



SOUTHWEST GAS CORPORATION

March 1, 2019

via Electronic Mail

Ms. Alice Stebbins
Executive Director
alice.stebbins@cpuc.ca.gov
California Public Utilities Commission
505 Van Ness Avenue, 5th Floor
San Francisco, California 94102

Re: Southwest Gas Corporation (U 905 G)
Utility Supplier Diversity Program

Dear Ms. Stebbins:

Pursuant to Section 9 of General Order 156, Southwest Gas Corporation submits for filing the following:

- Supplier Diversity Program 2018 Annual Report and 2019 Annual Plan
- Supplier Diversity Program 2018 Annual Fuel Procurement Report and 2019 Annual Fuel Procurement Plan

Should you have any questions, please do not hesitate to contact me at (702) 876-7323.

Respectfully submitted,

Valerie J. Ontiveroz
Regulatory Manager/California

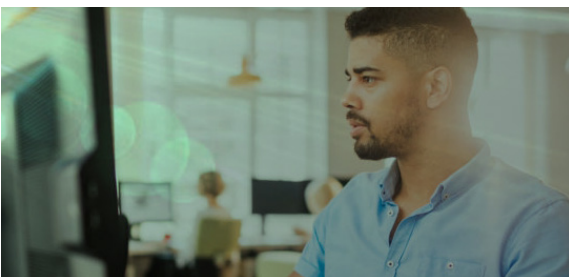
Attachment

c: Stephanie Green
CPUC Utility Supplier Diversity Program
stephanie.green@cpuc.ca.gov

Supplier Diversity

2018 REPORT • 2019 PLAN

2018 FUEL PROCUREMENT REPORT • 2019 FUEL PROCUREMENT PLAN



SUPPLIER DIVERSITY™

Growing Opportunities
Powered by Southwest Gas

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2018 ANNUAL REPORT

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2018 ANNUAL FUEL PROCUREMENT REPORT AND 2019 ANNUAL PLAN

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A MESSAGE FROM JOHN P. HESTER

President and Chief Executive Officer



At Southwest Gas Corporation, we're committed to the advancement of diversity and inclusion amongst our business partners, employees and the communities we serve. We believe supplier diversity is simply smart business. We're proud to partner with minority-, women-, service-disabled veteran-, and lesbian, gay, bisexual and transgender (LGBT)-owned businesses to promote increased economic opportunities and offer enriched services to our customers in Arizona, California and Nevada.

As President and CEO, I'm proud to share our 2018 Supplier Diversity Annual Report and 2019 Annual Plan detailing our Company's Supplier Diversity Program activities and achievements in 2018, as well as our goals and strategies moving forward.

As reflected in the accompanying report, Southwest Gas continues to exceed the goals of General Order 156. In the past year, we hosted, co-hosted and participated in various Supplier Diversity events, forums, workshops, networking conferences and expos throughout our service areas. These efforts successfully identified new suppliers and provided increased opportunities for diverse businesses. Through these efforts, Southwest Gas benefits from the quality and competitive solutions our diverse suppliers deliver. We're dedicated to growing relationships that make us all stronger.

Serving our diverse communities and making a difference is important to our organization and our employees. Through programs that include volunteer efforts, employee payroll pledges and corporate giving, Southwesterners are shaping the future with their commitment to improving the quality of life in the communities we serve.

In 2018, our parent company, Southwest Gas Holdings, Inc., enhanced diversity on our Board of Directors with the inclusion of two highly-qualified professionals, Jane Lewis-Raymond and Leslie Thornton. These new directors are proven leaders who bring decades of experience and diverse perspectives to further enhance our culture and commitment to safety, diversity and sustainability.

I'm proud of what our Southwest Gas team has accomplished to promote diversity and inclusion while creating new business opportunities. I'm confident that this success will continue well into the future.

Sincerely,

John P. Hester
President and Chief Executive Officer
Southwest Gas Corporation

EXECUTIVE SUMMARY

Company Highlights

Southwest Gas Corporation, a multi-jurisdictional utility headquartered in Las Vegas, Nevada, provides natural gas service to customers in California, Arizona and Nevada.

Southwest Gas service territories are located in Placer, El Dorado, Nevada, and San Bernardino counties.

Southwest Gas Corporation Headquarters and Division Offices



Fast Facts:

- **2 million** customers in California, Arizona and Nevada
- Southwest Gas serves approximately **195,000 customers** in California
- California service area represents approximately **11 percent** of the Company's overall operations

EXECUTIVE SUMMARY

2018

Southwest Gas Corporation (Southwest Gas or Company) sustained its strong supplier diversity spend during 2018, and for the 13th consecutive year, surpassed the 21.5 percent minimum goal established by General Order (GO) 156 for procurement with California Clearinghouse-Verified diverse suppliers. In 2018, Southwest Gas achieved procurement results of **\$32,243,423** with Clearinghouse-Verified diverse suppliers in support of our California operations, equal to **65%** of the Company's total California procurement. In addition, Southwest Gas spent **\$180,992,338** with Clearinghouse-Verified diverse suppliers in support of the Company's Arizona and Nevada operations, reflecting the importance of supplier diversity throughout our organization and multi-state service territories. Southwest Gas' Supplier Diversity Program 2018 results are summarized in the table below.

| | California | Arizona and Nevada | Total |
|--|----------------------|-----------------------|-----------------------|
| Minority Men | \$ 4,382,917 | \$ 33,995,495 | \$ 38,378,412 |
| Minority Women | \$ 1,410,873 | \$ 19,983,837 | \$ 21,394,710 |
| Total Minority Business Enterprise (MBE) | \$ 5,793,790 | \$ 53,979,331 | \$ 59,773,121 |
| Women Business Enterprise (WBE) | \$ 26,449,633 | \$ 127,013,006 | \$ 153,462,640 |
| Subtotal Women, Minority Business Enterprise (WMBE) | \$ 32,243,423 | \$ 180,992,338 | \$ 213,235,761 |
| Disabled Veteran Business Enterprise (DVBE) | - | - | - |
| Total Clearinghouse-Verified WMDVBE Procurement | \$ 32,243,423 | \$ 180,992,338 | \$ 213,235,761 |
| Total California Procurement | \$ 49,395,572 | | |
| % Clearinghouse-Verified Procurement | 65.28% | | |

2018 ANNUAL REPORT

9.1.1

Supplier Diversity Program Activities

Internal Activities

Southwest Gas recognizes the valuable contributions diverse suppliers bring to our Supply Chain. We are committed to increasing opportunities for diverse suppliers and continuously work to promote our Supplier Diversity Program (Program) with internal business units and in the business community. Through awareness, outreach and training, Southwest Gas strives to create positive experiences for Program stakeholders and deliver strong results for diverse suppliers.

Internal Activities

Southwest Gas continues a focused effort to expand opportunities for diverse businesses by reinforcing our commitment to supplier diversity within the organization through strong partnerships and effective collaborations. In 2018, Program activities included the following:

- Meeting regularly with internal departments to assess business needs and identify procurement opportunities for diverse businesses;
- Encouraging decision makers to include diverse suppliers in company-wide bid offerings through Program awareness and education;
- Conducting supplier diversity presentations at committee and department meetings, and for new employees;
- Partnering with diversity organizations to share supplier diversity information and best practices for internal stakeholders;
- Continuing to work closely with internal business units to address the needs and prompt payment of diverse suppliers; and
- Boosting opportunities for internal stakeholders to attend supplier diversity conferences, events and workshops.

External Outreach Activities

Throughout 2018, Southwest Gas further advanced Program initiatives by bolstering relationships and working with key external stakeholders in support of diverse businesses. Southwest Gas participated in and/or sponsored the following outreach activities:

Outreach Activities

02/06/18 - CA Black Chamber Reception,
Sacramento, CA

02/07/18 - CA Black Chamber Legislative Luncheon,
Sacramento CA

03/15/18 - Southern CA Black Chamber All Chamber
Event, Victorville, CA

03/16/18 - Western Business Alliance LGBT
Economic Summit, San Francisco, CA

03/30/18 - Tahoe Chamber of Commerce Business
Expo, South Lake Tahoe, CA

04/24/18 - Minority Business Opportunity Day,
Pasadena, CA

04/25/18 - CPUC Small/Diverse Business Expo, Long
Beach, CA

05/09/18 - US Veteran Business Alliance Event, San
Diego, CA

07/22/18 - American Indian Chamber of Commerce
Conference, Rancho Mirage, CA

07/26/18 - PSWMSDC 2018 Procurement Business
Conference, Scottsdale, AZ

08/14/18 - National Utilities Diversity Council Best
Practices Workshop, San Diego, CA

08/22/18 - CA Black Chamber Business & Economic
Summit, Irvine, CA

08/31/18 - WRMSDC Multi-Industry Diversity Expo,
San Ramon, CA

09/12/18 - WBEC-West Procurement Conference,
Indian Wells, CA

09/14/18 - PSWMSDC Supplier Diversity Business
Summit, San Diego, CA

10/30/18 - WRMSDC Northern Nevada & California
Outreach Event, Reno, NV

11/01/18 - CPUC Small/Diverse Business Expo, San
Ramon, CA

11/05/18 - Veterans In Business Conference, Los
Angeles, CA

11/15/18 - Southern CA Black Chamber Professional
Excellence Awards, San Bernardino, CA

11/16/18 - American Indian Chamber of Commerce
Warrior Event, Anaheim, CA



Southwest Gas Supplier Diversity representatives attending Minority Business Opportunity Day.



Southwest Gas Program representatives attending the Tahoe Chamber of Commerce Business Expo.



Southwest Gas Program representatives attending the CPUC Small and Diverse Business Expo.

Regulatory Participation

Joint Utility Quarterly Meeting, San Francisco, CA

Joint Utility Quarterly Meeting, San Diego, CA

Joint Utility Quarterly Meeting, Rosemead, CA

Hosted Joint Utility Quarterly Meeting at Company Headquarters, Las Vegas, NV

Joint Utilities Prompt Payment Forum, Rosemead, CA

CPUC and Energy Commission Disadvantaged Communities Group Quarterly Meeting, San Francisco, CA

Hearings

16th Annual GO 156 Supplier Diversity En Banc, Richmond, CA – Executive Panel participation by Karen S. Haller, Executive Vice President, Chief Legal and Administrative Officer and Corporate Secretary of Southwest Gas Holdings, Inc. and Southwest Gas Corporation



Karen S. Haller attending the CPUC Supplier Diversity En Banc with other Southwest Gas representatives.

Media Outreach

Throughout 2018, Southwest Gas increased media efforts to promote the Program and identify additional diverse suppliers for potential business opportunities with the Company. Southwest Gas sponsored ads in the following publications:

- American Indian Chamber of Commerce Expo program
- California Black Chamber of Commerce Ron Brown Business & Economic Summit program
- First Nation Focus quarterly ads
- Long Beach Gay and Lesbian Chamber of Commerce business directory
- Veterans In Business Conference program
- WBEC-West Procurement Opportunity Conference program
- WRMSDC Bridges to Success Expo program

Small and Diverse Supplier Workshops

In October, Southwest Gas collaborated with the Western Regional Minority Supplier Development Council for a Business Opportunity Day to promote education, networking and matchmaking for small and diverse businesses located in Northern California and Northern Nevada. In addition to Southwest Gas, other event participants included pipeline contractors, governmental agencies, and large entertainment corporations. The workshop attracted diverse suppliers located in areas with traditionally low rates of diverse businesses and members of community-based organizations. As a result, members of our Supply Chain connected with several potential new suppliers.

WRMSDC

For more info or to register go to: bit.ly/NorthernNV

NORTHERN NEVADA SMALL & MINORITY BUSINESS • OPPORTUNITY DAY •

CONFIRMED MEET-THE-BUYER ROUNDTABLES CORPORATIONS

- Southwest Gas
- Harrah's Reno/Caesars Entertainment
- Apple
- Mortenson/Carthy
- Hewlett Packard
- RTC Wayhoe
- Rose International
- and more added weekly!

Tuesday, October 30, 2018

2:45 pm - 5:00 pm – Small Biz Development & Tips & Meet-the-Buyer Roundtables

5:00 pm - 7:00 pm – Networking Reception

Harrah's Reno – 219 N Center Street | Reno, Nevada

About Our Event:
Small businesses drive both national and local economies. Join us as we bring corporations and government agencies together with small and diverse owned businesses for a day of networking and cutting edge business education. More than networking, it's about connecting with your community.

About the WRMSDC:
The Western Regional Minority Supplier Development Council (WRMSDC) is a 501(c)3 not-profit organization dedicated to the growth and success of minority communities in Northern California, Nevada, and Hawaii. Visit us online at www.wrmsdc.org to learn more.

Want to be a sponsor of this event? Please contact Rose Davis, WRMSDC at rose@wrmsdc.org or 702.996.6158

SPONSORED BY

- SOUTHWEST GAS**
- Harrah's**
- Rose International**

Promotional announcement for Small & Minority Business Opportunity Day.



Buyer Nicole Bailey interacting with potential suppliers at the WRMSDC Small & Minority Business Opportunity Day.



Brad Harris, California and Northern Nevada Division Vice President, welcomes attendees to the WRMSDC Small & Minority Business Opportunity Day.

Diverse Supplier Site Visits

In September, Supplier Diversity Program Staff participated in supplier site visits with representatives from the Company's Supply Chain and Engineering departments. The team met with two of Southwest Gas' largest diverse suppliers in California. The site visits served as an opportunity to enhance and strengthen the Company's relationships with suppliers critical to our supply chain. Additionally, the event provided Southwest Gas representatives with information and insight on manufacturing processes. The site visits also allowed for interaction with Company plant employees and offered our diverse suppliers a chance to showcase their facilities, as well as products and services purchased by Southwest Gas.

Community Recognition

In November, Southwest Gas was honored by the Southern California Black Chamber of Commerce receiving its Professional Excellence Award for the Company's commitment to the high desert community. Southwest Gas proudly supports community partners in our service territories through the Company's Supplier Diversity and energy assistance programs, philanthropic efforts and by volunteering at various nonprofit organizations.



*Samuel Grandlienard,
Southern California General
Manager of Operations,
accepting the Professional
Excellence Award from the
Southern California Black
Chamber of Commerce.*

9.1.2

Results by Ethnicity

| Ethnicity | | Direct | Sub | Total \$ | % |
|---|------------------------|---------------|------------|---------------|--------|
| Minority Male | Asian Pacific American | \$ 752,411 | \$ - | \$ 752,411 | 1.52% |
| | African American | \$ 3,560,534 | \$ - | \$ 3,560,534 | 7.21% |
| | Hispanic American | \$ 35,175 | \$ 280,568 | \$ 315,743 | 0.64% |
| | Native American | \$ 34,796 | \$ - | \$ 34,796 | 0.07% |
| | Other | \$ - | \$ - | \$ - | 0.00% |
| Total Minority Male | | \$ 4,382,917 | \$ 280,568 | \$ 4,663,485 | 9.44% |
| Minority Female | Asian Pacific American | \$ 184,232 | \$ - | \$ 184,232 | 0.37% |
| | African American | \$ - | \$ - | \$ - | 0.00% |
| | Hispanic American | \$ 1,226,101 | \$ - | \$ 1,226,101 | 2.48% |
| | Native American | \$ 540 | \$ - | \$ 540 | 0.00% |
| | Other | \$ - | \$ - | \$ - | 0.00% |
| Total Minority Female | | \$ 1,410,873 | \$ - | \$ 1,410,873 | 2.86% |
| Total Minority Business Enterprise (MBE) | | \$ 5,793,790 | \$ 280,568 | \$ 6,074,358 | 12.30% |
| Women Business Enterprise (WBE) | | \$ 26,169,065 | \$ - | \$ 26,169,065 | 52.98% |
| Lesbian, Gay Bisexual, Transgender Business Enterprise (LGBTBE) | | \$ - | \$ - | \$ - | 0.00% |
| Disabled Veteran Business Enterprise (DVBE) | | \$ - | \$ - | \$ - | 0.00% |
| Other 8(a)* | | \$ - | \$ - | \$ - | 0.00% |
| TOTAL WMDVLGBTBE | | \$ 31,962,855 | \$ 280,568 | \$ 32,243,423 | 65.28% |
| Net Procurement** | | \$ 49,395,572 | | | |

NOTE:

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

TABLE 9.1.2 (A)

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

Direct - DIRECT PROCUREMENT

Sub - SUBCONTRACTOR PROCUREMENT

% - PERCENTAGE OF NET PROCUREMENT

9.1.2

Products and Services

Procurement by Product and Service Categories – Direct

| Ethnicity | | | Product | | Services | | Total | |
|--|------------------------|--------|----------------------|---------------|---------------------|---------------|---------------------|---------------|
| | | | \$ | % | \$ | % | \$ | % |
| Minority Male | Asian Pacific American | Direct | \$ 752,411 | 31.94% | \$ - | 0.00% | \$ 752,412 | 2.33% |
| | African American | Direct | \$ - | 0.00% | \$ 3,560,534 | 11.91% | \$ 3,560,534 | 11.04% |
| | Hispanic American | Direct | \$ - | 0.00% | \$ 35,175 | 0.12% | \$ 35,175 | 0.11% |
| | Native American | Direct | \$ - | 0.00% | \$ 34,796 | 0.12% | \$ 34,796 | 0.11% |
| | Other | Direct | \$ - | 0.00% | \$ - | 0.00% | \$ - | 0.00% |
| Total Minority Male | | | \$ 752,411 | 31.94% | \$ 3,630,505 | 12.15% | \$ 4,382,917 | 13.59% |
| Minority Female | Asian Pacific American | Direct | \$ 168,483 | 7.15% | \$ 15,749 | 0.05% | \$ 184,232 | 0.57% |
| | African American | Direct | \$ - | 0.00% | \$ - | 0.00% | \$ - | 0.00% |
| | Hispanic American | Direct | \$ 1,105,479 | 46.93% | \$ 120,622 | 0.40% | \$ 1,226,101 | 3.80% |
| | Native American | Direct | \$ 515 | 0.02% | \$ 25 | 0.00% | \$ 540 | 0.00% |
| | Other | Direct | \$ - | 0.00% | \$ - | 0.00% | \$ - | 0.00% |
| Total Minority Female | | | \$ 1,274,477 | 54.10% | \$ 136,395 | 0.46% | \$ 1,410,873 | 4.38% |
| Total Minority Business Enterprise (MBE) | | | Direct | | | | | |
| | | | \$ 2,026,889 | 86.04% | \$ 3,766,901 | 12.60% | \$ 5,793,790 | 11.73% |
| Women Business Enterprise (WBE) | | | Direct | | | | | |
| | | | \$ 328,745 | 13.96% | \$ 26,120,888 | 87.40% | \$ 26,449,633 | 53.55% |
| Lesbian, Gay Bisexual, Transgender Business Enterprise (LGBTBE) | | | Direct | | | | | |
| | | | \$ - | 0.00% | \$ - | 0.00% | \$ - | 0.00% |
| Disabled Veteran Business Enterprise (DVBE) | | | Direct | | | | | |
| | | | \$ - | 0.00% | \$ - | 0.00% | \$ - | 0.00% |
| Other 8(a)* | | | Direct | | | | | |
| | | | \$ - | 0.00% | \$ - | 0.00% | \$ - | 0.00% |
| TOTAL WMDVLGBTBE | | | Direct | | | | | |
| | | | \$ 2,355,634 | 7.31% | \$ 29,887,789 | 92.69% | \$ 32,243,423 | 65.28% |
| Total Product Procurement \$ | | | \$ 2,355,634 | | | | | |
| Total Service Procurement \$ | | | \$ 29,887,789 | | | | | |
| Net Diverse Procurement | | | \$ 32,243,423 | | | | | |
| Net Procurement** | | | \$ 49,395,572 | | | | | |

TABLE 9.1.2 (B)

| | |
|---|-----------|
| Total Number of WMDVLGBTBEs that Received Direct Spend | 26 |
|---|-----------|

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

9.1.2

Products and Services

Procurement by Product and Service Categories – Subcontracting

| Ethnicity | | | Product | | Services | | Total | |
|---|------------------------|---------------|---------|-------|------------|-------|------------|-------|
| | | | \$ | % | \$ | % | \$ | % |
| Minority Male | Asian Pacific American | Direct | \$ - | 0.00% | \$ - | 0.00% | \$ - | 0.00% |
| | African American | Direct | \$ - | 0.00% | \$ - | 0.00% | \$ - | 0.00% |
| | Hispanic American | Direct | \$ - | 0.00% | \$ 280,568 | 0.94% | \$ 280,568 | 0.87% |
| | Native American | Direct | \$ - | 0.00% | \$ - | 0.00% | \$ - | 0.00% |
| | Other | Direct | \$ - | 0.00% | \$ - | 0.00% | \$ - | 0.00% |
| Total Minority Male | | Direct | \$ - | 0.00% | \$ 280,568 | 0.94% | \$ 280,568 | 0.87% |
| Minority Female | Asian Pacific American | Direct | \$ - | 0.00% | \$ - | 0.00% | \$ - | 0.00% |
| | African American | Direct | \$ - | 0.00% | \$ - | 0.00% | \$ - | 0.00% |
| | Hispanic American | Direct | \$ - | 0.00% | \$ - | 0.00% | \$ - | 0.00% |
| | Native American | Direct | \$ - | 0.00% | \$ - | 0.00% | \$ - | 0.00% |
| | Other | Direct | \$ - | 0.00% | \$ - | 0.00% | \$ - | 0.00% |
| Total Minority Female | | Direct | \$ - | 0.00% | \$ - | 0.00% | \$ - | 0.00% |
| | | | | | | | | |
| Total Minority Business Enterprise (MBE) | | Direct | \$ - | 0.00% | \$ 280,568 | 0.94% | \$ 280,568 | 0.87% |
| | | | | | | | | |
| Women Business Enterprise (WBE) | | Direct | \$ - | 0.00% | \$ - | 0.00% | \$ - | 0.00% |
| | | | | | | | | |
| Lesbian, Gay Bisexual, Transgender Business Enterprise (LGBTBE) | | Direct | \$ - | 0.00% | \$ - | 0.00% | \$ - | 0.00% |
| | | | | | | | | |
| Disabled Veteran Business Enterprise (DVBE) | | Direct | \$ - | 0.00% | \$ - | 0.00% | \$ - | 0.00% |
| | | | | | | | | |
| Other 8(a)* | | Direct | \$ - | 0.00% | \$ - | 0.00% | \$ - | 0.00% |
| TOTAL WMDVLGBTBE | | Direct | \$ - | 0.00% | \$ 280,568 | 0.94% | \$ 280,568 | 0.87% |
| | | | | | | | | |
| Total Product Procurement \$ | | \$ 2,355,634 | | | | | | |
| Total Service Procurement \$ | | \$ 29,887,789 | | | | | | |
| Net Diverse Procurement | | \$ 32,243,423 | | | | | | |
| | | | | | | | | |
| Net Procurement** | | \$ 49,395,572 | | | | | | |
| | | | | | | | | |
| Total Number of WMDVLGBTBEs that Received Direct Spend | | | 26 | | | | | |

TABLE 9.1.2 (C)

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

9.1.2

Products and Services – Standard Industrial Classification Code Reporting

Standard Industrial Classification Code Reporting

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

The following is a list of SIC codes and detailed descriptions of the products and/or services that Southwest Gas obtained from Clearinghouse-Verified diverse suppliers throughout 2018. These SIC codes are also utilized in the table on the following page, which provides a breakdown of the dollars spent in each category.

| SIC Code | Code Description | Product or Service Provided |
|----------|---|--|
| 15 | General Building Contractors | Building Contractor |
| 16 | Underground Utility Contractor | Underground Utility Contractor |
| 23 | Apparel & Other Finished Products | Protection Clothing |
| 28 | Chemicals and Allied Products | Industrial Products |
| 30 | Rubber and Miscellaneous Plastic Products | Industrial Products |
| 34 | Fabricated Metal Products | Valves and Pipe Fittings, NEC |
| 35 | Industrial Machinery and Equipment | Business Equipment |
| 50 | Wholesale Trade Durable Goods | Industrial supplies, including meter paint and coating, electrical apparatus and equipment wiring suppliers and construction materials |
| 73 | Business Services, NEC | Business Services; Computer Integrated Systems Design & Computer Related Services, Guard Services |
| 87 | Engineering & Management Services | Pipeline Engineering Services |
| 89 | Services, NEC | Interior Plant Design |

9.1.2

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

| SIC Category | Asian Pacific American | | African American | | Hispanic American | | Native American | | Minority Business Enterprise (MBE) | Women Minority Business Enterprise (WMBE) | Lesbian, Gay, Bisexual, Transgender Business Enterprise (LGBTBE) | Disabled Veteran Business Enterprise (DVBE) | Other 8(a)** | Total WMDVLGBTBE | Total Dollars | |
|--|------------------------|---------------|------------------|--------------|-------------------|-----------|-----------------|-----------|------------------------------------|---|--|---|--------------|------------------|---------------|---------------|
| | Male | Female | Male | Female | Male | Female | Male | Female | | | | | | | | |
| | \$ | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 120,336 | \$ - | \$ - | \$ 120,336 | \$ - | \$ - | \$ - | \$ - | \$ 120,336 | \$ 120,336 |
| 15 - General Building Contractor | % | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.24% | 0.00% | 0.00% | 0.24% | 0.00% | 0.00% | 0.00% | 0.00% | 0.24% | 0.24% |
| | \$ | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 24,407,164 | \$ - | \$ - | \$ - | \$ 24,407,164 | \$ 24,407,164 |
| 16 - Underground Utility Contractor | % | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 49.41% | 0.00% | 0.00% | 0.00% | 49.41% | 49.41% |
| | \$ | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 41,691 | \$ - | \$ - | \$ - | \$ 41,691 | \$ 41,691 |
| 23 - Apparel & Other Finished Products | % | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.08% | 0.00% | 0.00% | 0.00% | 0.08% | 0.08% |
| | \$ | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 50,435 | \$ - | \$ - | \$ - | \$ 50,435 | \$ 50,435 |
| 28 - Chemicals and Allied Products | % | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.10% | 0.00% | 0.00% | 0.00% | 0.10% | 0.10% |
| | \$ | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 200 | \$ - | \$ - | \$ - | \$ 200 | \$ 200 |
| 30 - Rubber and Miscellaneous Plastic Products | % | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| | \$ | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 163,425 | \$ - | \$ - | \$ - | \$ 163,425 | \$ 163,425 |
| 34 - Fabricated Metal Products | % | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.33% | 0.00% | 0.00% | 0.00% | 0.33% | 0.33% |
| | \$ | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 905 | \$ - | \$ - | \$ - | \$ 905 | \$ 905 |
| 35 - Industrial Machinery and Equipment | % | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| | \$ | \$ 752,411 | \$ 176,932 | \$ - | \$ - | \$ - | \$ 1,105,765 | \$ - | \$ - | \$ 2,035,108 | \$ 72,704 | \$ - | \$ - | \$ - | \$ 2,107,813 | \$ 2,107,813 |
| 50 - Wholesale Trade Durable Goods | % | 1.52% | 0.36% | 0.00% | 0.00% | 0.00% | 2.24% | 0.00% | 0.00% | 4.12% | 0.15% | 0.00% | 0.00% | 0.00% | 4.27% | 4.27% |
| | \$ | \$ - | \$ - | \$ 3,560,534 | \$ - | \$ 35,175 | \$ - | \$ - | \$ 540 | \$ 3,596,249 | \$ 1,601,065 | \$ - | \$ - | \$ - | \$ 5,197,315 | \$ 5,197,315 |
| 73 - Business Services | % | 0.00% | 0.00% | 7.21% | 0.00% | 0.07% | 0.00% | 0.00% | 0.00% | 7.28% | 3.24% | 0.00% | 0.00% | 0.00% | 10.52% | 10.52% |
| | \$ | \$ - | \$ 7,300 | \$ - | \$ - | \$ - | \$ - | \$ 34,796 | \$ - | \$ 42,096 | \$ 107,688 | \$ - | \$ - | \$ - | \$ 149,784 | \$ 149,784 |
| 87 - Engineering & Management Services | % | 0.00% | 0.01% | 0.00% | 0.00% | 0.00% | 0.00% | 0.07% | 0.00% | 0.09% | 0.22% | 0.00% | 0.00% | 0.00% | 0.30% | 0.30% |
| | \$ | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 4,356 | \$ - | \$ - | \$ - | \$ 4,356 | \$ 4,356 |
| 89 - Services, NEC | % | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.01% | 0.00% | 0.00% | 0.00% | 0.01% | 0.01% |
| TOTAL | \$ | \$ 752,411 | \$ 184,232 | \$ 3,560,534 | \$ - | \$ 35,175 | \$ 1,226,101 | \$ 34,796 | \$ 540 | \$ 5,793,790 | \$ 26,449,633 | \$ - | \$ - | \$ - | \$ 32,243,423 | \$ 32,243,423 |
| | % | 1.52% | 0.37% | 7.21% | 0.00% | 0.07% | 2.48% | 0.07% | 0.00% | 11.73% | 53.55% | 0.00% | 0.00% | 0.00% | 65.28% | 65.28% |
| Total Product Procurement \$ | | \$ 2,355,634 | | | | | | | | | | | | | | |
| Total Service Procurement \$ | | \$ 29,887,789 | | | | | | | | | | | | | | |
| Net Procurement*** | | \$ 49,395,572 | | | | | | | | | | | | | | |

TABLE 9.1.2 (D)

NOTE: *FIRMS WITH MULTIMINORITY OWNERSHIP STATUS

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

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

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

% - PERCENTAGE OF TOTAL DOLLARS

9.1.2

Annual Results by Suppliers' Gross Revenue Size

Data on Number of Suppliers

| #WMDVLGBTBEs | Revenue Reported to CHS | | | | | | Utility - Specific 2018 Summary | | | | | |
|--------------------|-------------------------|-----------|----------|----------|-------------|-------------|---------------------------------|-----------|----------|----------|-------------|-------------|
| | MBE | WBE | LGBTBE | DVBE | Other 8(a)* | Grand Total | MBE | WBE | LGBTBE | DVBE | Other 8(a)* | Grand Total |
| Under \$1 million | 3 | 0 | 0 | 0 | 0 | 3 | 9 | 14 | 0 | 0 | 0 | 23 |
| Under \$5 million | 0 | 8 | 0 | 0 | 0 | 8 | 2 | 0 | 0 | 0 | 0 | 2 |
| Under \$10 million | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Above \$10 million | 8 | 7 | 0 | 0 | 0 | 15 | 0 | 1 | 0 | 0 | 0 | 1 |
| Total | 11 | 15 | 0 | 0 | 0 | 26 | 11 | 15 | 0 | 0 | 0 | 26 |

Revenue and Payment Data

| #WMDVLGBTBE \$M | Revenue Reported to CHS | | | | | | Utility - Specific 2018 Summary | | | | | |
|--------------------|-------------------------|---------------|-------------|-------------|-------------|-----------------|---------------------------------|----------------------|-------------|-------------|-------------|----------------------|
| | MBE | WBE | LGBTBE | DVBE | Other 8(a)* | Grand Total | MBE | WBE | LGBTBE | DVBE | Other 8(a)* | Grand Total |
| Under \$1 million | \$ 1 | \$ - | \$ - | \$ - | \$ - | \$ 1 | \$ 1,127,731 | \$ 2,042,470 | \$ - | \$ - | \$ - | \$ 3,170,201 |
| Under \$5 million | \$ - | \$ 17 | \$ - | \$ - | \$ - | \$ 17 | \$ 4,666,058 | \$ - | \$ - | \$ - | \$ - | \$ 4,666,058 |
| Under \$10 million | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Above \$10 million | \$ 768 | \$ 421 | \$ - | \$ - | \$ - | \$ 1,188 | \$ - | \$ 24,407,164 | \$ - | \$ - | \$ - | \$ 24,407,164 |
| Total | \$ 769 | \$ 437 | \$ - | \$ - | \$ - | \$ 1,206 | \$ 5,793,790 | \$ 26,449,633 | \$ - | \$ - | \$ - | \$ 32,243,423 |

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

CHS: SUPPLIER CLEARINGHOUSE

TABLE 9.1.2 (E)

9.1.2

WMDVLGBTBEs with California Majority Workforce

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

9.1.3

Annual Program Expenses

In 2018, Southwest Gas made significant strides in expanding our outreach to diverse businesses by increasing and enhancing Program events and activities.

| Expense Category | 2018 |
|---|-------------------|
| Wages | \$ 85,321 |
| Other Employee Expenses | \$ 16,440 |
| Program Expenses* | \$ 37,031 |
| Reporting Expenses | \$ - |
| Training | \$ - |
| Consultants | \$ - |
| Other (Includes participation and/or sponsorship and outreach activities, i.e. trade fairs, awards events, etc.)* | \$ 7,545 |
| Total | \$ 146,337 |

** In 2018, various program expenses were reclassified to other program expense categories.*

9.1.4

Annual Results and Goals

In 2018, procurement with Clearinghouse-Verified diverse suppliers reached more than \$32 million dollars. This represents 65 percent of the Company's total procurement in California. While the Company has exceeded its targeted overall procurement goal of 43 percent and the CPUC's goal of 21.5 percent, Southwest Gas continues to work diligently towards achieving the goals in each individual category.

| Category | 2018 Results | Goals |
|--|---------------|--------------|
| Minority Men | 9.4% | 7.5% |
| Minority Women | 2.9% | 7.5% |
| Minority Business Enterprise (MBE) | 12.3% | 15.0% |
| Women Business Enterprise (WBE) | 53.0% | 5.0% |
| Lesbian, Gay, Bisexual, Transgender Business Enterprise (LGBTBE) | 0.0% | 0.0% |
| Disabled Veteran Enterprise (DVBE) | 0.0% | 1.5% |
| Total WMDVLGBTBE | 65.28% | 21.5% |

Compared to 2017, Southwest Gas slightly increased spend for Minority Business Enterprises and continues to work to identify Native American, Service-Disabled Veteran and LGBT businesses through targeted outreach. In 2018, Southwest Gas successfully contracted with three new diverse suppliers:

| Type | Diverse Status | California Spend | Companywide Spend |
|-----------------------|-----------------------|------------------|-------------------|
| Construction Services | Hispanic Female | \$ 120,000 | \$ - |
| Engineering Services | Native American Male | \$ 34,700 | \$ 1,049,000 |
| Professional Services | African American Male | \$ 200 | \$ 260,000 |

9.1.5

Prime and Subcontracting Utilization of Diverse Suppliers

Southwest Gas encourages its prime contractors to provide opportunities to diverse subcontractors throughout their supply chains. In 2018, Southwest Gas' diverse subcontracting procurement by prime contractors was \$280,568. Additionally, Southwest Gas is collaborating with internal business units to further explore ways to encourage prime contractors to pledge their support to utilize diverse subcontractors by setting diverse procurement goals.

| | Minority Male | Minority Female | Minority Business Enterprise(MBE) | Women Business Enterprise (WBE) | Lesbian, Gay, Bisexual, Transgender Business Enterprise (LGBTBE) | Disabled Veteran Business Enterprise (DVBE) | Other 8(a)* | Total WMDVLGBTBE |
|--------------------------|---------------|-----------------|-----------------------------------|---------------------------------|--|---|-------------|------------------|
| Direct \$ | \$ 4,382,917 | \$ 1,410,873 | \$ 5,793,790 | \$ 26,169,065 | \$ - | \$ - | \$ - | \$ 31,962,855 |
| Subcontracting \$ | \$ 280,568 | \$ - | \$ 280,568 | \$ - | \$ - | \$ - | \$ - | \$ 280,568 |
| Total \$ | \$ 4,663,485 | \$ 1,410,873 | \$ 6,074,358 | \$ 26,169,065 | \$ - | \$ - | \$ - | \$ 32,243,423 |
| Direct % | 8.87% | 2.86% | 11.73% | 52.98% | 0.00% | 0.00% | 0.00% | 64.71% |
| Subcontracting % | 0.57% | 0.00% | 0.57% | 0.00% | 0.00% | 0.00% | 0.00% | 0.57% |
| Total % | 9.44% | 2.86% | 12.30% | 52.98% | 0.00% | 0.00% | 0.00% | 65.28% |

Net Procurement \$ 49,395,572**

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

9.1.6

Diverse Supplier Complaints

Southwest Gas did not receive any formal supplier diversity-related complaints during 2018.

9.1.7

Recruitment Efforts in Low-Utilization Areas

Financial Services

Investment Banking

Southwest Gas continues to foster and cultivate, relationships with diverse investment banks. Since 2012, Southwest Gas has had four public debt issuances. In all four issuances, Southwest Gas appointed diverse investment banks as co-managers as reflected in the table below.

| Issue Date | Maturity Date | Gross Principal Offered | Allocated to WMDVBES | |
|------------|---------------|-------------------------|-----------------------|--------------|
| | | | Principal | Percent |
| 03/23/2012 | 04/01/2022 | \$ 250,000,000 | \$ 44,000,000 | 17.6% |
| 10/04/2013 | 10/01/2043 | \$ 250,000,000 | \$ 44,000,000 | 17.6% |
| 09/29/2016 | 09/29/2046 | \$ 300,000,000 | \$ 60,000,000 | 20.0% |
| 03/15/2018 | 04/01/2028 | \$ 300,000,000 | \$ 60,000,000 | 20.0% |
| | | <u>\$ 1,100,000,000</u> | <u>\$ 208,000,000</u> | <u>18.9%</u> |

In addition, Southwest Gas' parent company, Southwest Gas Holdings, Inc., utilized two diverse investment banks as co-managers in a public offering of common stock on November 27, 2018.

Asset Management

In 2018, Southwest Gas continued its more than 16-year relationship with a diverse asset manager for the Company's 401k plan.

Leasing Services

Southwest Gas utilizes diverse suppliers, and continues to seek new diverse businesses, for lease financing opportunities. In 2018, Southwest Gas extended a lease agreement with a service-disabled veteran owned business for capital equipment.

Legal Services

Southwest Gas is committed to diversity and inclusion in all aspects of its business, including the procurement of legal services. During 2018, Southwest Gas engaged a woman-owned California law firm to provide legal counsel and expertise involving environmental compliance and related issues with procurement of approximately \$252,000. Supplier Diversity Program Staff is working with the firm to obtain Clearinghouse certification. In addition, the Company continues to provide additional opportunities for women, LGBT and minority attorneys in non-diverse law firms. Several of the women

and minority attorneys who are members/partners of majority-owned law firms, serve as lead counsel representing Southwest Gas in a wide range of legal matters. Southwest Gas remains committed to meeting its legal needs by utilizing women, LGBT and minority-owned attorneys and law firms, and will continue to promote diversity within the legal services field.

9.1.8

Document Retention

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

9.1.9

Renewable and Non-Renewable Energy

Southwest Gas' fuel procurement is reflected in the Company's 2018 Annual Fuel Procurement Report. The Company did not have any renewable energy procurement in 2018.

2019 Annual Plan

10.1.1

Goals

Southwest Gas' ongoing mission is to meet or exceed the requirements of GO 156 and to expand opportunities for diverse businesses by aligning with stakeholders who share the same commitment. As reflected below, the Company's short, mid- and long-term product and service category goals mirror GO 156. For 2019, Southwest Gas' diverse procurement goal is 43.5%. Additionally, the Company has set a .50 percent goal for procurement with LGBTBE businesses in 2019, with incremental goal increases through 2023.

| Southwest Gas |
|--|
| Overall WMDVLGBTBE Procurement Goal |
| 43.5% |

Products

| Short-Term 2019 | | | |
|-----------------|-------|--------|-------|
| MBE | WBE | LGBTBE | DVBE |
| 15.00% | 5.00% | 0.25% | 1.50% |

| Mid-Term 2021 | | | |
|---------------|-------|--------|-------|
| MBE | WBE | LGBTBE | DVBE |
| 15.00% | 5.00% | 0.50% | 1.50% |

| Long-Term 2023 | | | |
|----------------|-------|--------|-------|
| MBE | WBE | LGBTBE | DVBE |
| 15.00% | 5.00% | 0.75% | 1.50% |

Services

| Short-Term 2019 | | | |
|-----------------|-------|--------|-------|
| MBE | WBE | LGBTBE | DVBE |
| 15.00% | 5.00% | 0.25% | 1.50% |

| Mid-Term 2021 | | | |
|---------------|-------|--------|-------|
| MBE | WBE | LGBTBE | DVBE |
| 15.00% | 5.00% | 0.50% | 1.50% |

| Long-Term 2023 | | | |
|----------------|-------|--------|-------|
| MBE | WBE | LGBTBE | DVBE |
| 15.00% | 5.00% | 0.75% | 1.50% |

10.1.2

Description of Planned Program Activities

Internal Outreach Activities

In 2019, Supplier Diversity Program Staff will continue to develop and refine Program strategies to identify and engage diverse suppliers by focusing on:

- Building on Program successes and enhancing relationships through increased communication and interaction with internal business units;
- Continuing to promote Program awareness and increased outreach opportunities for decision makers;
- Refining Program plans, policies, and procedures to promote the inclusion of diverse suppliers in all bid opportunities;
- Expanding efforts to educate and engage internal stakeholders on LGBTBE goals;
- Increasing focus on Tier 2 spend opportunities through Program awareness and training; and
- Furthering education for internal business units on issues impacting diverse suppliers and offering ensuring payments are made promptly.

External Outreach Activities

- Southwest Gas will strive to meet and exceed the procurement goals set forth in GO 156 and continue to incorporate the requirements of Assembly Bill 1678. For 2019, Southwest Gas set a minimum goal of .50 percent procurement spend for products and services with LGBTBEs.
- Southwest Gas intends to partner with regional organizations and diverse chambers of commerce to identify qualified diverse businesses in lower-utilization areas.
- Southwest Gas will continue its expanded outreach efforts to promote and provide Program information to increase visibility and procurement opportunities for diverse suppliers.

10.1.2

2019 Planned Program Activities Internal and External

| Organizations | |
|---|---|
| American Indian Chamber of Commerce of California | Pacific Southwest Minority Supplier Development Council |
| California Black Chamber of Commerce | Southern California Black Chamber of Commerce |
| California Hispanic Chamber of Commerce | Southern California Minority Supplier Development Council |
| Disabled Veteran Business Alliance | Veterans In Business Network |
| Los Angeles Gay & Lesbian Chamber of Commerce | Women's Business Enterprise Council — West |
| Long Beach Gay & Lesbian Chamber of Commerce | Western Regional Minority Supplier Development Council |
| National Utilities Diversity Council | |

10.1.3

Plans for Recruiting Diverse Suppliers in Low-Utilization Areas

Southwest Gas regularly evaluates procurement activity to identify and evaluate opportunities to enhance relationships with diverse businesses. Program Staff continually works with internal business departments to refine strategies to increase procurement in areas of lower diverse supplier utilization. In 2019, Program Staff will continue to focus on these efforts by:

- Connecting diverse firms and Southwest Gas decision makers at outreach and networking events;
- Enhancing and expanding relationships with diverse businesses in under-utilized spend categories, including LGBT, Native American, and disabled veteran business enterprises;
- Pursuing partnerships with California utilities and developing events targeting diverse procurement in areas of low and under-utilization; and
- Investing and supporting business organizations and chambers of commerce that promote development opportunities for diverse businesses in low and under-utilized areas.

10.1.4

Plan for Recruiting Diverse Suppliers Where Unavailable

Southwest Gas continues to make strides to identify diverse suppliers in our limited California service territories. In 2019, the Company intends to continue these efforts by extending outreach activities to areas adjacent to the Company's service territories in both Northern and Southern California.

10.1.5

Plans for Encouraging Prime Contractors to Engage Diverse Subcontractors

In 2019, identifying and increasing diverse subcontracting procurement will be an area of focus for Southwest Gas. Program Staff will continue to collaborate with our prime suppliers and internal stakeholders to find expanded opportunities for diverse subcontractors. Program activities will include the following:

- Encouraging prime suppliers to pledge their support to utilize diverse subcontractors by setting a diverse procurement goal;
- Meeting with prime contractors and Supply Chain personnel to develop a plan to identify and track spend with diverse subcontractors;
- Providing necessary assistance and training to prime contractors in identifying and sourcing certified diverse firms; and
- Providing opportunities for prime contractors to connect with diverse subcontractors through workshops and networking activities.

10.1.6

General Order 156 Compliance

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

2018 Annual Fuel Procurement Report and 2019 Annual Plan

2018 Annual Fuel Procurement Report and 2019 Plan

In 2018, Southwest Gas purchased a total of \$3,271,893 in natural gas supplies from two Clearinghouse-Verified diverse suppliers. The Company purchased \$132,707 of natural gas supplies to support its California operations and \$3,139,187 to support its Nevada and Arizona operations. Southwest Gas remains committed and steadfast in including diverse businesses in its gas supply solicitations.

Current Market Conditions

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

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

Outreach Efforts

Southwest Gas reviews proposals from prospective diverse gas suppliers and provides those potential suppliers with information and the opportunity to participate in all bidding programs. Additionally, the Company's Gas Supply Department fields calls directly from prospective suppliers, accepts referrals from industry contacts, and pursues contacts provided by Supplier Diversity Program Staff.

During 2018, Southwest Gas also sponsored a biannual supplier meeting and invited all eligible suppliers, including diverse suppliers to participate. During the supplier meeting, Company representatives provided information and helped educate suppliers on the Company's solicitation processes and how best to become a successful participant in those solicitations. Further, the Company's Gas Supply employees participate in various energy industry organizations, subscribe to numerous industry publications, and regularly engage in industry conferences and workshops. These efforts support and promote the development and maintenance of relationships with diverse natural gas suppliers.

Recruiting Diverse Suppliers in Low-Utilization Areas

In 2018, Southwest Gas purchased natural gas supplies from two Clearinghouse-Verified diverse suppliers in support its California operations and will continue its efforts to increase procurement in areas of low-utilization.

9.1.11

Annual Energy Product Results by Ethnicity & WMDVLGBTBE Suppliers

Annual Energy Product Results by Ethnicity and WMDVLGBTBE Certification

(All dollar figures in \$MM)

| | | | Results by Ethnicity & Gender | | | | | | | | | | | | Results by WMDVLGBTBE Certification | | | | | | | |
|----------------------|-------------------|------|-------------------------------|------------|------------|------------------|--------|-------|-------------------|--------|-------|-----------------|--------|-------|-------------------------------------|---------------------------------|--|---|-------------------------|----------------------|-------------------------|---------------|
| Product ¹ | | Unit | Asian Pacific American | | | African American | | | Hispanic American | | | Native American | | | Minority Business Enterprise (MBE) | Women Business Enterprise (WBE) | Lesbian, Gay, Bisexual, Transgender Business Enterprise (LGBTBE) | Disabled Veteran Business Enterprise (DVBE) | Other 8(a) ³ | Total WMDVLGBTBE | Total Procurement Spend | |
| | | | Male | Female | Total | Male | Female | Total | Male | Female | Total | Male | Female | Total | Total | Total | Total | Total | Total | | | |
| NATURAL GAS | SHORT TERM | \$ | \$ 10,838 | \$ 121,869 | \$ 132,707 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 132,707 | \$ 39,599,454 |
| | | % | 0.0% | 0.3% | 0.3% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.3% | 100.0% |
| | LONG TERM | \$ | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| | | % | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| | Total Natural Gas | \$ | \$ 10,838 | \$ 121,869 | \$ 132,707 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 132,707 | \$ 39,599,454 |
| | | % | 0.0% | 0.3% | 0.3% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.3% | 100.0% |
| LPG | SHORT TERM | \$ | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| | | % | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| | LONG TERM | \$ | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| | | % | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| | Total LPG | \$ | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| | | % | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Overall Total \$ | | | \$ 10,838 | \$ 121,869 | \$ 132,707 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 132,707 | \$ 39,599,454 | |
| Overall Total % | | | 0.0% | 0.3% | 0.3% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | Overall WMDVLGBTBE%: | 0.3% | |

Note:

Short Term Gas - For terms 91 days or less

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

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

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

²Firms with multi-minority ownership status

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

% - percentages calculated by the Row Category Total Procurement Spend

Supplier Diversity Program Fuel Procurement Annual Plan for 2019

In 2019, the Company's Gas Supply department will remain focused on identifying and developing new diverse suppliers and encouraging participation in Southwest Gas' various natural gas supply bid opportunities. Gas Supply employees will also continue meeting with prospective diverse suppliers to discuss natural gas supply requirements, existing supply arrangements, and settlements for gas purchased. Further, Southwest Gas will again sponsor a biannual supplier meeting to include diverse suppliers. Southwest Gas will continue to engage and welcome Clearinghouse-Verified diverse natural gas suppliers that offer cost-competitive natural gas supplies to the Company.