

2011

SOUTHWEST GAS CORPORATION

Sustainability Report



beyond the bottom line





A MESSAGE FROM JEFF SHAW

Chief Executive Officer

Dear Stakeholders,

It is my pleasure to share with you Southwest Gas Corporation's inaugural Corporate Sustainability Report. In compiling this report we reviewed our operating practices, our role in the community, the opportunities we provide to our employees, and the way we work with energy stakeholders and the investor community.

This review process reminded me of something I've known for a long time—that our company and our employees share a steadfast commitment to doing what's right for everyone we serve, as well as for our environment.

Beyond a sponsor logo at a community event or a number on a quarterly financial statement, Southwest Gas is a company of 2,300 dedicated employees serving more than 1.8 million customers in three states. That's a lot of opportunities to make a big impact!

As CEO, I am extremely proud of all that we've accomplished to date, and I look forward to an even brighter future. My hope is that when you read through this report, you will gain a broader perspective of who we are as a company – *Beyond the Bottom Line*.

Sincerely,

A handwritten signature in black ink, appearing to read 'Jeff Shaw', with a large, stylized flourish at the end.

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COMPANY OVERVIEW

Southwest Gas is pleased to present our inaugural Corporate Sustainability Report; this year focused on who we are *Beyond the Bottom Line*.

Sustainability can mean a lot of different things to different people. At Southwest Gas we define sustainability as simply: Doing business the *right* way. And although this is our first sustainability report, we like to think we've been running a sustainable business for 80 years.

As a natural gas local distribution company, our primary function is to safely and reliably deliver efficient natural gas to our customers while returning value to our shareholders. However, it's *how* we do this that is reflective of our overarching values and priorities.

This inaugural report highlights those values and priorities to provide you with a broader perspective of how Southwest Gas takes an active role in our communities. From providing a safe, energy-efficient product to customers, a stable work environment for employees, value to shareholders, and a helping hand to those in need, Southwest Gas believes in making a positive difference in the world around us.

Above all, our focus at Southwest Gas is to achieve operational excellence. Therefore, as a forward-thinking company, we remain committed to efforts that actively promote:

- **Innovation at every level**
- **Energy efficiency and environmental stewardship**
- **Healthy and highly productive employees**
- **Safety above all**
- **Strong and vibrant communities**

Because this is the first report of its kind from Southwest Gas, it may include information that goes back several years. We will refine this report in the years to follow and will keep information relevant to the year in which the report is published. In the meantime, we think there are accomplishments and milestones achieved in recent years that are worthy of inclusion in the inaugural report.

This report can also be found online at www.swgas.com/sustainability.

Please enjoy.





HISTORY

At Southwest Gas, sustainability has been an integral part of the company's culture since its incorporation on March 10, 1931. While the "capacity to endure" is a definition of sustainability, it also defines the tenacity of Southwest Gas — a company that was founded in the midst of the Great Depression.

While it wasn't the easiest time to start a liquefied petroleum gas (LPG) company, Southwest Gas founders H.G. Laub, C.F. Stearns, Luis Lackey, and later Joe Gray, Jr., and John Koeneman embraced the challenge. Their wealth of innovative ideas and "can-do" spirit created new opportunities for the thriving company.

In 1951, recognizing the growth potential offered by clean, efficient, economical natural gas, Southwest Gas secured the right to tap into one of its sister utilities' high-pressure natural gas transmission lines to procure natural gas service for its customers in Barstow and Victorville, California. Three years later, the company expanded eastward, bringing natural gas service to central Arizona, Henderson, Nevada, and the small-but-growing gaming oasis of Las Vegas, Nevada. In 1958, the company moved its headquarters from Los Angeles to Las Vegas so it could better serve its growing customer base.

Over the next 20 years, the company grew to 150,000 customers in three states, but its most significant growth was yet to come. In 1979, Southwest Gas nearly doubled its size overnight with the acquisition of the gas system owned by Tucson Gas & Electric Company in southern Arizona. The acquisition added more than 140,000 customers to the company's system and ended a two-year moratorium on new natural gas hook-ups in the Tucson area. Just five years later, Southwest Gas once again doubled its size with the purchase of the natural gas properties of Arizona Public Service Company in central Arizona, including metropolitan Phoenix and the surrounding communities. This acquisition added nearly 300,000 customers to the company's customer base, bringing its total customer count to more than 600,000. In little more than five years, the company had grown fourfold!

By the end of 1995, continued customer growth and additional acquisitions had increased Southwest Gas' customer count from its initial 160 customers to one million; quite a feat for a company that had begun so humbly just 64 years before!

Today, Southwest Gas' 2,300 employees serve more than 1.8 million natural gas customers; 991,000 of those customers are located in Arizona, 664,000 in Nevada, and 182,000 in California.

The legacy of leadership handed down from our founders continues today, and is the foundation of our commitment to current company stakeholders and to future generations.



GOVERNANCE AND STRUCTURE

An investor-owned utility, Southwest Gas shares have traded on the New York Stock Exchange since 1979. There are 12 members of the Southwest Gas Board of Directors, and 20 company officers, including five division vice presidents.

Southwest Gas and its subsidiaries consist of two business segments: natural gas operations and construction services. Southwest Gas is principally engaged in purchasing, distributing and transporting natural gas in portions of Arizona, California, and Nevada. We are the largest distributor in Arizona and Nevada, covering most of central and southern Arizona, the Las Vegas metropolitan area, and northern Nevada. In addition, Southwest Gas distributes and transports natural gas in portions of California, including the Lake Tahoe area and the high desert and mountain areas in San Bernardino County.

Southwest Gas' subsidiary, Paiute Pipeline Company (Paiute), is a FERC-regulated natural gas pipeline extending from the Idaho-Nevada border to the Nevada-California border.

NPL Construction Co. (NPL) is a wholly owned Southwest Gas subsidiary that is a full-service underground piping contractor. NPL, which operates in 17 major markets nationwide, provides utility companies with trenching and installation, replacement, and maintenance services for energy distribution systems. NPL's wholly owned subsidiary, Southwest Administrators, provides similar services in California.

In 2009, NPL entered into a venture to market natural gas engine-driven heating, ventilating, and air conditioning (HVAC) technology and products. NPL has a 65 percent interest in a majority-owned subsidiary, IntelliChoice Energy, LLC (ICE).

ECONOMIC IMPACT AND PERFORMANCE

In providing energy infrastructure for economic growth, Southwest Gas is an important contributor to the economies of Arizona, California, and Nevada. During the last decade, the company's tri-state service territory experienced high population growth and corresponding increases in demand for natural gas service, which required the company to make a significant level of investment in utility infrastructure. Over the 10-year period, which ended December 31, 2010, Southwest Gas invested approximately \$2.6 billion in its distribution system and added more than 500,000 customers.

In addition, the positive economic impact provided by Southwest Gas is reflected in its payroll for 2,300 employees. It is also seen in general taxes Southwest Gas collects and remits to state and local governments, which totaled \$167.6 million in 2010. General taxes include sales and use, property, franchise and other taxes.



SUSTAINABILITY REPORT 2011

Innovation at Every Level





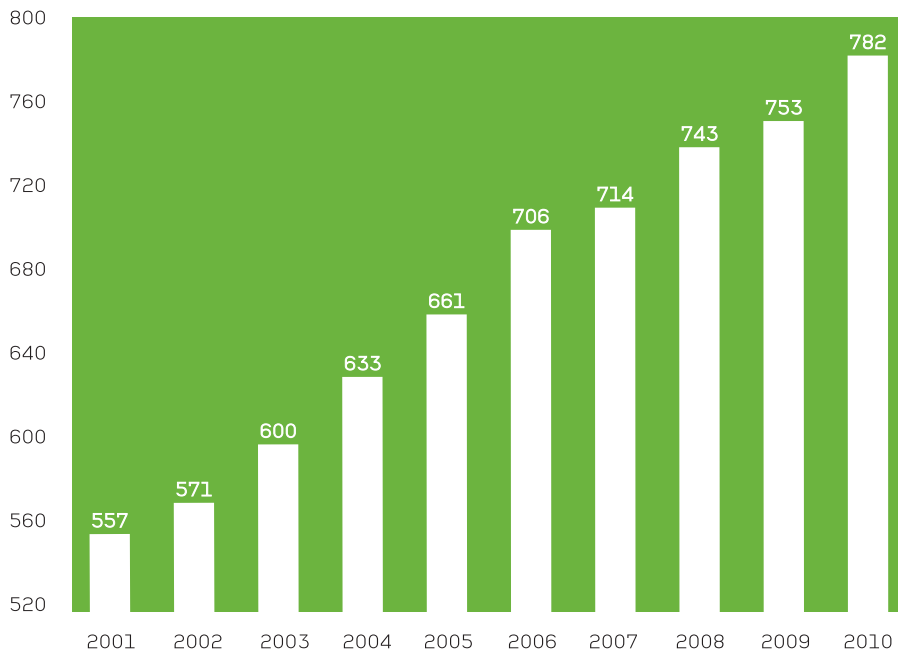
INNOVATION AND CUSTOMER SERVICE EFFICIENCIES

Innovation has been woven into our company's culture from the very beginning, and it's not limited to company leadership. Southwesterners in every department have the ability and freedom to share their suggestions for system and operational enhancements with supervisors, officers, and even the president of our company.

This focus on efficiency and innovation helped us continue to provide great customer service during periods of rapid growth in our regions. It also allows us to now enjoy our highest customer count to employee ratio. Basically, it boils down to the fact that Southwesterners can do more because we consistently look for ways to do things better. And, at the end of the day, it's our customers, shareholders, and communities that benefit.



Customers per Employee



Some of the improvements we've made to streamline operations include:

ENCODER RECEIVER TRANSMITTERS (ERTS)

One area where Southwest Gas has used advanced technology most effectively is in meter reading. Encoder receiver transmitters (ERTS) were attached to customer meters to allow for automated meter reading. As a result of this new technology, one employee is now able to read thousands of meters in a single day as opposed to hundreds. The company increased productivity 1,000 percent, and drastically reduced the numbers of miles our meter readers drive each year. This increased efficiency helps the company manage growth, improve accuracy, enhance customer service, and increase employee safety. In addition, the ERTS technology helps Southwest Gas save on costs associated with gasoline and vehicle maintenance, which is an added bonus for our company and the environment.

A similar innovation has been implemented in the area of pipeline corrosion control. Six times a year, Southwest Gas must verify the normal operation of cathodic protection rectifiers, which are part of a system in place to counteract corrosion of buried steel gas pipelines. Starting in 2011, the company began installing remote monitoring units (RMUs) that allow us to retrieve data from the more remote rectifiers using cellular phone and low earth orbit satellite technologies. To date, Southwest Gas has installed 19 RMUs and will ultimately have them installed on all of our approximately 300 rectifiers. In addition to saving travel time and labor for the required reads, the RMUs also tell us when a rectifier is in need of attention so we can perform maintenance in a timely manner.

WORK MANAGEMENT SYSTEM (WMS)

Prior to 2003, it was recognized that the phenomenal growth Southwest Gas experienced in its tri-state service territory required an enhanced method to manage its work and resources. Thinking proactively, Southwest Gas partnered with a company to develop the Work Management System (WMS) to incorporate capital, maintenance and inspection activities into one integrated system for both office and mobilized field personnel.



WMS is the database of record for gas-carrying assets including compliance-related data, which is critical for internal records and external compliance reporting purposes. WMS supports the design, environmental permitting, scheduling, construction, inspection and maintenance of Southwest Gas facilities. It also interfaces with many of the company's internal systems to allow direct display of our pipelines and associated gas facilities to field personnel. As a result, WMS enhances public and employee safety. The electronic system also greatly reduces the need to create and store hardcopy facility documentation. This has reduced the company's carbon footprint while creating greater efficiency in routing and executing work by field personnel.



ODOR COMPLAINT VIEWER (OCV)

At Southwest Gas we take great pride in providing natural gas to our customers while maintaining a safe and reliable pipeline system. We continually look for ways to improve our pipeline system integrity with the use of equipment and technology. Our diligence in this area led to an innovative approach for monitoring threats to the integrity of our natural gas pipeline system, by tracking customer odor complaints. In early 2009, we built a system known as the Odor Complaint Viewer (OCV). Because the concentration of odors in one area may indicate potential weaknesses in our pipeline system, the OCV was designed to graphically display each odor call on a map, providing dispatchers a view of historical customer complaints in the same geographic area as their current call. By using this tool to quickly review an area on the map for each odor call, Southwest Gas is able to proactively investigate and resolve issues before they escalate.



RESOURCE MANAGEMENT

In early 2009, Southwest Gas updated our resource management process to further reduce emergency response time and enhance our resource coordination during natural gas leaks and incidents. This new

technology, which utilizes GPS systems in company vehicles, helps dispatchers quickly search a map for the closest qualified responder, rather than contacting individuals directly to determine their location and availability. This high-performance system also provides real-time updates of vehicle information to our dispatchers, which enables us to quickly respond to gas pipeline issues and protect the public's safety. It also reduces travel time, vehicle wear, and gasoline consumption.

EMERGENCY RESPONSE TRAINING FACILITY (EMRF)

Southwest Gas has emerged as an industry leader in emergency response; primarily due to the extensive training provided to field and management



personnel at our Emergency Response Training Facilities (EMRF) in Tempe, Arizona, and Henderson, Nevada. The EMRF facilities are simulated towns with extensive gas distribution, compressed air, and water and electrical networks that allow instructors to replicate numerous emergency scenarios. Although they mimic real incidents, these scenarios allow attendees to practice their response in a safe and controlled environment. When the EMRF facility at the Tempe Operations Center opened in 2001, it was the first facility of its kind in the country. Southwest Gas completed a second EMRF facility at the Henderson Operations Center in 2010 to provide additional training resources. These facilities have also been used as training locations for local first responder agencies, and have served as model facilities for companies around the world.



TOOL DEVELOPMENT

Southwest Gas also leads the way in reviewing, developing, and approving new operational tools and processes. Southwest Gas has worked internally and with organizations such as the Gas Technology Institute (GTI) to research and develop new construction processes and associated equipment, which are then deployed to the operations groups with related training. Two recent examples include “keyhole” excavation and “split and pull” pipe replacement. Both techniques have operational and environmental advantages over conventional excavation methods as they reduce the size and impact of the excavation. This results in substantial cost savings on pavement replacement and reduces the overall impact to the public and the environment. Southwest Gas has been actively working to expand the use of these techniques by sharing our success stories within the industry and engaging partners to help with further advancement.



SUSTAINABILITY REPORT 2011

Energy Efficiency & Environmental Stewardship



SOUTHWEST GAS
smarter › greener › better™



ENERGY EFFICIENCY

Southwest Gas is focused on finding the most efficient use and delivery of natural gas in order to save our customers energy and money. We also recognize our responsibility to be a good environmental steward and create best practices that minimize impact to the environment and our natural resources. This commitment is reflected in our actions as well as in our energy and environmental mission statement that reads:

Southwest Gas is dedicated to protecting and improving the environment, and fostering a sustainable energy future for our customers, employees, and shareholders. In order to do so, our efforts will include:

- **Communicating with and educating employees and consumers about the wise and efficient use of energy resources**
- **Working diligently with local, state, and federal leaders to develop sound energy policies that preserve and enhance the well-being of our environment and our communities**
- **Embracing business practices that promote the environmental quality of our local and regional communities and reduce our carbon footprint**
- **Developing and promoting new technologies that enhance overall energy efficiency**

One area of particular importance is to increase consumer awareness that natural gas is used most efficiently when delivered directly to homes and businesses to do what it does best — provide warm, even heating; precise temperature control when cooking; instant heat for clothes drying; the cozy ambience of a natural gas fireplace, and deliver hot water instantly and reliably. When used in this way — directly at the site — natural gas is three times more efficient than if it's burned at a power plant for electric generation.

According to the American Gas Association, "the energy-efficiency advantage of using natural gas directly in the home stems from the fact that natural gas retains about 90 percent of its useable energy from the point of production to the burner tip in the home. In contrast, only about 30 percent of the energy produced to satisfy the electricity needs of consumers is retained in the process of energy production, conversion, transmission and distribution."

Additionally, we want consumers to recognize that natural gas is nationally abundant, clean-burning and truly "greener than you think."

CONSERVATION AND ENERGY EFFICIENCY (CEE) PROGRAMS

In addition to providing an energy-efficient product, Southwest Gas offers a portfolio of Conservation and Energy Efficiency (CEE) programs to its residential, commercial and industrial customers in Arizona and Nevada. These CEE programs promote conservation and the use of energy-efficient equipment to assist customers in reducing their natural gas usage. Southwest Gas also supports local communities in developing green building standards through adoption of the International Energy Conservation Code.

Due to our efforts to promote energy-efficient new home construction, and to protect the environment through partnership with ENERGY STAR®, Southwest Gas received a 2010 and 2011 ENERGY STAR Leadership in Housing Award from the U.S. Environmental Protection Agency.





For residential customers, Southwest Gas offers rebates on the purchase and installation of water- and space-heating equipment, weatherization improvements, and solar thermal water-heating systems. Commercial and industrial customers may qualify for rebates on the purchase and installation of water- and space-heating equipment, food-service equipment, combined heat and power systems, and solar thermal water-heating systems. Southwest Gas also offers rebates to large commercial and industrial customers who perform an audit on their facilities and implement energy-efficient improvements.

Homebuilders also have the opportunity to receive rebates for building ENERGY STAR certified homes and for making additional improvements to increase the energy efficiency of their homes, such as installing high-efficiency equipment. In 2011, Southwest Gas had more than \$9 million authorized for CEE programs in Arizona and Nevada, saving approximately 5.5 million therms of energy. Go to <http://www.swgas.com/efficiency/> for more information on Southwest Gas CEE programs.

LOW-INCOME ENERGY CONSERVATION AND WEATHERIZATION

Not only does Southwest Gas offer CEE programs, but energy conservation and weatherization programs have also been in place for low-income families in Arizona and California for many years. In 2009, the company received regulatory approval to offer a low-income weatherization program to its Nevada customers. Research studies have found that energy and weatherization assistance programs provide economic benefits to recipients and can bolster the state economy as a whole. In 2011, Southwest Gas had over \$4 million authorized for low-income programs in Arizona, California, and Nevada, saving approximately 150,000 therms of energy.

POLICY AND RULEMAKING

The company's CEE programs are developed in partnership with local policymakers in the respective state legislatures or public utility commissions. Some of our more recent programs have been influenced by Senate Bill (SB) 188 from the 2009 Nevada legislative session and the Arizona Corporation Commission's (ACC) Gas Utility Energy Efficiency Standards. SB 188 required natural gas utilities in the state of Nevada to offer rebates to its customers for installing solar thermal systems, with a goal of at least 3,000 installations by 2019. This resulted in the launch of Southwest Gas' *Smarter Greener Better* Solar Water Heating Program for Nevada in early 2011.

The Energy Efficiency Standards approved in 2010 require natural gas utilities in Arizona to achieve six percent gas savings by 2020. To meet this goal, Southwest Gas filed an Energy Efficiency and Renewable Energy Resource Technology Portfolio Implementation Plan (EE and RET Plan) as part of its General Rate Case in November 2010. The EE and RET Plan consists of conservation and energy-efficiency programs for residential, commercial, and industrial customers in Arizona.

With a requirement to reduce retail sales by six percent, Southwest Gas faced a unique situation in Arizona because our rate structure linked revenues to volumes of gas sold. As a result, the company was hampered in recovering its Commission-authorized costs of operating a safe and reliable distribution system when it helped its customers reduce energy usage.

Southwest Gas addressed this in its most recent General Rate Case filing by requesting approval of an Energy Efficiency Enabling Provision (EEP), a rate methodology that "decouples" the company's fixed costs from gas volumes. This change allows Southwest Gas to more aggressively pursue energy efficiency in partnership with our customers, while still allowing the company to recover its fixed costs of serving those customers. The company is now "decoupled" in Arizona, California and Nevada.



ENERGY-EFFICIENT TECHNOLOGY

Southwest Gas is involved with energy-efficient research and development through the Gas Technology Institute (GTI), NYSEARCH, and a variety of engineering firms. In fact, the company is involved with more than 30 GTI Utilization Technology Development projects, such as low-cost appliances and equipment.

Southwest Gas also focuses on internally researching and developing commercially viable products that reduce overall greenhouse gas emissions and electric and water consumption. The mission of our in-house Energy Efficient Technology Department (EETD) is to further the development of energy-efficient natural gas end-use equipment with the goal of providing residential and commercial customers energy-efficient choices.

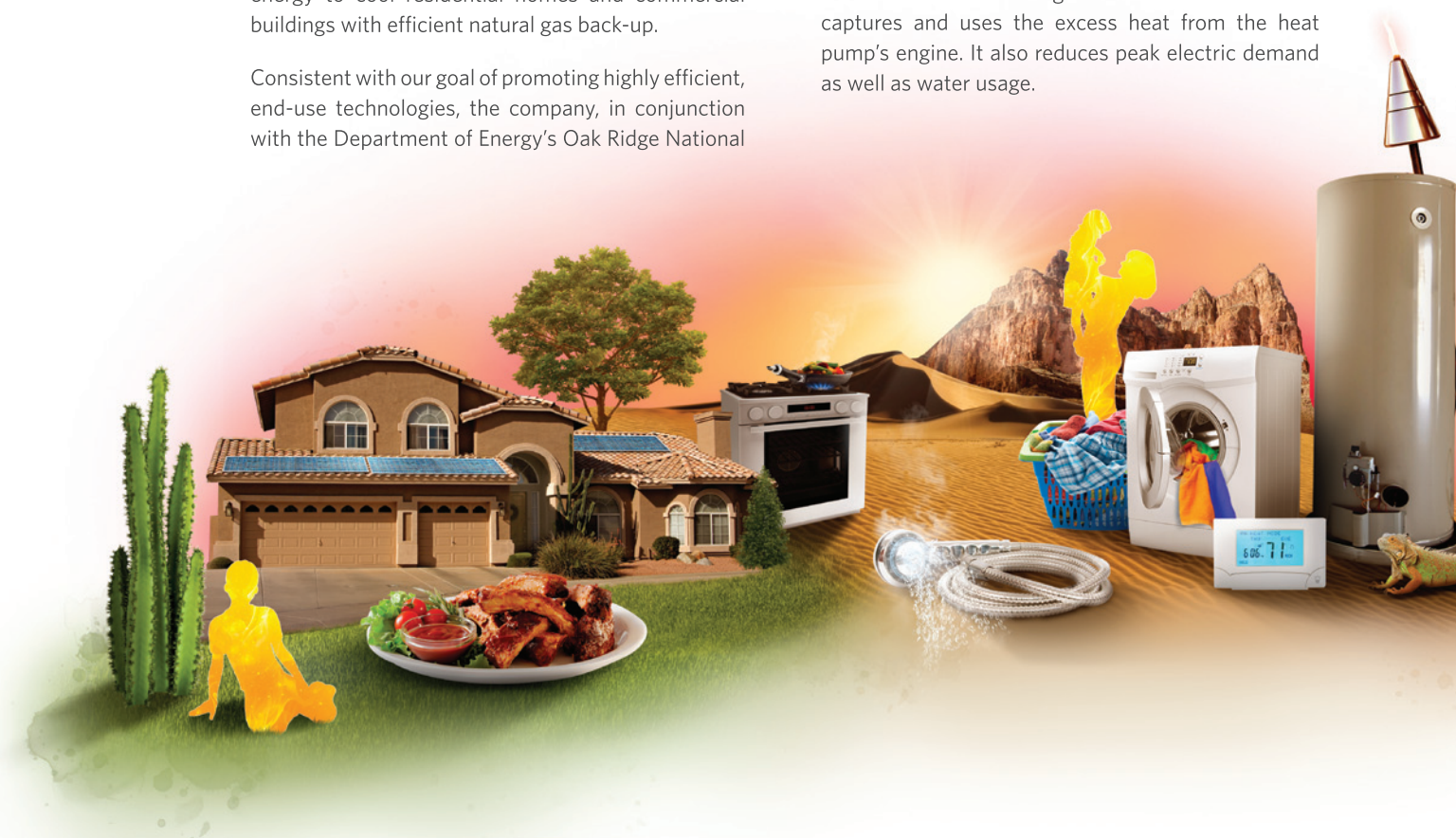
In 2009, EETD worked in collaboration with the ACC to install a solar thermal absorption chiller system on our operations facility in Tempe, Arizona. The unit provides five tons of cooling and was installed to demonstrate the feasibility and value of utilizing solar energy to cool residential homes and commercial buildings with efficient natural gas back-up.

Consistent with our goal of promoting highly efficient, end-use technologies, the company, in conjunction with the Department of Energy's Oak Ridge National

Laboratory (ORNL), has also developed two natural gas air conditioning and heating units, or gas heat pump (GHP) products. A multi-zone split system and a packaged unit system are now both commercially available.

IntelliChoice Energy LLC (ICE), majority owned by Southwest Gas' subsidiary NPL Construction Co., was chosen to receive the National Society of Professional Engineers 2010 NSPE-PEI New Product Award for the NextAire™ 11-ton Packaged Gas Heat Pump (PGHP) for space heating and air-conditioning. The ICE PGHP technology has also been selected for a 2011 R&D 100 Award. The R&D 100 Awards are widely recognized as the "Oscars of Innovation," identifying and celebrating the top high-technology products of the year.

Ideally suited for retrofit and new construction applications on commercial structures, a unique feature of the NextAire™ PGHP is that it takes advantage of the energy-efficiency properties offered by natural gas. It is significantly more efficient than other gas furnaces because it captures and uses the excess heat from the heat pump's engine. It also reduces peak electric demand as well as water usage.



ENVIRONMENTAL MANAGEMENT SYSTEM (EMS)

In the mid-1990s, Southwest Gas created a formal environmental program with the addition of corporate level environmental staff and the adoption of corporate Environmental Policies and Procedures. As the program continued to mature, a formal Environmental Management System, which is designed to support and comply with all local, state and federal environmental regulations, was documented in 2005. Today, environmental staff positions are supported in each division by Corporate Environmental Procedures as well as formal training, environmental response plans, and electronic processes for identifying environmental issues associated with construction projects and facility management.

Because our employees are empowered to do the right thing, the following milestones have been achieved:

- **No environmental enforcement actions have been taken against Southwest Gas during the past 10 years;**
- **All known contaminated sites associated with Southwest Gas facilities have been remediated;**
- **All underground storage tanks have been removed;**
- **Environmental assessments are completed for all new acquisitions to prevent the inadvertent purchase of environmental liabilities; and**
- **Southwest Gas design engineers use an electronic environmental checklist to identify which environmental permits are needed for individual construction projects.**

REDUCING GREENHOUSE GAS EMISSIONS (GHGS)

Southwest Gas supports the environmental benefits of natural gas and promotes its direct use as an immediate and economical opportunity to reduce greenhouse gas emissions from electric generation and household appliances. As a result, the company

has been an EPA Natural Gas Star Partner since 1997. This ongoing involvement supports our overall resource conservation and energy-efficiency philosophy. As a result of our efforts, the company received Outstanding Partner and Continuing Excellence awards in 2005, 2007 and 2009.

In addition, Southwest Gas continues to research, support, and implement new technologies that reduce methane emissions, energy usage, and other environmental impacts. Southwest Gas operates in three of the once-fastest-growing regions in the nation, each of which has provided opportunities to avoid methane emissions in new construction, seek out methane savings in existing infrastructure, and relate methane emission reductions to additional types of environmental performance efficiency improvement activities.

DEVELOPING A GHG INVENTORY

In 2004, Southwest Gas developed and implemented a GHG Inventory Management Plan for GHG emissions from its California facilities. Southwest Gas expanded this inventory in 2008 to include annual emissions from all of its facilities including those in Arizona and Nevada. The inventory followed the Natural Gas Reporting Protocol proposed by the American Gas Association and adopted by The Climate Registry. As a result of these efforts, the state of California has granted Southwest Gas status as a *Climate Action Leader* for measuring, verifying, and reporting GHG emissions to The California Registry and to the public.

The Inventory Management Plan allows Southwest Gas to understand its carbon footprint and develop strategies specific to GHG emissions management, as well as to verify that its existing equipment and operating practices—such as newer polyethylene pipe, leak detection, and minimizing blowdown volumes—are state of the art in terms of low methane emissions. Accordingly, Southwest Gas is well positioned to participate in The Climate Registry and comply with new environmental regulations such as the USEPA Mandatory Reporting Rule.



PARTICIPATING IN GAS TECHNOLOGY INSTITUTE (GTI) STUDIES

To help improve the accuracy of emission factors, Southwest Gas partnered with the Gas Technology Institute (GTI) by providing financial support and physical facilities to conduct direct measurement of natural gas emissions from regulator stations and meters in Las Vegas and Phoenix. Southwest Gas also installed a custom pipe array adjacent to its Emergency Response Training Facility in Henderson, Nevada, to help GTI initiate a study to improve the accuracy of emission factors currently used for calculation of GHG emissions from buried pipes. Additional studies are being planned and conducted on live pipelines in parts of the Southwest Gas distribution system.

As a result of measuring actual emissions from its regulator stations, Southwest Gas demonstrated that its current emission rates were lower than those measured during similar studies done by GTI in the early 1990s for older infrastructure located throughout the United States and Canada. As the number of customers doubled over the past decade due to new housing, Southwest Gas' system expanded with the use of newer materials with lower average leak rates.



METHANE EMISSIONS REDUCTIONS

In addition to the benefits of using materials with lower average leak rates in new construction, Southwest Gas is also replacing pipe in older parts of its system. Over the past 13 years, Southwest Gas has reduced emissions by replacing vintage plastic pipe (early forms of plastic pipe) with newer polyethylene pipe, and reducing emissions from leaks by approximately 50 percent.

Southwest Gas' leak detection methods include handheld walking and vehicle-mounted systems with verification of buried pipe leak locations using handheld devices. Our existing leak detection and repair program to reduce methane emissions has also positioned the company for compliance with the recently implemented U.S. Pipeline and Hazardous Materials Safety Administration's (PHMSA) Integrity Management Programs, which require active repair of existing and potential leaks as well as active leak management and review.

Southwest Gas also identifies and reports methane emissions reduction projects in other areas. The company currently operates one natural gas liquefaction facility and seven compressor stations. At one compressor station, Southwest Gas is in the process of reconfiguring unit valve placements. By moving the valves closer to the compressor suction and discharge, the company will be able to reduce the volume of natural gas emissions from 21,500 cubic feet to 1,400 cubic feet, caused by compressor blowdowns prior to each routine maintenance activity. Southwest Gas is reporting this as a voluntary Natural Gas STAR activity and may derive additional value from the avoided emissions through the carbon market.

These Natural Gas STAR projects are only one aspect of Southwest Gas' *Smarter Greener Better* attitude, displayed in day-to-day operations and in forward planning.





TRIP REDUCTION PROGRAM

Southwest Gas has implemented a Travel Reduction Plan in Central Arizona as part of the Maricopa County Trip Reduction Program. It aims to achieve target reductions in the rate of single occupancy vehicle trips and/or miles traveled by employees. Southwest Gas offers a number of incentives for employees who participate in the Program. Those include, monthly prize drawings, bus passes, tickets to sporting events, and preferred reserved parking spaces at company facilities.

In 2011, the Central Arizona Division had 36 participants choose to carpool, vanpool, or ride the bus as part of the Trip Reduction Program. This is another way Southwest Gas is committed to environmental stewardship.

COMPRESSED NATURAL GAS VEHICLES (NGVS)

For the past several decades, Southwest Gas has actively supported the use of natural gas as an alternative fuel for fleet and personal vehicles. With gasoline prices continuing to hover near the \$4 a gallon mark, consumers are also beginning to recognize the benefits of owning an NGV or other hybrid.

Clean, economical, and nationally abundant, natural gas is the perfect energy solution for our nation and our environment. In 2008, the increased use of NGVs displaced almost 300 million gallons of petroleum use in the U.S. alone. Along with reducing our dependence on foreign oil, another benefit of using NGVs is that they produce little or no evaporative emissions during fueling and use. When compared with regular unleaded gasoline, natural gas reduces carbon dioxide emissions by 25 percent and carbon monoxide by 90 percent.

Companywide, Southwest Gas maintains a fleet of 570 alternative fuel vehicles that include 197 NGVs, 362 E85 Ford Escapes that run on ethanol, seven hybrids, and four electric vehicles. Southwest Gas is currently featured in *Automotive Fleet Magazine's* Top 50 Green Fleets.

The long-term natural gas supply outlook appears extremely bright.



NATURAL RESOURCE DEVELOPMENT

Southwest Gas believes developing clean, natural gas energy sources is critical to reducing GHG emissions and providing an affordable and sustainable energy mix. We also believe such resources must be developed in a responsible manner, while providing an abundant supply of domestic natural gas and remaining good stewards of our environment.

Recent findings announced by the Potential Gas Committee and the International Energy Agency (IEA) note that natural gas from shale has dramatically boosted domestic supplies. When combined with the U.S. Department of Energy's, (DOE) latest findings, it is reported that the available supply of domestic natural gas is sufficient to meet demand for 100 years. DOE concludes that natural gas is a clear game-changer in the energy mix, and IEA has dubbed the next few decades as the golden age of natural gas.

Thanks to improved technologies based on directional drilling and hydraulic fracturing, energy producers can now access significant and growing supplies of domestic natural gas from shale formations and other unconventional reservoirs. As a result, the long-term natural gas supply outlook appears extremely bright, both for the industry and for natural gas customers.

The design, construction, operation, inspection and maintenance of all operating pipelines are subject to extensive regulation. Within this highly regulated industry, the development of unconventional natural gas and oil resources is well under way throughout the United States. Given the magnitude of these resources, well development and production activities can continue for decades, creating jobs and driving growth in commercial activity, personal income, and tax revenue for years. Despite these positive economic aspects, the environmental impacts of unconventional oil and natural gas development have received a great deal of public scrutiny.

Like all harvesting and production activities, there are environmental considerations associated with extraction of shale gas. Southwest Gas believes these can be appropriately managed, and supports greater stewardship, data, and — if necessary — regulation to ensure the sustainable future of shale-gas extraction and to improve public confidence in its use.



SUSTAINABILITY REPORT 2011

Healthy & Highly Productive Employees





FUELING GOOD

Without question, Southwest Gas employees are the company's greatest assets. With that in mind, the company is committed to creating a workplace environment that promotes innovative, healthy, and happy employees. The tenure of Southwesterners speaks to our success in this area, with the average employee working at the company for nearly 16 years.

EMPLOYEE COMMUNICATIONS

Because the success or failure of every business strategy is influenced by how well employees understand a company's business goals, Southwest Gas maintains a robust employee communications



program that keeps our employees well informed and united across geographic boundaries. Some of our publications include a corporate magazine, five division newsletters, SWGTV videos, internal news releases, and brochures and mailings from Human Resources.

EMPLOYEE EDUCATION ASSISTANCE PROGRAM

Southwest Gas recognizes the value of employee education and genuinely respects the time, effort, and energy of our employees who pursue education while working. The Employee Education Assistance Program (EEAP) is reflective of the company's commitment to helping employees prepare for the next level in their career development. This program provides full-time employees an annual

reimbursement of up to \$5,250 for approved undergraduate and limited graduate degrees. Covered expenses include tuition, registration costs, book expenses, and lab fees at an approved or accredited educational institution.

HAROLD G. LAUB SCHOLARSHIP

It's not only employees who receive education assistance. The Harold G. Laub Scholarship Program was created in 1982 to honor the academic and personal achievements of employees' children. Scholarship recipients can receive up to \$1,500 each year and are chosen by a selection committee comprised of three members who are not affiliated with Southwest Gas. Criteria for awarding scholarships include academic performance, performance on ability and/or aptitude tests, extracurricular activities, community service, and recommendations from other individuals not related to the applicant. All recipients must carry a full class load in both the fall and spring semesters and maintain GPA standards to renew the scholarship each year. Between 1982 and 2010, Southwest Gas and the Laub Foundation disbursed \$228,000 in scholarship awards to the children of 146 employees.

MATCHING GIFTS PROGRAM

The company further supports higher education through its Matching Gifts Program, where employees can send donations between \$25 and \$2,500 to the accredited colleges and universities of their choice, and Southwest Gas will match the contribution.

SPIRIT OF SOUTHWEST

At Southwest Gas, we recognize employees for their extraordinary efforts both in and outside of the workplace. Winners of the "Spirit of Southwest" award are recognized for actions and achievements usually not related to routine work assignments. Past awardees have been selected for lifesaving actions in emergency situations or distinguished records of community service. Awardees are recognized and presented with a \$1,000 check, as well as another \$1,000 check for the charity he/she selects.



ETHICS

Over the years, Southwest Gas has earned and maintained a strong reputation for honesty and integrity. For example, the company promotes ethical behavior and encourages employees to talk to supervisors, managers, the company's Corporate Compliance Officer, or other appropriate personnel when in doubt about the best course of action to take in a particular situation. In addition, Southwest Gas requires all employees to attend Code of Business Conduct & Ethics (Code) training biennially, in order to promote:

- honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- full, fair, accurate, timely and understandable disclosure in the reports and documents the company files with, or submits to, the Securities and Exchange Commission and in other public communications made by the company;
- compliance with applicable governmental laws, rules, and regulations;
- the prompt internal reporting to the appropriate person of violations of this Code, and
- accountability for adherence to this Code.

Employees and directors are instructed to report potential violations of the Code, and any other laws, rules, or regulations to appropriate personnel. Employees have access to a toll-free hotline where potential violations can be reported anonymously 24 hours a day, 365 days a year. One hundred percent of all reported Code of Conduct violations are thoroughly investigated.

Through strong corporate governance practices and the examples set by senior management, Southwest Gas ensures that business is conducted ethically and with integrity.





WELLNESS

Another way we support our employees is by promoting good health habits through our employee wellness programs. In 2006, Southwest Gas implemented the Healthbeat wellness program that encourages employees to develop and maintain healthy lifestyles, and to learn how to detect health problems early. The program offers annual work-based health fairs that include BMI measurements, blood pressure, and glucose and cholesterol screenings. Healthbeat is free to all employees and frequently provides annual incentives for participation in annual checkups or other wellness events.

Other wellness events include free annual flu shots and skin cancer screenings, educational opportunities, both at work and on the Web, and team events, like annual Weight Loss Challenges, walks and sporting activities. Two of our newest programs include the Managing Your Diabetes Together Plan and the Tobacco Cessation Program.

MANAGING YOUR DIABETES TOGETHER PLAN

Employees who enroll in the Managing Your Diabetes Together Plan (MYDTP) may save money on their medical care, select prescription drugs, and receive resources to help them stay on track. For example, they can receive:

- reduced copayments for diabetes-related doctor visits;
- reduced coinsurance and copayments for select diabetes-related medications and supplies;
- wellness programs to help manage their condition;
- a scorecard to help them stay on track with their health care, and
- reminders for essential screenings and exams.



TOBACCO CESSATION PROGRAM

All Southwest Gas campuses are smoke-free and we now offer a variety of company-paid tobacco cessation tools for employees, spouses, and their children. These include behavioral therapy, over-the-counter nicotine replacement therapy, and up to \$500/year in prescription therapy. All of these resources are available even if the employee, spouse or child is not enrolled in the company-sponsored medical/prescription drug plan.

Our company slogan is “We’re in This Together,” and wellness committees at each company location encourage participation in our various employee wellness programs, and provide peer support. After all, staying healthy allows us to increase our productivity, keep rising health-care costs down, and feel better both at home and at work.

MILITARY LEAVE PROGRAM

Southwest Gas values our service men and women. We provide military leaves of absence to employees who serve in the uniformed services, as required by the Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA) and applicable state laws. Unique to Southwest Gas, we pay the difference between an employee’s military pay and their regular base pay in each calendar year for up to two years of consecutive military leave. Employees on a military leave of absence also continue to receive the same level of company-provided benefits.

In 2004, the National Committee for Employer Support for the Guard and Reserve (ESGR) presented its Patriot Award to Southwest Gas in recognition of the company’s support of employees deployed in the National Guard and Reserves and their families. The Patriot Award is presented to employers whose policies exceed legal requirements in supporting employees who have been called to active duty.



SUSTAINABILITY REPORT 2011

Safety Above All





EMPLOYEE SAFETY ACHIEVEMENTS

The safety of employees, customers, and communities is a top priority at Southwest Gas, and the company is proud to be an industry leader in this area. In 2010, Southwest Gas received the American Gas Association's (AGA) *Industry Leader in Accident Prevention* award for the 10th consecutive year. This award reflects the significant strides undertaken by all Southwesterners toward creating a companywide safety culture intended to support our core safety philosophy that, "There Is No Job So Important — Nor Any Service So Urgent — That We Cannot Take Time to Work Safely."

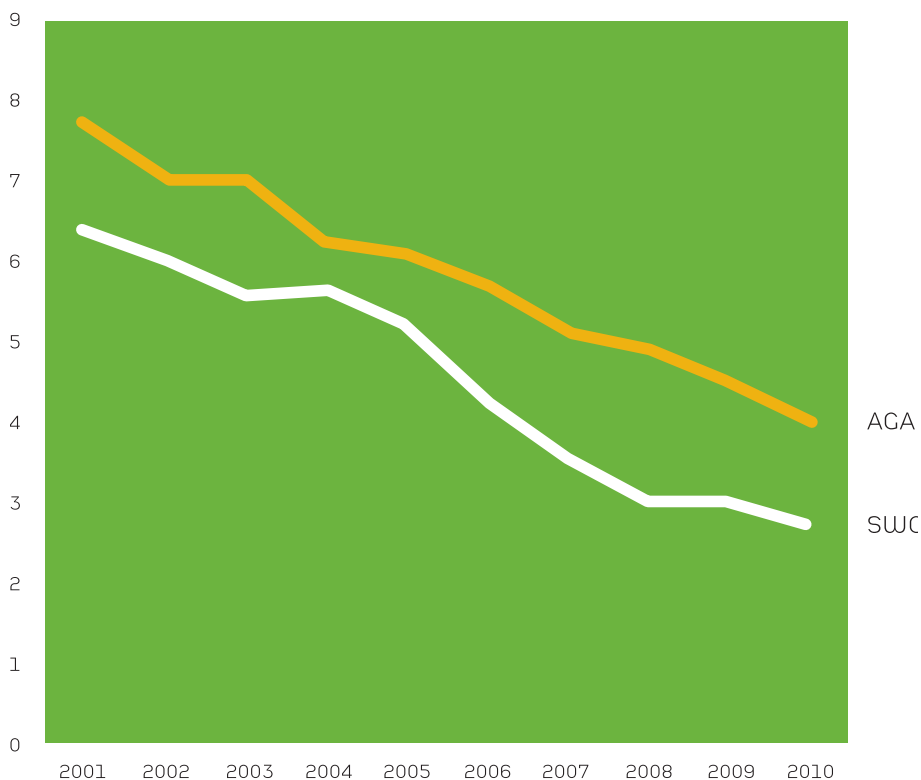
Over the last 10 years, Southwest Gas has emerged as a safety leader in the natural gas industry, consistently achieving an OSHA reportable injury incident rate below the industry average for local distribution companies. Southwest Gas has reduced the number of these injuries by 60 percent over that period

of time. The following chart shows the sustained improvement in reducing work-related injuries over the last 10 years compared to the industry average for similar companies reporting to the AGA.

This improvement is the result of enhanced and ongoing safety training, management's dedicated emphasis in promoting safety awareness, increased involvement in a variety of safety activities by division Risk Management personnel and most importantly, increased and diligent efforts by all employees to practice safe work habits.

Southwest Gas has also made significant strides in reducing motor vehicle collisions. With a fleet of more than 1,600 vehicles operating in three major metropolitan areas, Las Vegas, Phoenix and Tucson, this remains an important part of the company's employee safety training. Comprehensive driver

INJURIES/100 EMPLOYEES



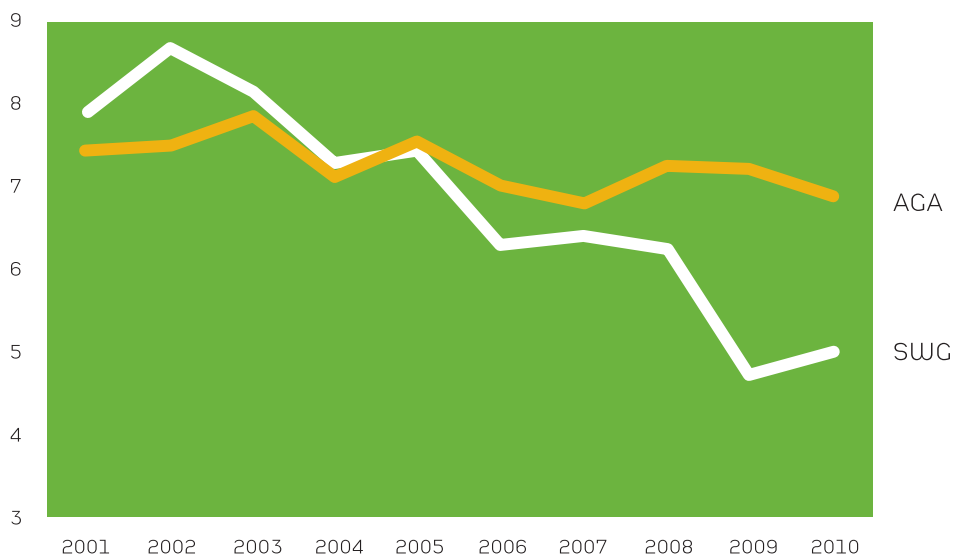
training began in 2004 and became mandatory companywide shortly thereafter. New employees who operate a vehicle as a primary function of their job duties receive four hours of driver training shortly after starting with the company. These employees, and other employees who only occasionally drive company vehicles, receive refresher driver training at least every three years. These efforts have helped consistently reduce vehicle accidents year-after-year, as shown below. Since the onset of mandatory driver training, the company's accident frequency rate has been below the average frequency rate for local distribution companies reporting to the AGA.

As evidenced by the safety achievements to date, Southwest Gas is committed to a goal of continuous accident and injury reduction through ongoing safety efforts at all levels. These efforts are intended to provide employees with a hazard-free work environment as well as the tools and training necessary to perform their work injury-free. In doing so, we continue to provide the level of service our customers have come to expect while decreasing the costs associated with accidents and injuries.

Further proof of Southwest Gas' commitment to safety is found in its active involvement in various industry organizations. Several Southwesters are members of operations and safety committees for both the AGA and the Western Energy Institute (WEI). Southwest Gas also routinely partners with fire departments and other first responders in its various service territories to conduct education and training seminars covering the properties of natural gas, and response to natural gas emergencies.



ACCIDENTS / MILLION MILES





PIPELINE SAFETY

Throughout our company's 80-year history, the safety of our customers and the integrity of our natural gas pipelines have remained paramount to our business practices. Because the protection of life and property is a commitment we take to heart, we continually evaluate our practices to ensure they meet or exceed various state and federal requirements, and conform to the high standards we have established as a company.

At Southwest Gas, we take a proactive approach in the way we manage our pipeline systems and associated facilities, and we believe quality begins right from the start. For example, the robust internal audit and inspection programs used for all of our gas facilities allow us to identify and correct issues before they affect public and employee safety, cause property damage, or release natural gas into the environment.

DISTRIBUTION PIPELINE INTEGRITY

Although Southwest Gas has a relatively new piping system, we continually review our system through aggressive leak surveys and an annual distribution pipeline integrity assessment program. This program, which has been in existence for many years, helps identify pipe that shows increasing trends in leakage or material problems. When possible, pipeline replacement projects are planned and coordinated with local municipal projects to avoid multiple disruptions and inconvenience to residences, businesses, and local traffic.

EXCAVATION DAMAGE PREVENTION PROGRAM

Southwest Gas utilizes a well-developed excavation damage prevention program, which provides us an opportunity to work with individual excavators and industry groups to educate and reduce excavation damage. Overall, this effort has helped reduce excavation damage from 2.41 linebreaks per 1,000 notification tickets in 2006, to 1.75 linebreaks per 1,000 notification tickets in 2010.

TRANSMISSION INTEGRITY MANAGEMENT PROGRAM (TRIMP)

Starting in 2004, Southwest Gas developed its Transmission Integrity Management Program (TRIMP). The program is designed to ensure integrity of transmission pipelines in areas where a leak or rupture could do the most harm to people and property. These are called high consequence areas (HCAs). Assessments are performed on pipelines within HCAs on a five- to 15-year cycle for the life of the transmission pipeline. Southwest Gas is on target to complete assessments of all HCAs by December 2012.

These assessments address specific threats to transmission pipeline integrity. They provide detailed information on the pipeline's current condition and help direct efforts for repair and replacement needs. During each of these assessments, Southwest Gas uses new processes and technologies such as sophisticated computer software to pinpoint locations of concern. Southwest Gas also uses new tools, such as assessment robots that are launched into and extracted from the pipeline. Other tools include non-destructive methods for confirming material strength of pipelines while in service. These innovations improve performance, accuracy, and compliance reporting, and reduce time-consuming manual processes for the program.



PIPELINE SAFETY FACTS AT A GLANCE

What is a “High Consequence Area”? An HCA is either an area near a transmission pipeline where people congregate (like a school), or where there is a high-population density. It does not represent the safety or condition of a particular pipeline.

What is the difference between transmission pipelines and distribution pipelines? In general, a transmission line is a larger diameter line operating at a higher operating pressure that transports natural gas between states, counties, cities, and towns. For Southwest Gas these pipelines are steel. While they commonly run cross-country in rural areas, sometimes cities build up around transmission pipelines.

Distribution pipelines are generally smaller diameter steel or plastic pipelines operating at a lower pressure that deliver natural gas directly to homes and businesses. While there are some large-diameter lines in our system, the majority of our mains are 2-to-4 inches in diameter. The average service line serving a residential home is usually only ½-to-1-inch in diameter.

Can excavation damage be prevented? Anyone who plans on excavating—even if it’s just to plant a tree in the front yard—must call “811” and Southwest Gas will be out within two working days to mark our lines. As we always tell our customers, contractors and excavators — “Call Before You Dig.” It’s simple, it’s free and it’s the law.

What other safety measures does Southwest Gas employ? Along with the regulatory oversight that helps us minimize the possibility of an incident on our gas system, we also conduct regularly scheduled leak surveys of all of our transmission and distribution pipelines, and periodically patrol transmission and key distribution pipelines to make sure that pipeline markers are still in place, and that construction activity, washouts, and any other visible signs of damage haven’t affected our system. In addition, Southwest Gas works closely with first responders at incidents, and offers them hands-on training scenarios at our Emergency Response Training Facilities in Tempe, Arizona, and Henderson, Nevada, that enable them to further develop their knowledge and skill sets when responding to natural gas incidents.



SUSTAINABILITY REPORT 2011

Strong & Vibrant Communities

Blue

Building Lives Up Everywhere



SOUTHWEST GAS
Fueling **Good**



SOUTHWEST IN THE COMMUNITY

While our primary commitment at Southwest Gas is to provide customers with safe and reliable natural gas service, we believe our responsibility also extends to our communities. As a stable employer and good corporate citizen, we continue to support the energy and human interests of Arizona, California, and Nevada customers.

Like everyone else, our company has experienced the effects of our nation's economic and energy challenges. However, by striving to put our customers and communities first, Southwesterners turn adversities into opportunities for greater community and customer service. At the end of the day, it's about working together to create viable social services and partnerships that result in healthier communities.

Southwest Gas' corporate citizenship shines through its outreach programs to diverse suppliers, employee volunteerism (*Blue—Building Lives Up Everywhere*), and corporate philanthropy (*Fueling Good*).



SUPPLIER DIVERSITY PROGRAM

Through its Supplier Diversity Program, Southwest Gas ensures that minority, women, and service-disabled veteran business enterprises are provided opportunities to supply products and services to the company. Employees within the Supplier Diversity Department team with experienced organizations and participate in industry outreach activities to identify diverse suppliers capable of supporting the company's procurement requirements. They also provide information about the Supplier Diversity Program to other Southwest Gas departments to encourage the use of diverse suppliers for potential business opportunities. In 2010, the department increased access to information about the program by implementing an online sourcing tool for the company's Intranet.

In 2010, Southwest Gas' California operations once again exceeded the target supplier diversity goal of 21.5 percent of total spending established by the California Public Utilities Commission (CPUC). During that year, Southwest Gas spent a total of \$45,074,764 companywide with certified diverse suppliers.

Southwest Gas' efforts and achievements in supplier diversity have been recognized by a number of organizations. Some of the company's recent honors in the area of diversity include:

- Corporation of the Year - Nevada Minority Supplier Development Council (2011)
- Outstanding Large Business Entity - Las Vegas Latin Chamber of Commerce (2010)
- Corporation of the Year - Victor Valley African American Chamber of Commerce (2009)
- Corporate Member of the Year - National Association of Women Business Owners, Phoenix Chapter (2008)
- President's Award - National Association of Minority Contractors (2008)
- Supplier Relations Award - Southern Arizona Hispanic Leadership Council (2008)

Information concerning Southwest's Supplier Diversity Program can be accessed from the company's main website (www.swgas.com).

BLUE – BUILDING LIVES UP EVERYWHERE

According to Crayola, blue is America's favorite color. Not only is blue the color of our clean-burning natural gas flame, but *Blue—Building Lives Up Everywhere* is the brand for our employee volunteer program. For decades, building up our communities has been a tradition at Southwest Gas, and for decades to come, we will continue to embrace that tradition.

Southwest Gas employees find many ways to create positive change in their communities: supporting clothing and food drives, renovating homes, building playgrounds, and providing meals to children and seniors. Being *Blue* expresses our

passion for volunteering whether it's through company-sponsored events or through community activities, coaching little league or by serving on boards. This vibrant volunteer spirit, which shows no signs of diminishing, demonstrates that we value our communities, our employees and our company.

In this challenging economic climate, our communities need our help more than ever, and *Blue* volunteers in Arizona, California, and Nevada, continue to show up in record numbers to take action. While we are proud of our financial contributions, our most valuable donations are those made by Southwesterners, who give their time and talents throughout the year to help those in need.

Their volunteer spirit was truly evident in March 2011 when employees around the system chose to celebrate our company's 80th anniversary by concentrating their efforts on helping their local food banks and Salvation Army locations restock pantries, renovate buildings and more.





Here are just a few examples of how our employees made a difference in 2011:

ARIZONA

In downtown Phoenix, *Blue* volunteers rolled up their sleeves to serve approximately 400 meals to the hungry at Society of St. Vincent de Paul.

The *Blue* Crew in Tucson made a significant difference for an 85-year-old widow who had been released from a nine-week hospital stay. Southwesters conducted a successful general clean-up, home improvement and maintenance day. Improvements included re-coating the roof, trimming trees, washing windows, along with more major projects like installing kitchen cabinets and shelving and replacing the bathroom vanity and floor tile. In addition, the *Blue* Crew replaced the existing apartment-sized stove, thanks to the generous donation of an employee. The *Blue* Crew also renovated The Salvation Army's South Tucson playground by replacing the roof of the existing structure; overseeing the grading and clean-up of the lot; and coordinating the pour of ten and one-half yards of concrete that included the base for two drinking fountains, a tether ball, and the curbing for the new soccer field.

Blue volunteers in the City of Casa Grande participated in a clean and beautiful project that enhanced their

neighborhood and parks. They also sponsored a diaper drive, and collected more than 2,000 diapers for babies, assisted by the local Salvation Army.

In Yuma, the *Blue* Team held their annual fundraiser to raise money for a local domestic agency, Amberly's Place. They also provided more than 600 breakfast burritos for the walkers of the March of Dimes March for Babies.

Blue volunteers in Globe revitalized the children's playground at the local Salvation Army Center. The project included the removal of old playground equipment and ground materials, the installation of new mulch throughout the property and fresh paint for the swing sets and playground equipment.

While in Sierra Vista, the *Blue* Team refurbished The Salvation Army's parking lot. Volunteers replaced old gravel, applied a fresh coat of paint on designated parking spaces, and repaired parking spaces for the handicapped.

In Bullhead City, the *Blue* Team collected more than \$500 worth of canned goods for the local Salvation Army.



CALIFORNIA

The power of *Blue* is also evident in Victorville, where the *Blue* Team joined forces with a local organization to renovate, clean-up and landscape the home of a local neighbor. Seventy-seven volunteers pitched in to apply stucco to fill cracks and pressure wash the outside of the house followed by painting the exterior of their home and shed, cleaning the yard, planting a new garden and installing a new roof for the shed. In addition, Arizona Pipeline, our pipeline contractor, donated the asphalt and labor to lay a new driveway.

As part of an effort to help restore fire-damaged areas in the San Bernardino National Forest, the *Blue* volunteers in Big Bear organized a seedling project to sustain and improve water quality as well as mitigate erosion and landslides that could impair mountain access. The goal was to plant 25,000 seedlings through the entire effort of Forest Aid. Our group exceeded the daily average of 1,500 by planting more than 2,000 seedlings in one day.

Blue volunteers in Big Bear and Victorville continued their annual tradition by donating more than 2,300 new or gently used coats for their very successful Annual Community Winter Coat Drives. In the northern region of the state, the Tahoe/Incline Village/Truckee *Blue* teams held food drives to help resupply the shelves of local food banks.

NEVADA

In Las Vegas, the *Blue* enthusiasm spilled over into projects like Rebuilding Together, where employees gathered to renovate, paint, clean up, and landscape the home of a senior citizen. In addition, the *Blue* Team hosted and participated in an Energy Carnival for a local elementary school, and prepared lunches for the Ronald McDonald House in support of families of critically ill children.

In northern Nevada, the Carson City *Blue* Team sponsored food and gift drives for local community agencies, and assisted at the Special Olympics Summer Games track and field events. The *Blue* Team in Winnemucca collaborated with a community church to provide meals to those in need. In Fernley, employees harvested and donated approximately

1,000 ears of corn to the Senior Centers in Fallon, Fernley, Silver Springs, and Yerington, as well as to Fallon Daily Bread.

Southwest Gas is proud of its many employee volunteers who give so much back to their communities. By providing the funding to purchase materials, we help ensure the success of the *Blue* program and events and the difference they make in the lives of others. Whether it is one person mentoring a teenager, or a team of volunteers building a house, a philanthropic spirit is alive and well at Southwest Gas.



FUELING GOOD FOR OUR COMMUNITIES

Giving back to the community is both a corporate value and a defining element of our company culture. Now, more than ever, we believe it is important to contribute to the communities we serve. Some of the ways we support our communities include:

GAS APPLIANCE REPLACEMENT PROGRAM

Southwest Gas offers a Gas Appliance Replacement Program that provides new gas appliances such as a water heater or a furnace to families who lack the money to replace or repair inefficient, or non-working appliances. By working in partnership with various weatherization and housing programs to replace this equipment, we help many seniors and families save money on their energy bills as well as ensure their health and safety.



SENIORS HELPING SENIORS

Considered a treasured program by seniors in southern Nevada, Seniors Helping Seniors is a free weatherization and energy conservation program that helps qualified senior homeowners reduce their utility bills by improving the energy efficiency of their homes. Volunteer Senior Energy Consultants make practical no-cost/low-cost conservation recommendations and install free weatherization materials such as weather-strip, caulk and wall outlet insulators. Our volunteer senior energy consultants assist more than 1,000 seniors annually.



LEADING BY EXAMPLE

Our goal for *Fueling Good* within our community is to set an example for others to follow. Leading by example starts by encouraging young people to be passionate about education, and providing them with skills they can take into the business world. Through collaboration with agencies such as Career Concepts for Youth, 4-H, Future Farmers Association, Junior Achievement, Boy Scouts, and Girl Scouts, we are able to mentor and educate the youth in our communities to achieve their life-long goals.

Another way Southwest Gas supports the community is through its partnership with the Arizona Foundation for the Handicapped. Since 1994, Southwest Gas has partnered with the Foundation to provide work opportunities for developmentally disabled individuals. Each year, four individuals take on work responsibilities at a Southwest Gas warehouse facility in Phoenix.

When the program began, primary responsibilities included taking apart pipe fittings and assembling manifolds. Now, with four employees and a coach, these individuals handle a variety of tasks, such as assembling components of meter sets, collecting recyclables, sorting and re-boxing material, tearing down cardboard, and keeping the warehouse neat.

Through this program, the company saves an estimated \$50,000 in labor costs annually and fills a need in the community at the same time. It also frees up full-time storekeepers for other work and allows customer service technicians to complete meter installations in the field more quickly.

In the areas of community advocacy, Southwest Gas and its employees lead the way by supporting numerous charitable organizations throughout our communities in Arizona, California, and Nevada. When it comes to raising funds for local organizations, Southwesterners raise the bar every year. Southwesterners have continued to *Fuel Good* efforts in their community by donating millions of dollars over the years to local charitable organizations.



PROVIDING CRUCIAL SUPPORT

Every time someone donates to Energy Share, we're *Fueling Good* for our customers. Energy Share, working in partnership with The Salvation Army, provides emergency energy assistance to families and seniors who are facing financial hardships and have nowhere else to turn. In 2010, through the generous contributions of customers and our employees, The Salvation Army was able to provide nearly \$800,000 in energy assistance to low-income and senior families in Arizona, California and Nevada. Since the program began 14 years ago, Energy Share has provided more than \$3.3 million in contributions. This is *Fueling Good* at its finest.

In many of our smaller communities, we are able to *Fuel Good* efforts by donating retired vehicles to domestic violence shelters, Boys and Girls Clubs and schools. Building community partnerships within our towns encourages positive changes and ensures the safety of our customers.

HELPING THOSE WHO HELP OTHERS

The generous support we receive from the Southwest Gas Foundation helps us assist non-profit organizations who provide unique and invaluable services to our neighbors in need. In addition, many Southwesterners bring positive change to their communities by volunteering for these organizations, and even serving on their boards. By sharing our time, expertise, gifts of the heart, and company contributions, we are able to make an important difference in the lives of our neighbors, and the success of our communities.



THANK YOU

Thank you for taking the time to read the very first Southwest Gas Corporate Sustainability Report. We are extremely proud of our accomplishments but are not content to rest on current successes. We are committed to looking ahead to ways we can improve operations to benefit our customers, shareholders, community partners, employees, and the environment. We look forward to reporting these future performance metrics in what is now an annual sustainability report. It is truly a privilege to be part of each of the communities we serve.

Thank you for reading these pages and getting to know us *Beyond the Bottom Line*.





Southwest Gas is proud to support numerous non-profit organizations throughout our tri-state service territory. In 2011, Southwest Gas Foundation made financial contributions to the following organizations:

100 Club of Arizona	David J. Drakulich Art Foundation
88-Crime	Desert Chorale
Alhambra School District	Desert Communities United Way
Alpha Gamma Delta Foundation	Douglas ARC
Alzheimer's Association	Douglas County Parks and Recreation
Amberly's Place	Easter Seals Southern Nevada
American Cancer Society	Educational Enrichment Foundation
American Heart Association	Emerge Center Against Domestic Abuse
American Red Cross	Environmental Fund of Arizona, Inc.
Americans Taking Care of Americans	Eve's Place
Anti-Defamation League	Executive Women International
Arizona 4-H Youth Foundation	Executive Women International - Phoenix Chapter
Arizona Art Alliance	Fallon Youth Club
Arizona Community Action Association	Family Support Council
Arizona Dream Builder Foundation	Foundation for an Independent Tomorrow
Arizona Education Foundation	Food Allergy & Anaphylaxis Network
Arizona Families for Children	Friendly House, Inc.
Arizona Grantmakers Forum	Friends in Service Helping
Arizona Hotel Foundation	Friends of Public Radio Arizona - FPRAZ
Arizona Osteoporosis Coalition	Friends of Saguaro National Park
Arizona Rural Development Council	Greater Phoenix Economic Council
Arizona Saves	Greater Phoenix Urban League, Inc.
Arizona's Children Foundation	Helping Hands of Vegas Valley
ASCE Southern Nevada Future City	High Desert Homeless Services, Inc.
Arizona State University	High Desert Resource Network
ASU Foundation	Hispanic Leadership Forum
Barstow College Foundation	Hispanic Women's Corporation
Boy Scouts of America	Horizon Hospice
Boys & Girls Clubs	Interfaith Community Services
Brigham Young University	Junior Achievement of Arizona, Inc.
Camp Ronald McDonald for Good Times	Juvenile Diabetes Research Foundation
Camp Soaring Eagle Foundation	Kids' Chance of Arizona
Career Concepts for Youth Inc.	Kids Cuddlekit Closet, Inc.
Catalina Council Boy Scouts of America	Lake Tahoe Festival of Trees & Lights
Central Arizona Shelter Services	Las Vegas Area Council, BSA
Centro Adelante Campesino	Las Vegas Natural History Museum
Chefs for Kids	Las Vegas School of the Deaf
Churchill County High School	Las Vegas Science Festival
Clark County Optimist Boys Home and Ranch	Las Vegas Sun Summer Camp Fund
Coalition to Salute America's Heroes	Leukemia & Lymphoma Society
Cochise County Community Foundation	Lied Discovery Children's Museum
Community Information & Referral	LVCCLD Foundation
Crossroads Mission	Make a Wish Foundation of Southern Nevada
CSN Foundation	March of Dimes
CYT Phoenix	Maricopa Community Colleges Foundation

Miracle Flights for Kids	The Beacon Group
Missouri S&T	The Fund for Civility, Respect & Understanding
Mojave Environmental Education Consortium	The George Washington University Law School Fund
NAACP	The Nature Conservancy
Nathan Adelson Hospice	The Ohio State University Foundation
National Charity League	The Salvation Army
National Child Safety Council	The Smith Center
National Kidney Foundation of Arizona	Triangle Y Ranch Camp
National Right to Work Legal Defense Foundation, Inc.	Tucson Youth Development, Inc.
Neighborhood Housing Services of Phoenix	U of U Alumni Association
Nevada Ballet Theatre	UAF/Chowanec Scholarship Endowment
Nevada Cancer Institute	UC Berkeley Foundation
Nevada Diabetes Association	UCP of Central Arizona
Nevada Partnership for Homeless Youth	United Blood Services
Nevada Rock Art Foundation	United Way
NMSU Foundation	University of Arizona Foundation
Opportunity Village	University of Nevada Health Sciences System Foundation
Pat Tillman Foundation	University of Southern Nevada
Phoenix Community Alliance	University of Utah
Phoenix Youth Symphony	UNLV Beta Alpha Psi
Pima Animal Care Center	UNLV Foundation
Pima Community College Foundation	UNR Foundation
Pima Council on Aging	UW-Platteville Foundation
Pinal County Jr. Livestock Committee	Valle del Sol
Quiet Storm Foundation	Valley Assistance Services
Red Mountain Music Company	Valley Forward Association
Ronald McDonald House of Southern Arizona	Valley Leadership
Rotary Clubs	Valley Metro/RPTA
SDSM&T Alumni Association	Variety Early Learning Center
Senior Center of Boulder City	Victor Valley Community Services Council
Shemer Art Center and Museum	Visionscope Groups
Sierra Nevada Journeys	VMSN Inc.
Society of St. Vincent de Paul	Washington Legal Foundation
Sojourner Center	Willcox Working Together for Education
Sonoran Art Foundation Inc.	YMCA of Southern Nevada
Soroptimist International of Victor Valley	Youth on Their Own
Southern Nevada Coalition of Concerned Women	
Southern Nevada Devil Pups	
Southwest Gas Corp Foundation HGL Scholarship Plan	
St. Elizabeth of Hungary	
St. Mary Hospital Foundation	
St. Mary's Food Bank Alliance	
St. Rose Dominican Health Foundation	
Sunset Hills Childrens Foundation	
Tahoe SAFE Alliance	
Tempe Community Action Agency	
Texas A&M University	



