease of reference, below is a table which includes an example of total  
24 a director level compensation package to demonstrates the integrated  
25

1 components collectively generate value that exceeds the contribution of the  
 2 individual elements.

3 \* Table highlighting a director level example of the total compensation and is  
 4 generalized:

Component	Percentage of Total	Description	Typical Form
Base Salary	45%	Fixed annual cash compensation	Cash
Annual Bonus	30%	Performance-based incentive tied to short-term goals	Cash
RSU (Restricted Stock Units)	10%	Shares granted that vest over time or upon meeting conditions	Equity
PSU (Performance Stock Units)	10%	Shares granted based on achieving specific performance metrics	Equity
Non-Cash Compensation (Benefits)	5%	Benefits such as health insurance, retirement contributions	Benefits
Total Compensation	100%		

17 **Q. 39 Please describe the Energy Solutions - Key Account Management (ES-**  
 18 **KAM) Incentive Award Program Plan.**

19 **A. 39** The ES-KAM is an incentive program that is provided to Southwest Gas' Energy  
 20 Solutions and Key Account Management groups. The incentive award program  
 21 provides variable incentive-based compensation to Energy Advisors (EA),  
 22 Account Advisors (AA), Industrial Gas Engineers (IGE), and Supervisors for the  
 23 achievement of specific goals and benchmarks important to both the short-term  
 24 and long-term success of the Company. The program strives to achieve the  
 25 following:

- To focus on Program Participants on the achievement of specific performance objectives important to the Company.
- To achieve exceptional performance in the areas of customer service, project development, safety, and Company growth.
- To ensure that continued Company facility investments meet required criteria, while practicing appropriate risk abatement.
- To incentivize Program Participants to maximize delivered shareholder value, while providing safe, sustainable and reliable service to customers.

Performance is measured annually, with incentive awards calculated and paid during the first quarter, following the end of the plan year. For the purpose of determining the actual awards, performance is evaluated on several measurements. The annual performance measures and weights are as follows:

<b>Performance Measures Summary</b>				
<b>Measurement</b>	<b>Measurement Weight (%)</b>	<b>Minimum Award (\$)</b>	<b>Target Award (\$)</b>	<b>Maximum Award (\$)</b>
Customer Education	15%	\$750	\$1,500	\$2,250
Customer Satisfaction	30%	\$1,500	\$3,000	\$4,500
Market Share Margin	35%	\$1,750	\$3,500	\$5,250
Individual Goals	20%	\$1,000	\$2,000	\$3,000
Potential	100%	\$5,000	\$10,000	\$15,000

**Q. 40 Are the ES-KAM costs reasonable, prudently incurred, and appropriate for inclusion in the rates authorized in this proceeding?**

**A. 40** Yes. The ES-KAM Incentive Award Program Plan is designed to incentivize eligible employees to maximize the use of the Company's distribution system by

1 larger customers, which benefits and protects residential customers by  
2 spreading fixed cost recovery over a greater number of customers/volumes.

3 Employees achieve this by:

- 4 1. Maintaining and increasing margin from qualified new and existing  
5 customers through installations of new, additional, or incrementally larger  
6 natural gas equipment.
- 7 2. Ensuring that Company facility investments meet required criteria and that  
8 security/risk concerns are appropriately addressed.
- 9 3. Maximizing annual margin collection from customers that can demonstrate  
10 the ability to use an alternate energy source.

11 Given that the costs associated with the ES-KAM Incentive Award Program  
12 Plan are designed to maximize the use of the Company's distribution system  
13 and benefit residential customers, the subject costs are reasonable, prudently  
14 incurred, and are appropriate for inclusion in this proceeding.

15 **IV. NON-CASH COMPENSATION PROGRAMS**

16 **Q. 41 Please identify the non-cash component of the Company's compensation**  
17 **program.**

18 A. 41 Exhibit No.\_\_(AT-8) lists the Company's non-cash compensation programs.  
19 These programs are similar to the benefits offered by the Company's utility peers  
20 and include such offerings as medical and dental coverage, vacation and sick  
21 leave, disability coverage, and retirement benefits.

22 **Q. 42 Please describe the Employee Education Assistance Program**

23 A. 42 The Employee Education Assistance Program provides reimbursement for  
24 tuition, registration, lab fees, and books for employees, up to a maximum of  
25

1 \$5,250 per year. This program is key to our recruitment and retention strategies  
2 and additionally allows the company to maintain an educated and skilled  
3 workforce. This program has a direct, positive benefit to Southwest Gas  
4 customers in Nevada.

5 **Q. 43 Are the non-cash compensation costs reasonable?**

6 A. 43 Yes, these benefits are consistent with peer utility offerings, and the costs should  
7 be recovered in rates as part of this proceeding. Southwest Gas regularly  
8 reviews its plans to carefully manage its non-cash benefits program costs. These  
9 benefits are reasonable, in public interest, and the Company should recover  
10 these costs in customer rates established in this proceeding.

11 **V. PENSION AND OTHER POST-EMPLOYMENT BENEFITS (OPEB)**

12 **Q. 44 Please generally describe the Pension and OPEB programs that are**  
13 **available to Southwest Gas employees.**

14 A. 44 The Company provides the following Pension and OPEB programs:

- 15 • **Defined Benefit Retirement Plan (Pension):** The Company maintains a tax-  
16 qualified defined benefit retirement plan for employees hired before January  
17 1, 2022. The defined benefit retirement plan was closed to employees hired  
18 on or after January 1, 2022. The payout benefits are based on the employee's  
19 years of service, up to a maximum of 30 years, and the 12-month average of  
20 the employee's highest five consecutive years' salaries, excluding bonuses,  
21 within the final 10 years of service. The Internal Revenue Code (IRC) places  
22 a limit on the annual compensation that may be paid under the plan, which  
23 may be increased periodically to reflect cost-of-living increases. Base salary  
24 amounts deferred by executives under the Executive Deferral Plan (EDP),  
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1 discussed below, are not included for purposes of determining pensionable  
2 benefits under the Retirement Plan.

- 3 • **Supplemental Executive Retirement Plan (SERP):** The SERP is designed  
4 to supplement the Retirement Plan for participating executives by providing  
5 an opportunity for executives to receive a comparable retirement benefit at a  
6 level of 50% to 60% of base salary without regard to the IRC limits that apply  
7 to the Retirement Plan. To qualify for a normal retirement benefit under the  
8 SERP, an Executive must have reached age 55 with 20 years of service or  
9 age 60 with 10 years of service.

10 The SERP also provides a limited retirement benefit for executives  
11 who defer base salary under the EDP but who do not qualify for a normal  
12 retirement benefit under the plan. The SERP is a non-qualified plan, and  
13 benefits payable under the SERP are offset by benefits payable under the  
14 Retirement Plan to avoid double payment of benefits to executives.

- 15 • **Employees Investment Plan (EIP):** The Southwest Gas Corporation EIP is  
16 a tax-qualified defined contribution (401(k)) plan that is available to all its  
17 employees. A 3% non-contributory enhancement was added for employees  
18 hired on or after 1/1/2022 when the Retirement Plan was closed to all new  
19 hires. Additionally, new hires receive a 100% match for the first 7% of their  
20 contributions. All participant contributions to the EIP are subject to annual IRC  
21 limits that apply to the plan. Executives are not eligible to receive Company  
22 matching contributions under the EIP.
- 23 • **Executive Deferral Plan (EDP):** The EDP provides salary deferral  
24 opportunities for executives by permitting them to annually defer up to 100%  
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1 of base salary and non-equity incentive compensation. To address the  
2 ineligibility of Executives to receive Company matching contributions under  
3 the EIP, Southwest Gas provides matching contributions under the EDP that  
4 parallel the contributions it makes to participants under the EIP, which is up  
5 to 3.5% of the Executive's base salary. The EDP is a non-qualified plan, and  
6 base salary deferred under the EDP is not included in the formula used to  
7 calculate an Executive's pensionable benefit under the Company's tax-  
8 qualified defined benefit retirement plan.

9 **Q. 45 Are the costs for these programs reasonable, prudently incurred, and**  
10 **appropriate for inclusion in the rates authorized in this proceeding?**

11 A. 45 Yes. These programs are essential to the Company's efforts to attract and retain  
12 high performing individuals by providing supplemental retirement benefits as part  
13 of a competitive compensation package. This continuity of service benefits the  
14 Company's customers, and both the EDP and SERP, which constitute part of  
15 the Company's reasonable compensation program for its Executives, should be  
16 recoverable through customer rates. Notwithstanding, the Company is only  
17 seeking to recover the restorative amount of its SERP expenses in this  
18 proceeding.

19 **VI. BOARD OF DIRECTORS' COMPENSATION**

20 **Q. 46 Does the Company provide compensation to its Board of Directors?**

21 A. 46 Yes. The Company compensates the members of its independent Board of  
22 Directors at the holding company level. This compensation is intended to recruit  
23 and retain highly qualified Directors, but it also expresses the importance of  
24 these roles as a representation of the Company's attitudes towards corporate  
25 governance.

1 **Q. 47 Please explain how the Company determines appropriate salary ranges for**  
2 **Board of Director compensation.**

3 A. 47 The Compensation Committee is responsible for periodically reviewing the  
4 compensation of the independent Directors and recommends changes to the  
5 Board where appropriate. The Committee's compensation consultant, AON,  
6 completed a review of the Directors' compensation in August 2024 (Confidential  
7 Exhibit No.\_\_(AT-9)) where the level of director compensation was assessed  
8 relative to the Company's peer group of companies. Aon's assessment  
9 recommended an increase to the annual retainer, a chair retainer, and an  
10 increase to the annual equity grant.

11 **Q. 48 Are the Board compensation expenses allocated to Southwest Gas**  
12 **reasonable, prudently incurred, and appropriate for inclusion in the rates**  
13 **authorized in this proceeding?**

14 A. 48 Yes. The Securities Exchange Commission (SEC) requires Southwest Gas  
15 Holdings, as a publicly traded company, to have a Board of Directors comprised  
16 of mostly independent members. The Board provides guidance and oversight to  
17 ensure that the Company provides safe and reliable service to its customers and  
18 prudently manages its operations in a cost-effective manner while investing in  
19 the infrastructure necessary to meet customer demand and ensure safety, all of  
20 which help support the Company's ability to access capital markets at  
21 reasonable rates. Moreover, the Company reviewed its Board compensation to  
22 ensure that it is set at levels that are reasonable compared to market and  
23 determined that the Board's total compensation is below the median of its peer  
24 group. Given that 1) the Company is required to have a Board of Directors per  
25 federal law, 2) the Board provides a clear and essential benefit to the Company,

1 and 3) the Board compensation expense included in the Company's request is  
2 reasonable, the subject expense was prudently incurred and should be included  
3 in the rates authorized in this proceeding.

4 **Q. 49 What is D&O insurance and why should the costs associated with it be**  
5 **recoverable?**

6 A. 49 D&O liability insurance covers the Board of Directors and officers of the  
7 Company against lawsuits alleging a breach of fiduciary duty. This coverage is  
8 provided so that executives can serve confidently as leaders of the organization  
9 without fear of personal financial loss. Board members and officers are not only  
10 responsible to the employees and shareholders but are also responsible to the  
11 Company's customers in carrying out their responsibilities in a judicious manner.  
12 D&O insurance provides protection to the assets of the organization and  
13 therefore benefits customers. These costs should be fully recoverable in  
14 customer rates.

15 **Q. 50 Does this conclude your prepared direct testimony?**

16 A. 50 Yes.

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**SUMMARY OF QUALIFICATIONS**

**ALBERT TAYLOR**

I am a graduate of Stephen F. Austin State University having received a Bachelor of Science degree in Psychology and a Master of Arts degree in Industrial/Organizational Psychology with a Minor in Management. I also hold the Certified Compensation Professional designation from WorldatWork.

I have over 23 years of compensation and human resources experience. Before joining Southwest Gas, I developed and implemented strategic compensation programs and initiatives within the utility, mid-stream, oil field services and technology industries - with the last 19 years being spent at publicly traded companies. The size of the organizations have ranged from 5,000 to over 100,000 employees.

## SURVEY DATA SHOWS UTILITY WORKFORCE TURNOVER IS INCREASING



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According to a new survey from the Center for Energy Workforce Development (CEWD), utility workforce turnover is at its highest point since the survey originated in 2006. This begs the question – what is driving this trend?

## TRENDS AROUND UTILITY WORKFORCE TURNOVER AND OTHER KEY ISSUES

CEWD's 2023 Energy Workforce Survey is the tenth edition of this bi-annual survey. It features insights from over 40 gas and electric utilities, and primarily focuses on 4 job categories – engineers, linemen, plant operators, and technicians. The survey objectives are to understand trends around energy workforce size, demographics, and retirements & attrition.

In the 2 surveys that CEWD has fielded since the COVID-19 pandemic, results show that both non-retirement attrition and total attrition have increased significantly. In fact, attrition reached an all-time high in 2022 at a whopping 7.2%. In addition, hiring volume is also at an all-time high. Time will tell if these are short-term blips or long-term trends.

The survey also revealed a few other interesting tidbits:

- Previous iterations of the survey sounded the alarm over the rapidly aging utility workforce and dearth of younger employees to fill the gap, but recent results indicate that these factors have stabilized. CEWD has seen a steady progression toward a younger workforce since 2006, with Millennials now representing the largest generation in the utility workforce.
- Emerging technology jobs – such as those specializing in renewable energy, advanced metering, and artificial intelligence – are increasing rapidly but still represent a small percentage of the overall energy workforce (2.6% in 2023, up from just 0.6% in 2021).
- Utilities have a relatively high adoption rate when it comes to diversity, equity, and inclusion (DEI) policies – particularly among companies with over 2,500 workers, those with nuclear operations, and those that have a dedicated DEI leader in place.

Overall, I'd say these are interesting insights, with the only real negative trend being the increase in utility workforce turnover. Let's hope that this trend, much like the aging workforce "gap," resolves itself in due time.

**Docket No. 26-03\_\_\_\_**

General Rate Case

Confidential Exhibit No.\_(AT-2)

**\*\*CONFIDENTIAL\*\***

**SOUTHWEST GAS CORPORATION**

Docket No. 26-03\_\_\_\_

Confidential Exhibit No.\_(AT-2)

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Confidential Exhibit No.\_(AT-3)

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Confidential Exhibit No.\_\_(AT-4)

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Confidential Exhibit No.\_(AT-7)

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**Southwest Gas Corporation - Non-Cash Compensation Program Summary**

Program	Paid By	Description	Eligible Employee Group		
			Officers	Exempt	Non-Exempt
Medical/RX Dental Vision	Employee	Coverage available to employees and eligible dependents one month following date of hire.	X	X	X
Life Insurance	Company	1.0 times annual base salary one month following date of hire	X	X	X
Supplemental Life Insurance	Employee	Employee can purchase additional life insurance for self up to 5 times annual base salary to a maximum of \$2,500,000. Coverage for spouse and children also available.	X	X	X
Accidental Death & Dismemberment (AD&D)	Company	1.0 times annual base salary in the event of accidental death. Lump sum benefit is paid for dismemberment.	X	X	X
Supplemental AD&D	Employee	Employee can purchase additional AD&D insurance for self and family, up to a maximum of \$500,000.	X	X	X
Business Travel Insurance	Company	1.0 times annual base salary beginning date of hire	X	X	X
Short-Term Disability	Company	After 3 months of continuous employment, employees are eligible for Salary Continuation and receive a % of their salary for up to 25 weeks. The amount received is based on duration of the disability.	X	X	X
Long-Term Disability (LTD)	Company	After one year of service, employees are eligible for LTD after experiencing six months of continuous disability. LTD is paid at 60% of basic monthly earnings during the period of disability.	X	X	X
Health Care Flexible Spending Account (FSA)	Employee	The Health Care FSA allows employees to set aside tax-free dollars to pay for eligible health care expenses not covered by their health care plan.	X	X	X
Dependent Care Flexible Spending Account (FSA)	Employee	The Dependent Care FSA allows employees to set aside tax-free dollars to pay for eligible dependent day care expenses.	X	X	X
Employee Assistance Program (EAP)	Company	The EAP is a confidential, short-term counseling and referral service designed to help employees and household members deal with personal or work-related problems, including but not limited to marriage/relationship problems, financial issues, elder care, and bereavement. Eligibility begins on date of hire.	X	X	X
Health Savings Account (HSA)	Employee	Allows employees to set aside pre-tax or tax-deductible dollars to pay for qualified health care expenses not covered by their health care plan. Maximum contribution limits are determined each year by the IRS. Each quarter, employer contributions are made to the account based on participation in the company wellness plan.	X	X	X
Retirement (Pension)	Company	The Company has a tax-qualified, non-contributory defined benefit pension plan for employees hired before 1/1/2022. Employees are fully vested after 5 years of service and can receive a pension at age 65. With 10 or more years of Company service, employees can elect early retirement at age 55. The Plan was closed to employees hired on or after 1/1/2022.	X	X	X
Employees' Investment Plan (EIP) -- 401(k)	Employee / Company	Employees are eligible to participate in EIP on date of hire and can contribute from 2% to 75% of salary to a tax-deferred retirement account. After-tax Roth contributions are also available. For employees hired prior to 1/1/2022, the Company matches 50% of the first 7% of their contributions. For employees hired on or after 1/1/2022, the company matches 100% on the first 7% of their contributions as well as provides a non-elective contribution of 3% each pay period.	X	X	X

**Southwest Gas Corporation - Non-Cash Compensation Program Summary**

Program	Paid By	Description	Eligible Employee Group		
			Officers	Exempt	Non-Exempt
Vacation	Company	Employees receive vacation time each year based on their years of service: 0 to <1 years, 10 days; 1 to <3 years, 11 days; 3 to <5years, 12 days; 5-<15 years, 16 days; 15-<25 years, 21 days; 25 years, 5 weeks. An accelerated schedule is provided for Managers and for Directors and Above.	X	X	X
Sick Time	Company	Employees receive up to 40 hours of Sick Time each year after 90 days of continuous service. The amount of hours received is prorated based on the pay period when the 90 days ends.	X	X	X
Paid Absence Time	Company	Employees receive up to 40 hours of Paid Absence Time each year after 90 days of continuous service. The amount of hours received is prorated based on the pay period when the 90 days ends.	X	X	X
Company Holidays	Company	Employees are eligible for 11 holidays per year as of their first workday.	X	X	X
Employee Appliance Purchase Program	Company	After one year of service, an employee may purchase a gas or combination gas/electric appliance and decide between two payment programs: pay cash and be reimbursed by the Company, or arrange for the Company to pay the dealer. The employee may then use payroll deductions to make payments for up to 5 years with no interest or finance charges.	X	X	X
Matching Gifts Program	Company	Each year, the Southwest Gas Foundation will match any eligible participant's contributions to colleges and universities between \$25 and \$2,500.		X	X
Employee Education Assistance Program	Company	Reimbursement for tuition, registration, lab fees, and books to a maximum of \$5,250 per year.		X	X
Supplemental Executive Retirement Plan (SERP)	Company	Provides a benefit equal to the difference between the amount that would have been payable under the Retirement plan, in the absence of laws limiting pension benefits and earnings.	X		
Executive Deferral Plan	Company	Participants may defer up to 100 percent of their base salary and bonus received during a Plan Year, provided that such deferral exceeds \$2,000. The Company will contribute an amount equal to 50 percent of the deferral up to a maximum of 3.5% of the participant's base salary.	X		
Financial & Estate Planning Perquisite	Company	This taxable benefit is available every three years with a maximum benefit of \$5,000.	X		
Executive Physical	Company	This taxable benefit is available every 12 months. Executive can receive \$2,500 with certification of completion from their medical provider.	X		

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1 **AFFIRMATION OF ALBERT L. TAYLOR**

2 Pursuant to NAC 703.710, Albert L. Taylor affirms and declares the following:

- 3 1. I am over 18 years of age and am competent to testify to facts stated below which  
4 are based upon my personal knowledge.
- 5 2. That I am the person identified in the foregoing prepared testimony, including,  
6 where applicable, any exhibits.
- 7 3. That such testimony and exhibits were prepared by me or under my direction.
- 8 4. That the information appearing in my testimony and exhibits are true to the best  
9 of my knowledge and belief and that if I were asked the questions stated therein  
10 under oath, my answers would be the same.
- 11 5. Pursuant to NRS 53.045, I declare under penalty of perjury under the law of the  
12 State of Nevada that the foregoing is true and correct.

13 EXECUTED and DATED this 17<sup>TH</sup> day of March, 2026

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16 ALBERT L. TAYLOR  
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