

2019 REPORT • 2020 PLAN

2019 FUEL PROCUREMENT REPORT - 2020 FUEL PROCUREMENT PLAN







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A Message from John P. Hester President and Chief Executive Officer



For more than thirty years, Southwest Gas Corporation's business strategy has included creating a mutually beneficial, equitable and competitive business environment for women, minority, disabled veteran and LGBT-owned businesses and has become an important part of our core values. I am proud of the unwavering commitment Southwest Gas has made to building valuable relationships with diverse suppliers.

At Southwest Gas, we are pleased that as remarkable population growth in our service

territories has expanded, so has our resolve to foster opportunities for business enterprises in each of the states in which we operate. Together, we have seen economic growth and development in the communities Southwest Gas serves and exchanged innovative ideas and fresh approaches to business processes. These contributions have allowed Southwest Gas to once again surpass goals established in California's General Order 156, while also proactively engaging with diverse suppliers in Nevada and Arizona.

As you will see in this 2019 Supplier Diversity Annual Report and 2020 Annual Plan, through the efforts of our Supplier Diversity Program Staff, opportunities for diverse businesses have increased. With each genuine success, we thrive and grow together.

Furthermore, this past year Southwest Gas was proud to launch its internal Diversity and Inclusion initiative. Southwest Gas' mission with this initiative is not to simply count our people but make our people count. This concept can certainly be applied to our diverse suppliers. In this on-going journey, Southwest Gas does not want to just count our diverse business partners, but strive to make them, and the valuable work they do, count. That is why we at Southwest Gas are committed to developing and refining Supplier Diversity Program strategies and seeking opportunities to expand outreach efforts that strengthen us all.

Thank you for taking the time to learn more about our achievements and plans to increase visibility and procurement opportunities for local, diverse suppliers. I look forward to what can be accomplished in this new year.

Sincerely,

John P. Hester

President and Chief Executive Officer Southwest Gas Corporation

John P. Hester

2019

EXECUTIVE SUMMARY

Southwest Gas Corporation (Southwest Gas or Company) was founded in 1931 in Barstow, California, and for more than 80 years has proudly provided safe and reliable natural gas to our customers in California, Arizona and Nevada. Southwest Gas' California service territories are located in Placer, El Dorado, Nevada, and San Bernardino counties. Southwest Gas serves approximately 200,000 customers in California, representing 11% of the Company's overall operations.

For the 14th consecutive year, Southwest Gas exceeded the 21.5 percent minimum goal established by General Order (GO) 156 for procurement with California Clearinghouse-Verified diverse suppliers. In 2019, Southwest Gas' procurement with Clearinghouse-Verified diverse suppliers in support of our California operations was \$44,417,775, or approximately 70 percent of the Company's total California procurement. Additionally, Southwest Gas procured \$168,354,142 with Clearinghouse-Verified diverse suppliers in support of the Company's Arizona and Nevada operations.

Southwest Gas remains steadfast in our commitment to advancing supplier diversity and offering opportunities for women, minority, lesbian, gay, bisexual and transgender (LGBT), and disabled veteranowned business enterprises.

Southwest Gas' Supplier Diversity Program (Program) 2019 results are summarized in the table below.

	California	Aria	zona and Nevada	Total
Minority Men	\$ 7,923,784	\$	19,083,404	\$ 27,007,188
Minority Women	\$ 1,806,315	\$	22,816,427	\$ 24,622,743
Total Minority Business Enterprise (MBE)	\$ 9,730,100	\$	41,899,831	\$ 51,629,931
Women Business Enterprise (WBE)	\$ 4,457,885	\$	53,523,215	\$ 57,981,100
Subtotal Women, Minority Business Enterprise (WMBE)	\$ 14,187,985	\$	95,423,046	\$ 109,611,031
Disabled Veteran Business Enterprise				
(DVBE)	\$ 30,229,790	\$	72,931,096	\$ 103,160,886
Total Clearinghouse-Verified WMDVBE				
Procurement	\$ 44,417,775	\$	168,354,142	\$ 212,771,917
Total Net Procurement	\$ 63,256,350			
% Clearinghouse-Verified Procurement	70.22%			



Supplier Diversity Program Activities

Internal Activities

Southwest Gas' long held commitment to providing opportunities for diverse suppliers remains strong. Southwest Gas continues to build on its Program's success and utilize strategies that consistently deliver positive results for diverse businesses. Southwest Gas remains focused on efforts to increase Program awareness and strengthen partnerships with internal business units. In 2019, Program activities included the following:

- Assessing business needs and identifying opportunities for diverse suppliers through frequent and open communications with internal departments;
- Collaborating with internal stakeholders and regional diversity councils to connect diverse businesses with bid opportunities;
- Bolstering Program awareness at Companywide diversity showcase events and presentations at committee and department meetings;
- Holding quarterly update and strategy meetings with Supply Chain representatives;
- Promoting supplier diversity best practices throughout the organization by sharing information from regional councils and diverse businesses with internal stakeholders;
- Encouraging decision makers to utilize diverse businesses in under-utilized categories;
- Continued partnership with internal business units to identify and immediately address the needs and prompt payment of diverse businesses; and
- Providing opportunities for internal stakeholders to enhance their knowledge and skills by participating in supplier diversity conferences and events.

External Outreach Activities

Throughout 2019, Southwest Gas continued to strengthen relationships and advance Program initiatives through participation at business development events and partnerships with regional councils and diverse chambers committed to advancing supplier diversity. Southwest Gas participated and/or sponsored the following outreach activities in 2019:

Outreach Activities



Southwest Gas Supplier representatives attending a WRMSDC event.



Southwest Gas representatives attending the Veterans In Business Conference.



Southwest Gas Program representative attending the NGLCC Annual Business Conference.

February 28 - Tri-Council Minority Business Mega Summit, Las Vegas, NV

March 15 - WBA LGBT Economic Summit, Los Angeles, CA

April 3 - LBGLCC Luncheon, Long Beach, CA

April 10 - CPUC Small/Diverse Business Expo, Pomona, CA

May 2 - PSWMSDC Procurement Conference, Chandler, AZ

May 2 - WRMSDC Awards Event, Pleasanton, CA

May 4 - High Desert Hispanic Chamber Event, Victorville, CA

May 10 - US Veteran Business Alliance Event, Temecula, CA

July 16 - American Indian Chamber of Commerce Conference, Rancho Mirage, CA

July 26 - PSWMSDC Supplier and Workforce Development Diversity Summit, San Diego, CA

August 15 - NGLCC Annual Business Conference, Tampa, FL

September 25 - LBGLCC Meet the Buyers Event, Long Beach, CA

October 30 - Veterans In Business Conference, San Diego, CA

October 31 - CPUC Small/Diverse Business Expo, Citrus Heights, CA

October 31 - CPUC LGBT Workshop, Citrus Heights, CA

November 15 - American Indian Chamber of Commerce Warrior Event, Anaheim, CA

Meet the Buyers Event

In September, Southwest Gas collaborated with the Long Beach Gay & Lesbian Chamber of Commerce (LBGLCC) for a "Meet the Buyers" event to build relationships with small and LGBT businesses located in California. The workshop enhanced our relationship with the LBGLCC and connected Southwest Gas with diverse businesses in under-utilized categories. As a result, Supplier Diversity Program Staff was able to facilitate a "meet and greet" with a LGBT business and representatives from our Southern California Division for potential procurement opportunities.



Regulatory Participation

In 2019, Southwest Gas participated in the following regulatory activities:

- March 14 Joint Utility Quarterly Meeting, Los Angeles, CA
- June 18 Joint Utility Quarterly Meeting, Sacramento, CA
- September 4 Joint Utility Quarterly Meeting and Community Based Organization Collaboration Session, San Ramon, CA
- December 6 Joint Utility Quarterly Meeting, Thousand Oaks, CA

 October 3 – 17th Annual GO 156 Supplier Diversity En Banc, Fresno, CA - Executive Panel participation by Sharon Braddy-McKoy, Vice President, Human Resources



Sharon Braddy-McKoy attending the CPUC Supplier Diversity En Banc with other utility executives.

Media Outreach

In 2019, Southwest Gas continued to promote the Program and identify additional diverse businesses for potential procurement opportunities. Southwest Gas sponsored ads in the following publications:

- American Indian Chamber of Commerce Expo program
- Long Beach Gay and Lesbian Chamber of Commerce business directory
- Veterans In Business Conference program
- WBEC-West Procurement Opportunity Conference program
- WRMSDC Multi-Industry Diversity Expo program
- WRMSDC Annual Report

Diverse Supplier Site Visits

Supplier Diversity Program Staff made visits to two diverse businesses in 2019. This provided Program Staff the opportunity to learn more about their operations and processes. Additionally, Program Staff engaged one of the suppliers about Tier 2 opportunities, and as a result, identified spend with two new diverse subcontractors. The site visits strengthened Southwest Gas' relationships with the two firms and reaffirmed the Company's commitment to their continued success.

9.1.2Results by Ethnicity

E	thnicity	Direct	Sub	Total \$	%
	Asian Pacific American	1,206,131	-	1,206,131	1.91%
	African American	5,892,520	-	5,892,520	9.32%
Minority Male	Hispanic American	67,477	585,532	653,009	1.03%
	Native American	172,125	-	172,125	0.27%
	Other	-	-	-	0.00%
Total Minority Male		7,338,252	585,532	7,923,784	12.53%
	Asian Pacific American	244,205	-	244,205	0.39%
	African American	-	4,165	4,165	0.01%
Minority Female	Hispanic American	1,557,945	-	1,557,945	2.46%
	Native American	-	-	-	0.00%
	Other	-	-	-	0.00%
Total Minority Fema	ale	1,802,151	4,165	1,806,315	2.86%
Total Minority Busin	ness Enterprise (MBE)	9,140,403	589,697	9,730,100	15.38%
Women Business Er	nterprise (WBE)	3,799,188	658,698	4,457,885	7.05%
Lesbian, Gay Bisexu	al, Transgender Business				
Enterprise (LGBTBE)		-	-	-	0.00%
Disabled Veteran Bu	usiness Enterprise (DVBE)	30,229,790	-	30,229,790	47.79%
Other 8(a)*		-	-	-	0.00%
TOTAL WMDVLGBTE	BE	43,169,380	1,248,394	44,417,775	70.22%
Net Procurement**		63,256,350			
Net Procurement		03,230,330			

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

TABLE 9.1.2 (A)

** NET PROCUREM ENT 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	
	·		\$	%	\$	%	\$	%
	Asian Pacific American	Direct	\$ -	0.00%	\$ 5,892,520	9.80%	\$ 5,892,520	9.329
	African American	Direct	\$ 1,206,131	38.45%	\$ -	0.00%	\$ 1,206,131	1.919
Minority Male	Hispanic American	Direct	\$ -	0.00%	\$ 67,477	0.11%	\$ 67,477	0.119
	Native American	Direct	\$ -	0.00%	\$ 172,125	0.29%	\$ 172,125	0.279
	Other	Direct	\$ -	0.00%	\$ -	0.00%	\$ -	0.009
	Total Minority Male	Direct	\$ 1,206,131	38.45%	\$ 6,132,122	10.20%	\$ 7,338,252	11.609
	Asian Pacific American	Direct	\$ -	0.00%	\$ -	0.00%	\$ -	0.009
	African American	Direct	\$ -	0.00%	\$ 244,205	0.41%	\$ 244,205	0.399
Minority Female	Hispanic American	Direct	\$ 1,086	0.03%	\$ 1,556,859	2.59%	\$ 1,557,945	2.469
	Native American	Direct	\$ -	0.00%	\$ -	0.00%	\$ -	0.009
	Other	Direct	\$ -	0.00%	\$ -	0.00%	\$ -	0.009
	Total Minority Female	Direct	\$ 1,086	0.03%	\$ 1,801,064	3.00%	\$ 1,802,151	2.859
otal Minority Busin	ness Enterprise (MBE)	Direct	\$ 1,207,217	38.48%	\$ 7,933,186	13.20%	\$ 9,140,403	14.459
Nomen Business Er	nterprise (WBE)	Direct	\$ 632,153	20.15%	\$ 3,167,035	5.27%	\$ 3,799,188	6.01
esbian, Gay Bisexu Enterprise (LGBTBE	ual, Transgender Business)	Direct	\$ -	0.00%	\$ -	0.00%	\$ -	0.009
Disabled Veteran Br	usiness Enterprise (DVBE)	Direct	\$ -	0.00%	\$ 30,229,790	50.28%	\$ 30,229,790	47.799
Other 8(a)*		Direct	\$ -	0.00%	\$ -	0.00%	\$ -	0.009
TOTAL WMDVLGBT	ВЕ	Direct	\$ 1,839,370	58.63%	\$ 41,330,010	68.75%	\$ 43,169,380	68.25
Net Diverse Procure	ement	\$ 44,417,775						
Total Product Procu	rement \$	\$ 3,137,085						
Total Service Procur	rement \$	\$ 60,119,265						
Net Procurement**		\$ 63,256,350					TABLE	9.1.2 (E
Fotal Number of Wi	MDVLGBTBFs that							

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

 $^{**}\,\mathsf{NET}\,\mathsf{PROCUREM}\,\mathsf{ENT}\,\mathsf{INCLUDES}\,\mathsf{PURCHASE}\,\mathsf{ORDER},\mathsf{NON}\text{-}\mathsf{PURCHASE}\,\mathsf{ORDER},\mathsf{AND}\,\mathsf{CREDIT}\,\mathsf{CARD}\,\mathsf{DOLLARS}$

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Direct - DIRECT PROCUREMENT
Sub - SUB CONTRACTOR PROCUREMENT
%- PERCENTAGE OF NET PROCUREMENT

Received Direct Spend

9.1.2 Products and Services

Procurement by Product and Service Categories – Subcontracting

	Ethnicity		Produ	ct		Services		Total	
			\$		%	\$	%	\$	%
	Asian Pacific American	Sub	\$ -	-	0.00%	\$ -	0.00%	\$ -	0.00%
	African American	Sub	\$		0.00%	\$ -	0.00%	\$ -	0.00%
Minority Male	Hispanic American	Sub	\$		0.00%	\$ 585,532	0.97%	\$ 585,532	0.93%
	Native American	Sub	\$		0.00%	-	0.00%	\$ -	0.00%
	Other	Sub	\$		0.00%	\$ -	0.00%	\$ -	0.00%
	Total Minority Male	Sub	\$		0.00%	\$ 585,532	0.97%	\$ 585,532	0.93%
	Asian Pacific American	Sub	\$	_	0.00%	\$ -	0.00%	\$ -	0.00%
	African American	Sub	\$		0.00%	\$ 4,165	0.01%	\$ 4,165	0.01%
Minority Female	Hispanic American	Sub	\$ -	-	0.00%	\$ -	0.00%	\$ -	0.00%
	Native American	Sub	\$		0.00%	\$ -	0.00%	\$ -	0.00%
	Other	Sub	\$	-	0.00%	\$ -	0.00%	\$ -	0.00%
	Total Minority Female	Sub	\$	•	0.00%	\$ 4,165	0.01%	\$ 4,165	0.01%
Total Minority Busir	ness Enterprise (MBE)	Sub	\$		0.00%	\$ 589,697	0.98%	\$ 589,697	0.93%
Women Business Er	nterprise (WBE)	Sub	\$		0.00%	\$ 658,698	1.10%	\$ 658,698	1.04%
Lesbian, Gay Bisexu Enterprise (LGBTBE	ual, Transgender Business)	Sub	\$	-	0.00%	\$	0.00%	\$ -	0.00%
Disabled Veteran Bı	usiness Enterprise (DVBE)	Sub	\$	-	0.00%	\$ -	0.00%	\$	0.00%
Other 8(a)*		Sub	\$	-	0.00%	\$ -	0.00%	\$ -	0.00%
TOTAL WMDVLGBT	ВЕ	Sub	\$ -	-	0.00%	\$ 1,248,394	2.08%	\$ 1,248,394	1.97%
Net Diverse Procure	ement	\$ 44,417,775							
Total Product Procu	rement \$	\$ 3,137,085							
Total Service Procur	rement \$	\$ 60,119,265							
Net Procurement**		\$ 63,256,350						TABLE S	9.1.2 (B)
Total Number of Wi	MDVLGBTBEs that								

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

Received Subcontract Spend

Sub - SUBCONTRACTOR PROCUREMENT

%- PERCENTAGE OF NET PROCUREMENT

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 2019. 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
16	Underground Utility Contractor	Underground Utility Contractor
17	Special Trade Contractor	Special Trade Contractor
23	Apparel & Other Finished Products	Protection Clothing
26	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
38	Instruments and Related Products	Industrial Instruments
50	Wholesale Trade Durable Goods	Industrial supplies, including meter paint and coating, electrical apparatus and equipment wiring suppliers and construction materials
51	Wholesale Trade Durable Goods	Wholesale goods, chemical and construction products
52	Building Materials	Building 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

TABLE 9.1.2 (C)

9.1.2
Annual Results by Product and Service Categories Prime Contractor by SIC Codes

\$ 16 - Underground Utility Contractor % \$ 17 - Special Trade Contractor %	\$	Male - \$	Female -		Male									Minority Business Enterprise	Women Minority Business Enterprise	Transgender Business Enterprise	Veteran Business Enterprise	Other	Total		
16 - Underground Utility Contractor % \$			-			Fem		Male		male	Male	Female		(MBE)	(WMBE)	(LGBTBE)	(DVBE)	8(a)**	WMDVLGBTBE		tal Dollars
\$	\$	0.00%	0.000/		- \$		- !		\$	-			- \$,		\$ 30,229,790		\$ 30,623,480	\$:	,
	\$	_ (0.00%		0.00%		0.00%	0.00%		0.00%	0.00%	0.00		0.00%	0.62%	0.00%	47.79%		48.41%		48.41%
17 - Special Trade Contractor %		0.00%	0.00%		0.00%		.00%	\$ 580,535 0.92%		0.00%	0.00%	\$ 0.00	- \$	580,535 0.92%	\$ 1,021,835 1.62%	0.00%	*	7	\$ 1,602,370 2.53%	\$	1,602,370 2.53%
\$	ć	0.00%		Ś	0.00%		- !					Š. 0.00	- Ś				\$ -	\$ -		^	3.844
	\$	0.00%	0.00%		0.00%		.00%	0.00%		0.00%	7	\$ 0.00		0.00%	5 3,844	0.00%	7		-,	\$	0.01%
23 - Apparel & Other Finished Products %	ć	0.00%		Ś	0.00%		- :				0.00% \$ -	Š. 0.00	- Ś				\$ -	0.00% \$ -	0.01% \$ 634	۲.	634
26 - Apparel & Other Finished Products %	\$	0.00%	0.00%		0.00%		.00%	0.00%	\$	0.00%	0.00%	\$ 0.00		0.00%	0.00%	0.00%			0.00%	\$	0.00%
26 - Apparer & Other Finished Products %	ć	0.00%			- 5		- !		Ś			\$	- Ś				\$ -	\$ -		۲.	129,355
30 - Rubber and Miscellaneous Plastic Products %	Ş	0.00%	0.00%		0.00%		.00%	0.00%	Ş	0.00%	0.00%	0.00		0.00%	0.20%	0.00%			0.20%	Ş	0.20%
\$ \$	ć	- 9		Ś	- 5		- !		4			\$	- Ś				\$ -	\$ -		۲.	182,457
34 - Fabricated Metal Products %	۶	0.00%	0.00%		0.00%		.00%	0.01%		0.00%	0.00%	0.00		0.01%	0.28%	0.00%			0.29%	ې	0.29%
\$	ć	- 9		Ś	- 5		- !			1.086	\$ -		- Ś				\$ -	\$ -		ć	1,086
35 - Industrial Machinery and Equipment %	Y	0.00%	0.00%		0.00%		.00%	0.00%		0.00%	0.00%	0.00		0.00%	0.00%	0.00%			0.00%	Y	0.00%
\$	ć	- 9		Ś	- 6		- !		Ś			\$	- Ś				\$ -	\$ -		ć	45,547
38 - Instruments and Related Products %	۶	0.00%	0.00%		0.00%		.00%	0.00%	۶	0.00%	0.00%	0.00		0.00%	0.07%	0.00%	*	7	0.07%	ب	0.07%
	\$ 1	206.131			- 5		- !		\$ 1		\$ -			3.007.195			\$ -		\$ 3.092.197	¢	3.092.197
50 - Wholesale Trade Durable Goods %	Ψ ±,	1.91%	0.39%		0.00%		.00%	0.00%	y 1	2.46%	0.00%	0.00		4.75%	0.13%	0.00%			4.89%	Y	4.89%
\$	\$	- 9			- 5		- !		\$			\$	- Ś				\$ -	\$ -		\$	299,540
51 - Wholesale Trade Durable Goods %	7	0.00%	0.00%		0.00%		.00%	0.00%	,	0.00%	0.00%	0.00		0.00%	0.47%	0.00%	7		0.47%	7	0.47%
\$ \$	\$	- 9		Ś	- 6		- !		\$			\$	- Ś				\$ -	\$ -		\$	24,686
52 - Building Materials %	7	0.00%	0.00%		0.00%		.00%	0.00%	,	0.00%	0.00%	0.00		0.00%	0.04%	0.00%			0.04%	7	0.04%
\$	Ś	- 9		Ś	- 9		- !		Ś			Ś	- Ś				\$ -	\$ -		Ś	1.851.880
73 - Business Services %		0.00%	0.00%		0.00%	0	.00%	0.00%		0.00%	0.00%	0.00	0%	0.00%	2.93%	0.00%	0.00%	0.00%	2.93%		2.93%
\$	\$	- 5	-	\$	5,892,520	5 4.	,165		\$			\$		6,136,287			\$ -	\$ -		\$	6,388,637
87 - Engineering & Management Services %		0.00%	0.00%		9.32%	0	0.01%	0.11%		0.00%	0.27%	0.00	0%	9.70%	0.40%	0.00%	0.00%	0.00%	10.10%		10.10%
\$	\$	- 5	-	\$	- 5	5	- !	\$ -	\$	-	\$ -	\$	- \$	-	\$ 172,061	\$ -	\$ -	\$ -	\$ 172,061	\$	172,061
89 - Services, NEC %		0.00%	0.00%		0.00%	0	.00%	0.00%		0.00%	0.00%	0.00	0%	0.00%	0.27%	0.00%	0.00%	0.00%	0.27%		0.27%
S	\$ 1.	.206.131	244.205	Ś	5.892.520	5 4.	.165	\$ 653.009	\$ 1	.557.945	\$ 172.125	Ś	- \$	9.730.100	\$ 4.457.885	\$ -	\$ 30.229.790	\$ -	\$ 44.417.775	\$ 4	44.417.775
TOTAL %	, ±,	1.91%	0.39%		9.32%		.01%	1.03%		2.46%	0.27%	0.00		15.38%	7.05%	0.00%			70.22%	•	70.22%

 Total Product Procurement
 \$ 3,137,085

 Total Service Procurement \$
 \$ 60,119,265

 Net Procurement***
 \$ 63,256,350

TABLE 9.1.2 (D)

NOTE: *FIRM S WITH MULIT M INORITY OWNERSHIP STATUS

^{**}FIRMS CLASSIFIED AS 8(a) OF SMALL BUSINESS ADM INISTRATION 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

Annual Results by Suppliers' Gross Revenue Size

Data on Number of Suppliers

#WMDVLGBTBEs		F	Revenue Rep	orted to CH	s		Utility - Specific 2018 Summary								
WWW.DVEGBIBES	MBE	WBE	LGBTBE	DVBE	Other 8(a)*	Grand Total	MBE	WBE	LGBTBE	DVBE	Other 8(a)*	Grand Total			
Under \$1 million	1	2	0	0	0	3	8	21	0	0	0	29			
Under \$5 million	1	6	0	0	0	7	2	1	0	0	0	3			
Under \$10 million	0	5	0	0	0	5	1	0	0	0	0	1			
Above \$10 million	9	9	0	1	0	19	0	0	0	1	0	1			
Total	11	22	0	1	0	34	11	22	0	1	0	34			

Revenue and Payment Data

#WMDVLGBTBE \$M	Revenue Reported to CHS								Utility - Specific 2018 Summary											
"WIND VEGDIDE SIN		MBE		WBE	L	GBTBE		DVBE	Otl	her 8(a)*	G	rand Total	MBE	WBE	LGBTBE		DVBE	Other 8(a)*		Grand Total
Under \$1 million	\$	-	\$	6	\$		\$	-	\$	-	\$	6	\$1,074,591	\$2,806,937	\$ -	9	\$ -	\$ -	\$	3,881,527
Under \$5 million	\$	10	\$	15	\$		\$	-	\$	-	\$	25	\$2,762,990	\$1,650,948	\$ -	9	\$ -	\$ -	\$	4,413,938
Under \$10 million	\$	-	\$	35	\$		\$	-	\$	-	\$	35	\$5,892,520	\$ -	\$ -	9	\$ -	\$ -	\$	5,892,520
Above \$10 million	\$	1,780	\$	717	\$		\$	1,774	\$	-	\$	4,271	\$ -	\$ -	\$ -	9	\$ 30,229,790	\$ -	\$	30,229,790
Total	\$	1,790	\$	773	\$		\$	1,774	\$	-	\$	4,337	\$9,730,100	\$4,457,885	\$ -	1	\$ 30,229,790	\$ -	\$	44,417,775

NOTE: * FIRM S CLASSIFIED AS 8(a) OF SMALL BUSINESS ADM INISTRATION INCLUDES NON-WM DVLGBTBE CHS: SUPPLIER CLEARINGHOUSE

TABLE 9.1.2 (E)

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 2019, Southwest Gas continued to enhance Program activities by refining its program strategies and expanding its reach in the diverse business community.

Expense Category	2019
Wages	\$ 72,682
Other Employee Expenses	\$ 11,929
Program Expenses	\$ 40,971
Reporting Expenses	\$ -
Training	\$ -
Consultants	\$ -
Other (Includes participation and/or sponsorship and	
outreach activities, i.e. trade fairs, awards events, etc.)	\$ 5,157
Total	\$ 130,739

9.1.4

Annual Results and Goals

Southwest Gas' 2019 procurement results with Clearinghouse-Verified diverse suppliers was more than \$44 million dollars, representing approximately 70 percent of the Company's total procurement in California. Although this exceeds the Company's targeted overall procurement goal of 43.5 percent and the CPUC's goal of 21.5 percent, Southwest Gas remains focused and determined towards achieving the goals in each individual category.

Category	2019 Results	Goals
Minority Men	12.5%	7.5%
Minority Women	2.9%	7.5%
Minority Business Enterprise (MBE)	15.4%	15.0%
Women Business Enterprise (WBE)	7.1%	5.0%
Lesbian, Gay, Bisexual, Transgender		
Business Enterprise (LGBTBE)	0.0%	0.0%
Disabled Veteran Enterprise (DVBE)	47.8%	1.5%
Total WMDVLGBTBE	70.2%	21.5%

Prime and Subcontracting Utilization of Diverse Suppliers

Southwest Gas encourages its prime contractors to provide opportunities to diverse subcontractors throughout their supply chains. In 2019, Southwest Gas' diverse subcontracting procurement by prime contractors was \$1,248,394. The increase in spend is attributed to identifying and continuing to promote diverse subcontractor use by new and existing prime suppliers.

	Minority Male Minority Fen		nority Female	Minority e Business Enterprise(MBE)			Women Business Enterprise (WBE)	Lesbian, Gay, Bisexual, Transgender Business Enterprise (LGBTBE)		Disabled Veteran Business Enterprise (DVBE)		Other 8(a)*	W	Total MDVLGBTBE	
Direct \$	\$	7,338,252	\$	1,802,151	\$	9,140,403	\$	3,799,188	\$	-	\$	30,229,790	\$ -	\$	43,169,380
Subcontracting \$	\$	585,532	\$	4,165	\$	589,697	\$	658,698	\$	-	\$	-	\$ -	\$	1,248,394
Total \$	\$	7,923,784	\$ 1,806,315		\$ 9,730,100		\$ 4,457,885		\$	-	\$	30,229,790	\$ -	\$	44,417,775
Direct %		11.60%		2.85%		14.45%		6.01%		0.00%		47.79%	0.00%		68.25%
Subcontracting %	0.93%		0.01%		0.93%			1.04%		0.00%	0.00%		0.00%		1.97%
Total %	12.53%		2.86%		15.38%			7.05%	0.00%		47.79%		0.00%		70.22%

Net Procurement** \$ 63,256,350

NOTE: * FIRM'S CLASSIFIED AS 8(a) OF SMALL BUSINESS ADM INISTRATION INCLUDES NON-WM DVLGBTBE

 $^{**}\,\mathsf{NET}\,\mathsf{PROCUREM}\,\mathsf{ENT}\,\mathsf{INCLUDES}\,\mathsf{PURCHASE}\,\mathsf{ORDER},\,\mathsf{NON}\text{-}\mathsf{PURCHASE}\,\mathsf{ORDER},\,\mathsf{AND}\,\mathsf{CREDIT}\,\mathsf{CARD}\,\mathsf{DOLLARS}$

Direct - DIRECT PROCUREMENT
Sub - SUBCONTRACTOR PROCUREMENT
%- PERCENTAGE OF NET PROCUREMENT

Diverse Supplier Complaints

Southwest Gas did not receive any formal supplier diversity-related complaints during 2019.

9.1.7

Recruitment Efforts in Low-Utilization Areas

Financial Services

Investment Banking

Southwest Gas continues to strengthen and grow relationships with diverse investment banks. Southwest Gas has had five public debt issuances since 2012. In all five issuances, Southwest Gas appointed diverse investment banks as co-managers as reflected in the table below.

Issue Date	Maturity Date	Gross Principa	ı	Allocated to \ Principal	WMDVBEs Percent
3/23/2012	4/1/2022	\$ 250,000,00) \$	44,000,000	17.6%
10/4/2013	10/1/2043	\$ 250,000,00) \$	44,000,000	17.6%
9/29/2016	9/29/2046	\$ 300,000,00) \$	60,000,000	20.0%
3/15/2018	4/1/2028	\$ 300,000,00) \$	60,000,000	20.0%
5/31/2019	6/1/2049	\$ 300,000,00) \$	60,000,000	20.0%
		\$ 1,400,000,00) \$	268,000,000	19.1%

Asset Management

In 2019, Southwest Gas continued its more than 17-year relationship with a diverse asset manager for the Company's 401k plan.

Leasing Services

In 2019, Southwest Gas extended a lease agreement with a service-disabled veteran owned business for capital equipment and continues to seek new diverse businesses for lease financing opportunities.

Legal Services

Southwest Gas recognizes the importance of diversity and inclusion in all aspects of its business, including the procurement of legal services. Southwest Gas believes that a robust supplier diversity program contributes to the Company's growth, competitiveness and ability to provide enhanced services to our customers. During 2019, Southwest Gas engaged a minority-owned Clearinghouse certified firm that provided legal and regulatory consulting services with procurement of approximately \$90,659. In addition, the Company continues to promote and 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. Additionally, the Southwest Gas Legal Affairs Department, through pro bono work, partners with organizations that advocate on behalf of underserved minority communities and other vulnerable groups. Southwest Gas remains committed to the advancement of diversity and inclusion throughout the organization and the communities it serves, and to meeting its legal needs by partnering with and promoting women, LGBT and minority-owned attorneys and law firms.

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

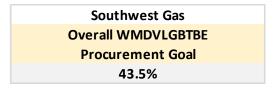
Renewable and Non-Renewable Energy

Southwest Gas' fuel procurement is reflected in the Company's 2019 Annual Fuel Procurement Report. The Company did not have any renewable energy procurement in 2019.



Goals

Southwest Gas is firm in its commitment to meet or exceed the requirements of GO 156 and to strengthen relationships with partners who share the same goal. The Company's short, mid- and long-term product and service category goals mirror GO 156, as reflected in the table below. Southwest Gas' diverse procurement goal will remain at 43.5% for 2020. Additionally, Southwest Gas will strive to achieve the 0.5 percent goal for procurement with LGBTBE businesses established in 2019.



Products

Short-Term 2020												
MBE	WBE	LGBTBE	DVBE									
15.00%	5.00%	0.25%	1.50%									

Mid-Term 2022												
MBE WBE LGBTBE D\												
15.00%	5.00%	0.50%	1.50%									

l	Long-Term 2024													
	MBE	WBE	LGBTBE	DVBE										
	15.00%	5.00%	0.75%	1.50%										

Services

Short-Term 2020												
MBE WBE LGBTBE DV												
15.00%	5.00%	0.25%	1.50%									

Mid-Term 2022												
MBE WBE LGBTBE DVE												
15.00%	5.00%	0.50%	1.50%									

Long-Term 2024												
MBE	WBE	LGBTBE	DVBE									
15.00%	5.00%	0.75%	1.50%									

Description of Planned Program Activities

Internal Outreach Activities

In 2020, Southwest Gas aims to build on its accomplishments and leverage relationships with stakeholders to deliver positive Program outcomes. Program Staff will focus on:

- Leveraging the Company's Diversity & Inclusion efforts to promote the Supplier Diversity Program;
- Further enhancing relationships with business units through regular Program updates and added communication at department meetings;
- Evaluating Program procedures and refining processes to encourage participation;
- Continuing to promote Program awareness and educate internal stakeholders on goals in underutilized categories;
- Increasing efforts to identify and track Tier 2 spend;
- Partnering with Supply Chain personnel to encourage participation at supplier diversity conferences, outreach events and workshops;
- Further educating and engaging internal stakeholders on LGBTBE goals and integration of LGBTBE businesses in supplier pools; and
- Collaborating with internal business units on issues impacting diverse suppliers and assisting with prompt payment issues.

External Outreach Activities

- Southwest Gas set a minimum goal of 0.5 percent procurement with LGBTBEs in 2019 and in 2020 will continue to work towards achieving this goal and incorporating the requirement set forth in Assembly Bill No. 1678 (2014).
- Southwest Gas intends to extend our partnerships with regional organizations and diverse chambers of commerce and increase our efforts to identify qualified diverse businesses in lowerutilization areas.
- Southwest Gas will continue its outreach efforts to promote the Supplier Diversity Program and sponsor events that provide opportunities for diverse suppliers to connect with supply chain contacts and promote the development of diverse businesses.

10.1.22020 Planned Program Activities Internal and External

California Out	treach 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	

Plans for Recruiting Diverse Suppliers in Low-Utilization Areas

Supplier Diversity Program Staff monitors Program activity and meets regularly with members of its Supply Chain to identify opportunities for diverse suppliers in areas with low-utilization. In 2020, Program Staff will further refine strategies to increase spend in low-utilization areas by focusing on:

- Developing partnerships with peer utilities to identify additional diverse suppliers in low and under-utilized areas;
- Strengthening and expanding relationships with chambers of commerce and business organizations that promote supplier development in under-utilized spend categories; and
- Continued utilization of diverse supplier databases to search for potential LGBT, Native American, and disabled veteran business enterprises.

10.1.4

Plans for Recruiting Diverse Suppliers Where Unavailable

Southwest Gas' relatively limited service territories in California pose certain challenges. In 2020, Program Staff will continue to expand the search for diverse suppliers in areas adjacent to Southwest Gas service territories in Northern and Southern California.

10.1.5

Plans for Encouraging Prime Contractors to Engage Diverse Subcontractors

In 2020, Southwest Gas will continue to place emphasis on identifying diverse subcontract spend and encouraging prime suppliers to offer opportunities to diverse businesses. Program activities will include the following:

- Continue to partner with Supply Chain personnel and other internal stakeholders to grow diverse subcontracting spend;
- Increase efforts to improve tracking process for collecting diverse subcontract spend;
- Expand diverse subcontract spend by encouraging prime suppliers to commit to a diverse subcontracting procurement goal; and
- Connect diverse subcontractors with prime suppliers as opportunities become available through networking activities and workshops.

10.1.6

General Order 156 Compliance

Southwest Gas strives to adhere to the guidelines as established in GO 156 and aims to increase procurement with diverse businesses. Southwest Gas intends to partner with and support organizations that share in the mission of advancing supplier diversity.



2019 Annual Fuel Procurement Report and 2020 Plan

In 2019, Southwest Gas did not make any natural gas purchases from Clearinghouse-Verified diverse suppliers to support its operations in California (see Fuel Purchases Chart). Although no Clearinghouse-Verified diverse suppliers were successful participants in the Company's natural gas solicitations, Southwest Gas remains committed and steadfast to include diverse businesses in its gas supply solicitations.

Current Market Conditions

The Company's Gas Supply Department secures natural gas supplies to serve Southwest Gas' sales customers in California, Nevada and Arizona. Southwest Gas 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 everchanging 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 provides 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. Southwest Gas may receive 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.

Recruiting Diverse Suppliers in Low-Utilization Areas

In 2020, Southwest Gas will continue its efforts to increase procurement in areas of low-utilization.

Supplier Diversity Program Fuel Procurement Annual Plan for 2020

In 2020, the Company's Gas Supply department will attempt to find and develop new diverse suppliers and encourage existing diverse suppliers to participate in Southwest Gas' various natural gas supply solicitation opportunities. Gas Supply employees will also meet with prospective diverse suppliers to discuss natural gas supply requirements, existing supply arrangements, and settlements for gas purchased. Southwest Gas will continue to engage and welcome Clearinghouse-Verified diverse natural gas suppliers that offer cost-competitive natural gas supplies to the Company.

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 W																																																																																										
Produ	uct¹	U	nit	Asi: Male		ific Amer	rican Total		can Amer Female	ican	·	anic Ame		Native American Male Female Total																																																En																																								Women Business Enterprise (WBE)	Lesbian, Gay, Bisexual, Transgender Business Enterprise (LGBTBE)	9/2\3		Total WMDVLGBTBE	Total Procurement Spend
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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 vear Excludes purchases from the CAISO, other IOUs, utilities, Federal entities, State entities, Municipalities and cooperatives firms with multi-minority ownership status

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

% - percentages calculated by the Row Category Total Procurement Spend