

SOUTHWEST GAS CORPORATION

BEFORE THE PUBLIC UTILITIES COMMISSION OF NEVADA

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

Docket No.: 23-09\_\_\_\_

**VOLUME 4 of 27**

Prepared Direct Testimony of Christopher M. Brown  
Prepared Direct Testimony of Celine R. Louise Apo  
Prepared Direct Testimony of Richard Crane  
Prepared Direct Testimony of Frederica Harvey  
Prepared Direct Testimony of Dane A. Watson

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IN THE MATTER OF  
SOUTHWEST GAS CORPORATION  
DOCKET NO. 23-09\_\_\_\_

PREPARED DIRECT TESTIMONY  
CHRISTOPHER M. BROWN

ON BEHALF OF  
SOUTHWEST GAS CORPORATION

SEPTEMBER 1, 2023

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of  
Christopher M. Brown

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Appendix A – Summary of Qualifications of Christopher M. Brown

BEFORE THE PUBLIC UTILITIES COMMISSION OF NEVADA

Prepared Direct Testimony  
of  
Christopher M. Brown

**I. INTRODUCTION**

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

A. 1 My name is Christopher M. Brown. My business address is 8360 S. Durango Drive, Las Vegas, Nevada 89113.

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

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

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

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

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

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

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

A. 5 My prepared direct testimony discusses the Company's compliance with various Commission Orders, including orders issued in the Company's 2020 and 2021 general rate cases (GRCs) (Docket Nos. 20-02023 and 21-09001, respectively). I also sponsor various statements and adjustments supporting the Company's revenue requirement, and I support the Company's request to continue tracking

1 incremental Annual Leak Survey costs in a regulatory asset account. Moreover,  
2 I support the Company's proposed changes to its Nevada Gas Tariff No. 7  
3 (Tariff) as described below.

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

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

- 6 • The Company's compliance with each of the following:
  - 7 ○ Paragraph 448 of the Commission's Order in Docket No. 20-02023;
  - 8 ○ Various directives set forth in the Commission's Order in Docket No.  
9 21-09001; and
  - 10 ○ Various directives set forth in the Commission's Order in Docket No.  
11 21-08009.
- 12 • Unless otherwise noted, the following within Test Year Adjustments for both  
13 Northern and Southern Nevada:
  - 14 ○ Schedule H-6, Company-Owned Vehicles
  - 15 ○ Schedule H-9, Self-Insured Retention Normalization
  - 16 ○ Schedule H-10, Great Basin Allocation Annualization
  - 17 ○ Schedule H-15, General Plant Maintenance Normalization
  - 18 ○ Schedule H-23, Miscellaneous Rate Base Adjustment
  - 19 ○ Schedule H-24, In-Line-Inspection Normalization (Southern Nevada  
20 Only)
  - 21 ○ Schedule H-24, Winnemucca Land (Northern Nevada Only)
  - 22 ○ Schedule H-25, Spring Creek Projects (Northern Nevada Only)

- Certification Adjustments H-C4,<sup>1</sup> Annualization of Depreciation and Amortization and H-C5, H-C5, New Depreciation Rates;
- Statement G, Rate Base;
- Statement Q, Shares;
- The incremental costs incurred by the Company to comply with the regulations adopted by the Commission in Docket No. 19-09011; the Company's request for inclusion of those costs in base rates; and the need to continue tracking those costs in the previously authorized regulatory asset account; and
- Support for the Company's proposed Tariff revisions.

**II. COMPLIANCE WITH PREVIOUS COMMISSION ORDERS DOCKET NO. 20-02023**

**Q. 7 Provide an overview of paragraph 448 of the Commission's Order in Docket No. 20-02023.**

A. 7 Paragraph 448 of the Commission's Order in Docket 20-02023 required the Company to accrue the \$1,800,000 in costs that should have been allocated to its Northern California rate jurisdiction into a regulatory liability such that this regulatory liability can be credited back to the Company's Northern Nevada rate jurisdiction customers in its next GRC. The Commission ordered 5/12 of the \$1,800,000 (\$750,000) be credited against the Northern Nevada revenue requirement in the 2020 GRC and the remaining 7/12 (\$1,005,000) be included in a regulatory liability for reimbursement to Northern Nevada customers in the Company's next GRC.<sup>2</sup>

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<sup>1</sup> Certification period ends November 30, 2023. All certification period adjustments will be certified in Statement I.

<sup>2</sup> See the Commission's Order in Docket No. 20-02023 at page 153.



1 **Q. 8 Did the Company comply with paragraph 448 of the Commission’s Order**  
2 **in Docket No. 20-02023?**

3 A. 8 Yes. Pursuant to the Commission’s Order in Docket No. 20-02023, the Company  
4 first established rates in that docket considering the removal of \$750,000 from  
5 Northern Nevada rate base and a credit to Northern Nevada customers in the  
6 amount of \$750,000 to be amortized over four years (\$187,500 per year). The  
7 Company subsequently filed its 2021 GRC in Docket No. 21-09001 prior to the  
8 end of that four-year amortization period. Consequently, in that docket, the  
9 Company’s rates considered the remaining \$468,750 of the \$750,000 that  
10 needed to be re-amortized over a new two-year amortization period.<sup>3</sup> Moreover,  
11 in Docket No. 21-09001, the Company included in its rate design a regulatory  
12 liability with carry in the amount of \$1,161,551 to be amortized over the same  
13 two-year amortization period.<sup>4</sup>

14 **Q. 9 Is the Company seeking to re-amortize this regulatory liability in the instant**  
15 **docket?**

16 A. 9 No. As further discussed in the direct testimony of Company witness, Celine L.  
17 Apo, the previously authorized two-year amortization period approved by the  
18 Commission in Docket No. 21-09001 commenced April 2022. The Company  
19 expects rates established in the instant Application to go into effect April 2024.  
20 Consequently, all required amounts to be credited to the Company’s Northern  
21 Nevada customers pursuant to this regulatory liability will be complete in April  
22 2024 and the Company will have satisfied the directives in paragraph 448 of the  
23 Commission’s Order in Docket No. 20-02023.

24 \_\_\_\_\_  
25 <sup>3</sup> See the Company’s Certification filing in Docket No. 21-09001 at Volume 1 page 134 (Schedule I-C6).

<sup>4</sup> *Id.* at page 137 (Schedule I-C9).

1 **DOCKET NO. 21-09001**

2 **Q. 10 Please summarize the directives issued by the Commission in its Order in**  
3 **Docket No. 21-09001 as they pertain to the instant docket.**

4 **A. 10** The Commission's Order in Docket No. 21-09001 directed the Company to:

- 5 • Provide as a compliance item an accounting of final costs incurred to present  
6 and prepare the GRC filed in Docket No. 21-09001 within 90 days of the date  
7 of the Commission's Order;<sup>5</sup>
- 8 • Include in its future GRC filings any previously-authorized regulatory asset  
9 and liabilities that it seeks to re-amortize in rate base as the fully amortized  
10 balance as of the rate-effective date;<sup>6</sup>
- 11 • Include each of the following in its next GRC filing:
  - 12 ○ A ledger of adjusted expenses for the following items for which it is  
13 seeking recovery: food and beverage, travel, lodging incidentals, real  
14 estate, and entertainment;<sup>7</sup>
  - 15 ○ A schedule delineating every Board of Director charge included for  
16 recovery, including reference to the schedule that each Board of  
17 Director charge is itemized on and the amount requested for recovery  
18 in the Southern and Northern Nevada revenue requirements;<sup>8</sup>
  - 19 ○ A proposed method to incorporate the warming trend into the weather  
20 normalization process including supporting analysis containing at least  
21 20 years of historic data;

22 ///

24 <sup>5</sup> See the Commission's Order in Docket No. 21-09001 at page 11, Compliance No. 3

<sup>6</sup> *Id.*, at Directive No. 4

<sup>7</sup> *Id.*, at Directive No. 5

25 <sup>8</sup> *Id.*, at Directive No. 6

- A weather normalization adjustment to transportation volumes if the transportation service customer in in a similar category as a weather-normalized general sales service category;
- A weather normalization adjustment to the commercial A/C schedule;
- A weather normalization adjustment to the transportation small electric generation service schedule and the contracts for special services transportation electric generation service schedule;<sup>9</sup> and
- Meet with the Regulatory Operations Staff of the Commission (Staff), the Nevada Bureau Consumer of Protection (BCP), and any other interested parties to the proceeding and demonstrate the inputs necessary to calculate its Rule No. 9 allowances within 180 days of the issuance of the Commission's Order.<sup>10</sup>

**Q. 11 Did the Company comply with each of the Commission's directives described in Q&A 10?**

**A. 11** Yes. The Company addressed each of the Commission directives described in Q&A 10 as follows:

- The Company filed with the Commission on June 20, 2022, as a compliance item, an accounting of final costs incurred to present and prepare the GRC filed in Docket No. 21-09001;
- The instant Application includes discussion and support from Company witness Celine L. Apo on previously-authorized regulatory assets and liabilities it seeks to re-amortize in rate base;
- The instant application includes discussion and support from Company

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<sup>9</sup> *Id.*, at page 12, Directive No. 7

<sup>10</sup> *Id.*, at page 13, Directive No. 8

1 witness, Randi L. Cunningham for: 1) a ledger of adjusted expenses for which  
2 it is seeking recovery of food and beverage, travel, lodging incidentals, real  
3 estate and entertainment and 2) a schedule delineating every Board of  
4 Director charge included for recovery in the instant application;

- 5 • The instant application includes discussion and support from Company  
6 witness, Brandy L. Little on: 1) a method to incorporate the warming trend into  
7 the weather normalization process including supporting analysis containing  
8 at least 20 years of historic data; 2) a weather normalization adjustment to  
9 transportation volumes for the transportation service customer in a similar  
10 category as a weather-normalized general sales service category; 3) a  
11 weather normalization adjustment to the commercial A/C schedule; and 4) a  
12 weather normalization adjustment to the transportation small electric  
13 generation service schedule and the contracts for special services  
14 transportation electric generation service schedule; and
- 15 • The Company met with Staff, BCP and other interested parties on August 31,  
16 2022, to demonstrate the inputs necessary to calculate its Rule No. 9  
17 allowances.

18 **DOCKET NO. 21-08009**

19 **Q. 12 Please summarize the directives issued by the Commission in its order in**  
20 **Docket No. 21-08009 as they pertain to the instant docket.**

21 **A. 12** The Commission's Order in Docket No. 21-08009 directed, among other things,  
22 that the Company: 1) submit payment in the amount of \$20,000 to the  
23 Commission as a compliance item for deposit in the State General Fund; and 2)  
24 facilitate or otherwise ensure that its leak survey contractor engages in  
25

1 enhanced drug testing and training as outlined in the Commission approved  
2 stipulation in Docket No. 21-08009 and pay \$5,000 towards those efforts, which  
3 will be charged below the line.<sup>11</sup>

4 **Q. 13 Did the Company comply with each of the Commission's directives**  
5 **described in Q&A 12?**

6 A. 13 Yes. The Company issued check no. 2163602 dated March 22, 2022, in the  
7 amount of \$20,000 to the Commission for deposit into the State General Fund.  
8 Moreover, Southwest Gas engaged its leak survey contractor to provide drug  
9 testing and education pursuant to the Commission's Order, for which the  
10 Company incurred \$5,187 in total costs. Both amounts were charged to non-  
11 utility FERC accounts and are therefore not included in the Company's proposed  
12 revenue requirement.<sup>12</sup>

13 **III. WITHIN TEST YEAR ADJUSTMENTS**

14 **Q. 14 Please explain Schedule H-6, Company-Owned Vehicles.**

15 A. 14 This adjustment removes the rate base related to Company-provided vehicles.  
16 This adjustment reduces rate base in Southern Nevada and Northern Nevada  
17 by \$17,465 and \$3,306, respectively (after allocation).

18 **Q. 15 Please explain Schedule H-9, Self-Insured Retention Normalization.**

19 A. 15 Adjustment No. 9 adjusts the recorded self-insured accruals charged to Account  
20 925 during the test year to a normalized level.

21 ///

23 ///

24 \_\_\_\_\_  
25 <sup>11</sup> See the Commission's Order in Docket No. 21-08009 at pages 5-6.

<sup>12</sup> The \$20,000 deposit was charged to FERC Account 42630 and the \$5,187 was charged to FERC Account 42650.

1 **Q. 16 What was the Company's level of self-insurance for general liability claims**  
2 **at the end of the test year?**

3 A. 16 The Company is self-insured up to \$1m for each unrelated general liability claim.  
4 It is also self-insured for general liability coverage up to an aggregate of \$4m.  
5 Once the Company meets this \$5m threshold, its insurance carriers are  
6 responsible for the claims expense, up to their policy limits.

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

9 A. 17 When an incident is identified that may require payment, the Company accrues  
10 the estimated payment as a self-insured retention expense. The entry is a debit  
11 to Account 925, Injuries and Damages, and a credit to Account 228.2,  
12 Accumulated Provision for Injuries and Damages. Once the outcome of the claim  
13 becomes final, any costs paid are charged against the accrual in Account 228.2.  
14 If the amounts paid are different than the amount accrued, then the net  
15 difference is removed from Account 228.2 and charged back against Account  
16 925.

17 **Q. 18 Given the method used to account for the self-insured portion of liability**  
18 **claims, does the test year expense reflect on-going operations?**

19 A. 18 No. It is not unusual to have fluctuations in the net charges to Account 925 from  
20 period-to-period due to the nature of the method used to account for this process  
21 and the fact that large claims that reach the \$5 million threshold do not occur  
22 every year. This can result in Account 925 having an expense level during any  
23 given recorded period that is not representative of on-going operations. For this  
24 reason, it is appropriate to normalize this cost based on claims experience over  
25 the last ten years.

1 **Q. 19 Please explain the normalized adjustment to self-insured expense.**

2 A. 19 The Company uses a ten-year average of self-insured amounts to normalize this  
3 expense for ratemaking purposes. Schedule H-9, Sheet 2, shows that the ten-  
4 year average of Southern Nevada and Northern Nevada direct claims is  
5 \$201,669 and \$0, respectively, compared to the test year amounts of \$1,000,000  
6 for Southern Nevada and \$0 for Northern Nevada, requiring a \$798,331  
7 downward adjustment and \$0 adjustment, respectively. The ten-year average  
8 system allocable expense is \$165,885 compared to the test year amount of  
9 \$1,150,000, requiring a downward adjustment of \$984,115. After allocating a  
10 portion of this expense to Great Basin Gas Transmission Company (Great  
11 Basin), the Southern Nevada and Northern Nevada portions of this adjustment  
12 result in a decrease of \$266,929 and \$50,527, respectively. The total impact of  
13 this adjustment on Southern Nevada's and Northern Nevada's operating  
14 expenses is (\$1,065,260) and (\$50,527), respectively.

15 **Q. 20 Please explain Schedule H-10, Great Basin Allocation Annualization.**

16 A. 20 Adjustment No. 10 annualizes the system allocable A&G amounts allocated to  
17 Great Basin through the Modified Massachusetts Formula (MMF) allocation  
18 methodology and the insurable property factor for the test year ended May 31,  
19 2023. The supporting workpapers to Adjustment No. 10 show the detailed  
20 calculations needed to derive the Great Basin insurable property factor at May  
21 31, 2023. This adjustment is consistent with the methodology approved by the  
22 Commission in the Company's last several rate cases.

23 **Q. 21 Please explain Schedule H-15, General Plant Maintenance Normalization.**

24 A. 21 This adjustment is necessary to properly account for: 1) In Southern Nevada and  
25 Northern Nevada, the removal of maintenance expenses associated with the

1 Company's former corporate office at Spring Mountain Road (Spring Mountain  
2 Building); 2) For Northern Nevada only, the removal of test year lease payments  
3 incurred for the Winnemucca office, which closed in July 2023; and 3) for  
4 Northern Nevada only, the anticipated maintenance expense for the new  
5 Winnemucca Building that is expected to be placed into service prior to  
6 November 30, 2023.

7 This Spring Mountain Building maintenance adjustment allocates a portion of the  
8 expense to Great Basin through the MMF, then to Southern Nevada and  
9 Northern Nevada using the 4-Factor methodology. The adjustment decreases  
10 operating expense in Southern Nevada and Northern Nevada by \$289,012 and  
11 \$54,707, respectively.

12 The Winnemucca office lease and anticipated maintenance portion of the  
13 adjustment increases expense for Northern Nevada by \$56,348.

14 **Q. 22 Please explain Schedule H-23, Miscellaneous Rate Base Adjustment.**

15 A. 22 The Company has removed from rate base certain expenditures associated with  
16 various work orders including those identified by the Company in Docket No. 18-  
17 05031. The adjustment decreases Southern Nevada and Northern Nevada rate  
18 base by \$189,724 and \$111,987 respectively.

19 **Q. 23 Please explain Schedule H-24 for Southern Nevada, In-Line-Inspection  
20 Normalization.**

21 A. 23 This adjustment normalizes in-line-inspection expenses over four years  
22 consistent with the Order in Docket No. 20-02023. The adjustment decreases  
23 Southern Nevada expense by \$82,730.

24 ///

25 ///



1 | **Q. 24 Please explain Schedule H-24 for Northern Nevada, Winnemucca Land.**

2 | A. 24 The Company has historically included this adjustment to properly account for  
3 | the cost of land purchased for construction of the new Winnemucca facility  
4 | (Winnemucca Land). As described in Q&A 21, the Company's existing  
5 | Winnemucca office closed in July 2023 and its new facility is currently being  
6 | constructed upon the Winnemucca Land. The new Winnemucca facility is  
7 | expected to be placed into service prior to November 30, 2023. Consequently,  
8 | this adjustment does not currently remove the Winnemucca Land from the  
9 | Northern Nevada rate base. Southwest Gas expects to update its recorded plant  
10 | at certification, including the costs associated with the new Winnemucca  
11 | building. If the new Winnemucca facility is not placed into service, and the  
12 | Winnemucca Land is not used and useful by November 30, 2023, the Company  
13 | will update this adjustment at certification to remove the Winnemucca Land.

14 | **Q. 25 Please explain Schedule H-25 for Northern Nevada, Spring Creek Projects.**

15 | A. 25 This adjustment removes from rate base the projects contemplated in the  
16 | Company's Spring Creek Expansion Project deferrals (Spring Creek Projects).  
17 | The Stipulation filed and Commission Order issued in Docket No. 19-06017  
18 | established separate and distinct rates and amounts required to be paid by  
19 | certain customers, for the Company's Northern Nevada, Elko District, and Spring  
20 | Creek Expansion Area customers. The Company is removing the Spring Creek  
21 | Projects from the revenue requirement in the instant docket to ensure  
22 | consistency with the intent of that order. The adjustment decreases Northern  
23 | Nevada rate base by approximately \$27.7 million.

24 |

25 |

1 **IV. CERTIFICATION ADJUSTMENTS**

2 **Q. 26 Are you sponsoring any adjustments within the certification period ending**  
3 **November 30, 2023?**

4 A. 26 Yes, I am sponsoring Adjustment Nos. C4 and C5 which are contained in  
5 Schedules H-C4 and H-C5. All certification period adjustments will be certified  
6 in Statement I.

7 **Q. 27 Please describe Schedule H-C4, Annualization of Depreciation and**  
8 **Amortization.**

9 A. 27 This adjustment annualizes the change in depreciation and amortization  
10 expense based on plant added during the certification period at currently  
11 authorized depreciation rates, which is expected to increase operating expense  
12 by \$1,967,502 in Southern Nevada and \$635,345 in Northern Nevada.

13 **Q. 28 Please describe Schedule H-C5, New Depreciation Rates.**

14 A. 28 This adjustment represents the changes for the new depreciation rates proposed  
15 in the Company's depreciation study for adjusted gas plant at the end of the  
16 certification, which is expected to increase operating expense by approximately  
17 \$7,149,032 in Southern Nevada and increase operating expense by  
18 approximately \$744,116 in Northern Nevada.<sup>13</sup> Please refer to the prepared  
19 direct testimony of Company witness, Dane A. Watson, for additional support for  
20 the Company's proposed new depreciation rates and the related Depreciation  
21 Study.

22 ///

23 ///

24 \_\_\_\_\_

25 <sup>13</sup> Amounts based upon projected plant in service at November 30, 2023. This number is subject to change based on the updated recorded plant included in the Company's certification filing.

1 **V. STATEMENTS**

2 **Q. 29 Which statements are you sponsoring in the instant docket?**

3 A. 29 I am sponsoring Statements G and Q.

4 **STATEMENT G-TEST PERIOD RATE BASE**

5 **Q. 30 Please explain the Company's Statement G filed in this GRC proceeding**  
6 **for the test period ended May 31, 2023.**

7 A. 30 Statement G provides a summary of the rate base components comprising the  
8 investment Southwest Gas has made in the Southern Nevada and Northern  
9 Nevada rate jurisdictions through the test period ended May 31, 2023. The total  
10 investment or rate base as adjusted at May 31, 2023 is \$1.709 billion and \$196  
11 million for the Southern Nevada and Northern Nevada rate jurisdictions,  
12 respectively. Details of the various rate base components are contained in  
13 Schedules G-1, G-2, G-3, G-4, G-5, and G-6.

14 **Q. 31 Please describe Schedule G-1.**

15 A. 31 The respective Southern Nevada and Northern Nevada Schedule G-1 consists  
16 of the following sheets:

- 17 • Sheet 1 is a summary of the cost of the Southern Nevada or Northern  
18 Nevada gas plant in service (GPIS), and the system allocable GPIS as  
19 recorded on the Company's books at May 31, 2023;
- 20 • Sheet 2 is a summary of the cost of the Southern Nevada or Northern  
21 Nevada GPIS, and the system allocable GPIS as adjusted at May 31,  
22 2023;
- 23 • Sheets 5 and 6 provide supporting detail of the costs of the Southern  
24 Nevada or Northern Nevada GPIS, and the system allocable GPIS at the  
25

1 beginning and end of the test period, including any additions, retirements,  
2 transfers and adjustments that affected those balances;

- 3 • Sheets 7 and 8 reflect within test period adjustments to Southern Nevada  
4 or Northern Nevada, and system allocable plant; and
- 5 • Sheets 3, 4, 9, 10, 11, and 12 are related to the certification period ended  
6 November 30, 2023.

7 System allocable plant was allocated to the Southern Nevada and  
8 Northern Nevada rate jurisdictions based on the 4-Factor allocation percentage  
9 of 28.19 percent and 5.34 percent, respectively. The 4-Factor allocation  
10 percentages are shown on Statement N, Sheet 6.

11 **Q. 32 Please describe Schedule G-2.**

12 **A. 32** Schedule G-2 consists of the following sheets:

- 13 • Sheet 1 is a summary of the Southern Nevada or Northern Nevada  
14 accumulated provision for depreciation and amortization (D&A), and  
15 system allocable D&A as recorded at May 31, 2023;
- 16 • Sheet 2 is a summary of the Southern Nevada or Northern Nevada D&A,  
17 and system allocable D&A as adjusted at May 31, 2023;
- 18 • Sheets 5 and 6 provide supporting detail of the beginning and ending  
19 balances of the D&A for the test period for Southern Nevada or Northern  
20 Nevada, and system allocable. The supporting detail includes the annual  
21 provision for depreciation, salvage, cost of removal, retirements, transfers  
22 and adjustments that affected those balances;
- 23 • Sheets 7 and 8 reflect within test period adjustments to Southern Nevada  
24 or Northern Nevada, and system allocable plant; and

25

- Sheets 3, 4, 9, 10, 11, and 12 are related to the certification period ended November 30, 2023.

**Q. 33 Please describe Schedule G-3.**

A. 33 Schedule G-3 provides the current depreciation and amortization rates for Southern Nevada or Northern Nevada, and system allocable plant.

**Q. 34 Please describe Schedule G-4.**

A. 34 Schedule G-4, Sheet 1, provides the 13-month average balances of materials and supplies at May 31, 2023 in Southern Nevada or Northern Nevada. Schedule G-4, Sheet 2, provides the system allocable 13-month average balances of materials and supplies. Schedule G-4, Sheets 3 and 4 are related to the certification period ended November 30, 2023.

**Q. 35 Please describe Schedule G-5.**

A. 35 Schedule G-5, Sheet 1, provides the results of the test period lead-lag study which is discussed in the prepared direct testimony of Company witness, Timothy S. Lyons. This includes a listing of the items included as other debits and credits. Most of the other debits and credits are calculated using a 13-month average balance. Schedule G-5, Sheet 2 is related to the certification period ended November 30, 2023.

**Q. 36 Please describe Schedule G-6.**

A. 36 Schedule G-6, Sheet 1, provides the 13-month average balances of customer advances for construction at May 31, 2023 for Southern Nevada or Northern Nevada. Schedule G-6, Sheet 2 is related to the certification period ended November 30, 2023.

///

1 **STATEMENT Q-SHARES**

2 **Q. 37 Did the Company provide Statement Q consistent with NAC 703.2452?**

3 A. 37 Yes. Consistent with the requirements of NAC 703.2452, Statement Q  
4 provides shareholder information as of May 31, 2023.

5 **VI. ANNUAL LEAK SURVEY REGULATORY ASSET**

6 **Q. 38 Did the Company incur and record during the test period any incremental**  
7 **leak survey costs associated with the regulations set forth in Legislative**  
8 **Counsel Bureau File No. R032-20 that were adopted by the Commission in**  
9 **No. 19-09011 (Regulations)?**

10 A. 38 Yes. As described by Company witnesses, Thomas W. Cardin and Matthew A.  
11 Helmers, the Company incurred incremental O&M and capital costs (collectively,  
12 Annual Leak Survey Costs) to comply with the Regulations during the test period  
13 and recorded certain Annual Leak Survey Costs to a regulatory asset account.<sup>14</sup>

14 **Q. 39 Is the Company seeking to include Annual Leak Survey Costs in base rates**  
15 **in the instant docket?**

16 A. 39 Yes. Pursuant to the Commission's Order in Docket No. 19-09011, the Company  
17 seeks recovery of the Annual Leak Survey Costs quantified by Company  
18 witnesses Thomas W. Cardin and Matthew A. Helmers, in its base rates.<sup>15</sup>  
19 Through May 31, 2023, the total Annual Leak Survey Costs proposed for inclusion  
20 in base rates is \$3,985,277.<sup>16</sup> The Company intends to provide updated amounts  
21 through November 30, 2023, for inclusion in its Certification filing.

23 <sup>14</sup> The Commission approved the tracking of incremental costs associated with the compliance of the Regulations  
24 and brought forth for consideration to a utility's next general rate case. See the Commission's Order in Docket No.  
19-09011 at page 4.

<sup>15</sup> *Id.*

25 <sup>16</sup> Includes approximately \$206,055 in vehicles and equipment for Northern Nevada and approximately \$586,412 in  
vehicles and equipment for Southern Nevada.

1 **Q. 40 Are the Annual Leak Survey Costs, presented for inclusion in base rates,**  
2 **the entirety of the Company's Annual Leak Survey Costs necessary to**  
3 **comply with the Regulations?**

4 A. 40 No. As discussed in the prepared direct testimonies of Company witnesses  
5 Thomas W. Cardin and Matthew A. Helmers, the Company has not yet completed  
6 the first full year of annual leak surveys required under the Regulations.  
7 Consequently, the Company seeks approval to include Annual Leak Survey Costs  
8 incurred through November 30, 2023, in base rates and to continue tracking  
9 Annual Leak Survey Costs incurred thereafter in a regulatory asset account.  
10 Pursuant to the Commission's Order in Docket No. 19-09011, the Company would  
11 present Annual Leak Survey Costs incurred after November 30, 2023, for  
12 inclusion in base rates in a future general rate case proceeding.

13 **Q. 41 Should the Commission authorize the Annual Leak Survey Costs presented**  
14 **in the instant docket for inclusion in base rates?**

15 A. 41 Yes. As further described in the prepared direct testimonies of Company  
16 witnesses Thomas W. Cardin and Matthew A. Helmers, the Annual Leak Survey  
17 Costs through May 31, 2023, were prudently incurred and were required to  
18 comply with the Regulations. Consequently, the Commission should approve  
19 these costs, as well as any additional prudently incurred Annual Leak Survey  
20 Costs through November 30, 2023, for inclusion in the Company's base rates.

21 **VII. TARIFF REVISIONS**

22 **Q. 42 Is Southwest Gas proposing revisions to its Tariff in this proceeding?**

23 A. 42 Yes. As discussed in the prepared direct testimony of Company witness A.  
24 Brooks Congdon, the Company proposes changes in this proceeding to its  
25 Contract Transition Adjustment Provision (CTAP). The proposed changes will

1 change the name of the CTAP provision to the “Customer Transition Adjustment  
2 Provision” (still CTAP) and will expand the mechanism to include customers  
3 under rate schedules SG-G5 and SG-G6. The Company’s proposed Tariff  
4 revisions are filed concurrently herewith in Exhibit 1 of the Company’s  
5 application.

6 **VIII. CONCLUSION**

7 **Q. 43 Does this conclude your prepared direct testimony?**

8 **A. 43 Yes.**

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**SUMMARY OF QUALIFICATIONS  
CHRISTOPHER M. BROWN**

I hold a Bachelor of Science degree in Civil Engineering from the University of Nevada Las Vegas and a Master of Science in Engineering from Purdue University. I am a licensed professional engineer in the State of Nevada.

From 2001 to 2004, I was employed at Martin and Peltyn Structural Engineers in Las Vegas, Nevada. My primary responsibilities as an engineering designer included performing both gravity and lateral analysis and design for concrete, steel and wood structures.

In June 2004, I began working at The WLB Group, Inc in Henderson, Nevada. My primary responsibilities as a civil engineering designer included the preparation of hydrology and hydraulic analysis as well as utility and roadway design for various commercial, residential, industrial and public works projects.

From 2005 to 2007, I was employed at Wright Engineering in Las Vegas, Nevada as a Project Manager. My primary responsibilities included oversight of hydrologic and hydraulic analysis; preparation of civil improvement plans for commercial, residential and industrial projects; and, the preparation of tentative maps for both residential and commercial subdivisions.

From 2007 to 2009, I worked for Kennedy Commercial in Las Vegas, Nevada. As the Director of Construction my primary responsibilities included overseeing day-to-day construction aspects for multiple commercial and mixed-use construction projects, preparing budgets, selecting consulting engineering firms; and, contract negotiations.

In 2009, I joined Aptus Architecture in Las Vegas, Nevada. In my role as the Director Engineering Operations I was responsible for starting a Civil Engineering division of the company. During my time at Aptus, I oversaw all hydrology and hydraulic modeling, technical drainage study preparation, civil improvement plan preparation for commercial and Public Works projects, business development; and, preparation of professional services contracts.

**SUMMARY OF QUALIFICATIONS  
CHRISTOPHER M. BROWN**

In January 2011, I joined Southwest Gas Corporation (Southwest Gas) in its southern Nevada division. As a Distribution Engineer in the New Business group, I was involved with the Strip Reliability Projects, hydraulic analysis and modeling, as well as the design of multiple large meter set assemblies and regulator stations. In January 2012, I moved to the Pipeline Safety/Code Compliance group where I served as the southern Nevada division's engineering key contact for the Transmission Integrity Management Program. In November 2012, I was promoted to Supervisor of the Nevada Key Account Management group where I was responsible for the coordination and management of multiple large customer accounts and design projects. I was subsequently promoted in April 2014 to the Manager of Gas Purchases and Transportation. My responsibilities included soliciting and contracting for the gas supply and transportation resources required to meet the needs of Southwest Gas' sales customers. I was also responsible for nominations and confirmations of gas supplies on upstream interstate pipelines and the confirmation of all gas supplies at the various delivery points that feed into Southwest Gas' distribution system. In January 2020, I moved to Manager/Regulation and Energy and Efficiency (REE) where I was responsible for providing guidance consistent with the Company's regulatory initiatives and assisting with the Company's Nevada regulatory activities. In 2021, I was promoted to my current position of Director/Regulation where I provide strategic leadership, guidance, and direction in the alignment of the Company's regulatory strategy, ensures technical accuracy, and regulatory compliance, as well as ensuring the Company has positive relationships with all regulatory stakeholders.

1 **AFFIRMATION OF CHRISTOPHER M. BROWN**

2 Pursuant to NAC 703.710, Christopher M. Brown affirms and declares the following:

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

13 EXECUTED and DATED this 23<sup>RD</sup> day of August, 2023

14  
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16 \_\_\_\_\_  
CHRISTOPHER M. BROWN

IN THE MATTER OF  
SOUTHWEST GAS CORPORATION  
DOCKET NO. 23-09\_\_\_\_

PREPARED DIRECT TESTIMONY  
OF  
CELINE LOUISE R. APO

ON BEHALF OF  
SOUTHWEST GAS CORPORATION

SEPTEMBER 1, 2023

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Prepared Direct Testimony  
of  
Celine Louise R. Apo

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Appendix A – Summary of Qualifications of Celine Louise R. Apo

BEFORE THE PUBLIC UTILITIES COMMISSION OF NEVADA

Prepared Direct Testimony  
of  
Celine Louise R. Apo

**I. INTRODUCTION**

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

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

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

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

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

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

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

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

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

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

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

1 expenses;

- 2 • Director & Officer insurance; and
- 3 • Depreciation and Amortization expense.

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

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

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

- 7 • Test year adjustments, specifically:
  - 8 ○ Schedule H-4, Call Center and Support Function Reallocation
  - 9 Adjustment
  - 10 ○ Schedule H-7, Uncollectibles Expense
  - 11 ○ Schedule H-8, Promotional Advertising
  - 12 ○ Schedule H-11, Officer Perquisites
  - 13 ○ Schedule H-12, Board of Directors – Interest Earned on Deferred
  - 14 Compensation
  - 15 ○ Schedule H-13, Commitment Fees Related to Short-Term Debt
  - 16 ○ Schedule H-14, Wrongful Termination Normalization
  - 17 ○ Schedule H-16, Depreciation and Amortization Expense Annualization
  - 18 ○ Schedule H-18, Regulatory Amortizations
  - 19 ○ Schedule H-21, Prepayments;
- 20 • Certification Period Adjustments, specifically:
  - 21 ○ Schedule H-C-3, Regulatory Commission Expense
  - 22 ○ Schedule H-C4, Annualization of Depreciation and Amortization
  - 23 ○ Schedule H-C7, Regulatory Amortizations Adjustment;
- 24 • Statement K, Operations and Maintenance Expense; and

25

- Statement L, Depreciation and Amortization Expenses.

## **II. STATEMENTS**

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

A. 7 I am sponsoring Statements K and L.

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

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

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

A. 9 Yes. Consistent with NAC 703.2361, Statement K presents operation and maintenance expenses recorded by account developed from supporting Schedules K-1 through K-7.

## **III. WITHIN TEST YEAR ADJUSTMENTS**

**Q. 10 Please explain Schedule H-4, Call Center and Support Function Reallocation Adjustment.**

A. 10 This adjustment is required because the expenses related to the Company's customer support functions are charged primarily to the two divisions (Northern Nevada and Southern California) that provide support to Southwest Gas' three-state service territory. It also properly allocates the costs for the Company's Call Centers, which are now corporate departments, based on the end of the period allocation factor. To ensure that the costs are properly allocated to the rate jurisdiction that incurred the cost, the subaccounts are totaled for the entire Company and reallocated to each ratemaking jurisdiction based on the number



1 of customers utilized in the 4-Factor allocation methodology (or Factor IV) at the  
2 end of the test period. The impact of this adjustment on operating expense is an  
3 increase of \$12,059 in Southern Nevada and a decrease of \$40,076 in Northern  
4 Nevada.

5 **Q. 11 Please explain and describe Schedule H-7, Uncollectibles Expense.**

6 A. 11 This adjustment smooths out fluctuations and/or abnormal conditions  
7 experienced during the test year by utilizing a two-year historic average rate of  
8 uncollectibles expense (excluding gas cost). This adjustment uses the average  
9 net write-off percentage (the sum of gross write-offs, net of recoveries) for the  
10 two years ended May 31, 2022 and 2023. This average write-off percentage was  
11 applied to test year margin at present rates (annualized and weather-normalized)  
12 to determine the normalized uncollectible expense for this case. The adjustment  
13 was computed as the difference between the actual uncollectible expense  
14 recorded in the test year recorded in Account 904, determined by applying a two-  
15 year average write-off percentage. The two-year average write-off percentage of  
16 1.3185 percent in Southern Nevada and 0.8020 percent in Northern Nevada is  
17 then multiplied by the margin at present rates to calculate the annualized margin-  
18 related uncollectible expense. To normalize the level of expense to be included  
19 in the Company's cost of service, the test year amount recorded to Account 904  
20 is then subtracted from the annualized amount. The impact of the normalization  
21 adjustment on operating expense is a decrease of \$439,950 in Southern Nevada  
22 and a decrease of \$241,489 Northern Nevada. This adjustment is calculated  
23 consistent with recent general rate cases.

24 **Q. 12 Please explain Schedule H-8, Promotional Advertising.**

25 A. 12 This adjustment removes advertising costs that do not fall within the guidelines

1 established by the Commission. The effect of this adjustment is to decrease  
2 operating expenses by \$1,046 and \$11,625 in Southern Nevada and Northern  
3 Nevada, respectively.

4 **Q. 13 Please explain Schedule H-11, Officer Perquisites.**

5 A. 13 The Company is not seeking recovery of officer perquisites<sup>1</sup>. The adjustment  
6 decreases Southern Nevada and Northern Nevada expense by \$11,300 and  
7 \$2,139, respectively (after allocation).

8 **Q. 14 Please explain Schedule H-12, Board of Directors – Interest Earned on**  
9 **Deferred Compensation.**

10 A. 14 Consistent with prior Commission directives, the purpose of this adjustment is to  
11 remove interest earned on past and current Directors' deferred compensation.  
12 This adjustment reduces operating expense in Southern Nevada and Northern  
13 Nevada by \$166,146 and \$30,699 respectively.

14 **Q. 15 Please explain Schedule H-13, Commitment Fees Related to Short-Term**  
15 **Debt.**

16 A. 15 This adjustment removes the cost of commitment fees recorded to expense and  
17 incurred by the Company related to its test year short-term debt. This adjustment  
18 is in compliance with the Order in Docket Nos. 93-3003/3004. This adjustment  
19 reduces operating expense in Southern Nevada and Northern Nevada by  
20 \$147,595 and \$26,707, respectively.

21 **Q. 16 Please explain and describe Schedule H-14, Wrongful Termination**  
22 **Normalization.**

23 A. 16 A normalization adjustment was calculated to represent the average expense  
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25 <sup>1</sup> Includes the cost of physicals and financial planning totaling \$41,660.

1 experienced over the last three years, consistent with prior general rate cases.  
2 This adjustment represents an increase of \$84,044 and is applicable only to  
3 Southern Nevada, as there were no claims in the three-year period for Northern  
4 Nevada or Corporate employees.

5 **Q. 17 Please explain Schedule H-16, Depreciation and Amortization Expense**  
6 **Annualization.**

7 A. 17 Adjustment No. 16 annualizes depreciation and amortization expense based on  
8 adjusted plant in service as of May 31, 2023, using currently approved  
9 depreciation rates.<sup>2</sup> This adjustment increases operating expenses by  
10 \$1,431,445 for Southern Nevada and decreases operating expenses by  
11 \$486,441 for Northern Nevada.

12 **Q. 18 Please explain why an adjustment is necessary to annualize depreciation**  
13 **and amortization expense for the test year.**

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

25 <sup>2</sup> As authorized in Docket No 18-05031.

1 retired from service, depreciation and amortization must be annualized based on  
2 end of test year plant balances, as adjusted. This adjustment accomplishes those  
3 objectives and is consistent with the methodology approved by the Commission  
4 in the Company's previous rate cases.

5 **Q. 19 Please explain Schedule H-18, Regulatory Amortizations.**

6 A. 19 The Company made this adjustment in order to reflect the appropriate level of  
7 test year regulatory amortization expense. The test year regulatory amortization  
8 expense related to costs recovered through a surcharge is not requested for  
9 recovery in this proceeding. The result is a decrease of \$4,029,848 and  
10 \$2,350,446 in Southern Nevada and Northern Nevada, respectively.

11 **Q. 20 Please explain Schedule H-21, Prepayments.**

12 A. 20 Adjustment No. 21 impacts expense and includes certain test period expenses  
13 that have a service period of more than one year. This expense is normalized to  
14 reflect one year of expense and decreases Southern Nevada and Northern  
15 Nevada expense by \$111,499 and \$21,106, respectively.

16 **IV. CERTIFICATION PERIOD ADJUSTMENTS**

17 **Q. 21 Are you sponsoring any adjustments within the certification period ending**  
18 **November 30, 2023?**

19 A. 21 Yes, I am sponsoring Adjustment Nos. C3, C4, and C7, which are contained in  
20 Schedules H-C3, H-C4, and H-C7. All certification period adjustments will be  
21 certified in Statement I.

22 **Q. 22 Please describe Schedule H-C3, Regulatory Commission Expense (i.e. rate**  
23 **case expense).**

24 A. 22 The Company's estimated rate case expense is \$655,598. This amount includes  
25 expenses incurred between December 1, 2021 and May 31, 2022 (\$275,598) for

1 the Company's most recent general rate case (Docket No. 21-09001) together  
2 with expenses estimated (\$380,000) to be incurred through the certification  
3 period in this general rate case. The estimated amount will be updated to reflect  
4 actual costs incurred through November 30, 2023 in the Company's certification  
5 filing. Southwest Gas proposes to recover these amounts over two years, which  
6 is the expected length of the next rate case cycle. Of the total estimated rate  
7 case expense of \$655,598, \$551,252 is allocated to Southern Nevada and  
8 \$104,346 is allocated to Northern Nevada based on the 4-Factor percentages of  
9 84.08% and 15.92%, derived using the test year 4-Factor percentages of 28.19%  
10 and 5.34%, respectively. To normalize the level of expense to be included in the  
11 Company's cost of service, the test year amount recorded to Account 928 is then  
12 subtracted from the estimated annualized amount. This adjustment is expected  
13 to decrease operating expense by \$282,986 in Southern Nevada and by \$62,247  
14 in Northern Nevada.

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

17 A. 23 This adjustment annualizes the change in depreciation and amortization expense  
18 based on plant added during the certification period at currently authorized  
19 depreciation rates, which is expected to increase operating expense by  
20 \$1,967,502 in Southern Nevada and \$635,345 in Northern Nevada. The actual  
21 expense will be updated in the Company's certification filing to synchronize with  
22 actual plant in service at November 30, 2023.

23 **Q. 24 Please describe Schedule H-C7, Regulatory Amortizations Adjustment.**

24 A. 24 This adjustment is used to project the amortizations of regulatory assets, based  
25 on the beginning balances as of March 31, 2022 (the month prior to current rates

1 becoming effective) and two-year amortization cycle as ordered by the  
2 Commission in Docket 21-09001, through April 2024 which is the anticipated  
3 effective date of rates resulting from the instant docket. Because the Company  
4 received approval to amortize regulatory assets and liabilities over two years in  
5 Docket No. 21-09001, which was effective April 2022, and rates are anticipated  
6 to be effective April 2024 for the instant docket, the previously-authorized  
7 regulatory assets and liabilities should have a zero balance as of the rate-  
8 effective date. Therefore, Southwest Gas is not requesting to re-amortize any  
9 previously authorized regulatory assets and liabilities. The Company is  
10 requesting to include two new regulatory amortizations for the following  
11 regulatory assets – Leak Survey and COYL Replacement Program.

12 Beginning with April 2024, the Company is proposing a two-year amortization  
13 period, which is the expected length of the next rate case cycle. The total  
14 regulatory amortization adjustment is a decrease in operating expenses of  
15 \$569,073 for Southern Nevada and an increase in operating expenses of  
16 \$190,432 for Northern Nevada.

17 **Q. 25 Please describe the Commission’s directive related to previously**  
18 **authorized regulatory assets and liabilities.**

19 **A. 25** Directive 4 in the Order from Docket No. 21-09001 requires Southwest Gas to  
20 include any previously authorized regulatory assets and liabilities that it seeks to  
21 re-amortize in rate base at the fully-amortized balance as of the rate-effective  
22 date. As described in Q&A 24 above, Southwest Gas is not requesting to re-  
23 amortize any previously authorized regulatory assets and liabilities.

24 In addition, a regulatory liability account is not needed to record any amounts  
25 related to previously authorized regulatory amortizations beyond the two-year

1 amortization period approved by the Commission in Docket No. 21-09001.

2 **V. STATEMENT K - OPERATIONS AND MAINTENANCE EXPENSES**

3 **Q. 26 Please explain Statement K, Operations and Maintenance Expenses.**

4 A. 26 Statement K shows the recorded O&M expenses separately for Southern Nevada  
5 and Northern Nevada. Statement K also shows a summary, by account, of  
6 adjustments for test year, certification, ECIC (even though the Company is not  
7 proposing any ECIC adjustments) and the requested O&M expenses. There is  
8 a separate Statement K for both Southern Nevada and Northern Nevada.

9 **Q. 27 Please explain Schedule K-1.**

10 A. 27 Schedule K-1 is a detailed schedule that shows the O&M and corporate A&G by  
11 functional category. The amounts are further separated into labor, labor-related  
12 loadings, and materials and expenses. There is a separate Schedule K-1 for  
13 both Southern Nevada and Northern Nevada.

14 **Q. 28 Please explain Schedule K-2.**

15 A. 28 Schedule K-2 contains an analysis of each account that contains advertising  
16 costs. Details include a description of the service, the name of the firm providing  
17 the service, and whether or not the cost is being requested for recovery in this  
18 proceeding. The costs that Southwest Gas removed in compliance with  
19 Commission directives are discussed above in Adjustment No. 8. Southwest Gas  
20 included additional documentation in the workpapers supporting Schedule K-2  
21 regarding advertising costs for which Southwest Gas is requesting recovery.

22 **Q. 29 Please explain Schedules K-3 through K-7.**

23 A. 29 Schedules K-3 through K-7 were compiled to satisfy the Commission's filing  
24 requirements as set forth in Chapter 703 of the NAC. Each schedule depicts an  
25 itemized analysis of the amounts and cause for the expense. The expenses

1 detailed in Schedules K-3 through K-7 include: outside services employed;  
2 employee pensions and benefits; regulatory commission expense; miscellaneous  
3 general expenses; and intercompany and interdepartmental transactions. There  
4 is a separate set of Schedules K-3 through K-7 for each rate jurisdiction.

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

6 **Q. 30 Please explain Statement L for the test period ended May 31, 2023.**

7 A. 30 Statement L, Sheet 1 shows depreciable plant as of May 31, 2023, and  
8 depreciation and amortization expense recorded on the functional categories of  
9 plant during the test period for Southern Nevada or Northern Nevada, and system  
10 allocable. The effects of the test period adjustments are also reflected on this  
11 sheet. Statement L, Sheet 2 is related to the certification period ended November  
12 30, 2023.

13 **Q. 31 Please describe Schedule L-1.**

14 A. 31 Schedule L-1, Sheets 1 and 2 show depreciation and amortization expense  
15 recorded by account during the test period for Southern Nevada or Northern  
16 Nevada, and system allocable. The effects of the test period adjustments are  
17 also reflected on these sheets.

18 **VII. CONCLUSION**

19 **Q. 32 Does this conclude your prepared direct testimony?**

20 A. 32 Yes.

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SUMMARY OF QUALIFICATIONS  
CELINE LOUISE R. APO

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

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

In March 2022, I was promoted to my current position as Manager in the Regulation department, where I continue to be responsible for various regulatory filings and projects, focusing on the Company's Nevada rate jurisdictions.

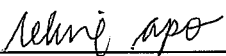
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**AFFIRMATION OF CELINE LOUISE R. APO**

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

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

EXECUTED and DATED this 15th day of August, 2023

  
\_\_\_\_\_  
Celine Louise R. Apo

IN THE MATTER OF  
SOUTHWEST GAS CORPORATION  
DOCKET NO. 23-09\_\_\_\_

PREPARED DIRECT TESTIMONY  
OF  
RICHARD W. CRANE

ON BEHALF OF  
SOUTHWEST GAS CORPORATION

SEPTEMBER 1, 2023

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Appendix A – Summary of Qualifications of Richard W. Crane

BEFORE THE PUBLIC UTILITIES COMMISSION OF NEVADA

Prepared Direct Testimony  
of  
Richard W. Crane

**I. INTRODUCTION**

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

A. 1 My name is Richard W. Crane. My business address is 8350 S. Durango Drive,  
Las Vegas, Nevada 89113.

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

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

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

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

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

A. 4 No.

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

A. 5 My prepared direct testimony supports various statements and within test year  
adjustments associated with the Company's revenue requirement in the instant  
application.

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

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

- Detail regarding Statements A through E of the Company's Application; and
- Within Test Year Adjustments H-20, Company-Operated Aircraft and H-22, Remittance Processing and Print to Mail Assets.

## **II. STATEMENTS**

**Q. 7 Which statements are you sponsoring in the instant docket?**

A. 7 I am sponsoring Statements A through E.

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

A. 8 Yes. Nevada Administrative Code (NAC) 703.2265 sets forth filing requirements for utilities with annual gross operating revenues of \$250,000 or more, which includes the filing of Statements A through E with a general rate case application.

**Q. 9 Has the Company provided Statement A consistent with NAC 703.2271?**

A. 9 Yes. Consistent with the requirements of NAC 703.2271, Statement A presents the Consolidated/Comparative Balance Sheets as of May 31, 2022 and May 31, 2023 (end of test year), based on the Company's books and records.

**Q. 10 Has the Company provided Statement B consistent with NAC 703.2275?**

A. 10 Yes. Consistent with the requirements of NAC 703.2275, Statement B presents the Consolidated Income Statements as of May 31, 2022 and May 31, 2023, based on the Company's books and records.

**Q. 11 Has the Company provided Statement C consistent with NAC 703.2281?**

A. 11 Yes. Consistent with NAC 703.2281, Statement C presents the Consolidated Statement of Retained Earnings as of May 31, 2022, based on the Company's books and records, and the resultant balance as of May 31, 2023.

///

1 | **Q. 12 Has the Company provided Statement D consistent with NAC 703.2285?**

2 | A. 12 Yes. Consistent with the requirements of NAC 703.2285, Statement D presents  
3 | the Consolidated Statement of Cash Flows as of May 31, 2023, based on the  
4 | Company's books and records.

5 | **Q. 13 Has the Company provided Statement E consistent with NAC 703.2275?**

6 | A. 13 Yes. Consistent with the requirements of NAC 703.2275, Statement E presents  
7 | the Accountant's Report and Footnotes as of May 31, 2023, based on the  
8 | Company's books and records.

9 | **III. WITHIN TEST YEAR ADJUSTMENTS**

10 | **Q. 14 Please identify the within test year adjustments you are supporting.**

11 | A. 14 I support the Northern Nevada and Southern Nevada within test year  
12 | adjustments H-20, Company-Operated Aircraft and H-22, Remittance  
13 | Processing and Print to Mail Assets.

14 | **Q. 15 Please explain Schedule H-20, Company-Operated Aircraft.**

15 | A. 15 Adjustment No. 20 is a compliance adjustment in accordance with the  
16 | Commission's decision in Docket Nos. 93-3003/3004. This adjustment removes  
17 | all rate base and expense associated with the Company-operated aircraft. As a  
18 | result, the net balance (less accumulated depreciation and deferred taxes) of  
19 | plant related to the aircraft and hangar are removed from rate base. This  
20 | adjustment reduces the requested rate base by \$936,175 and \$177,208 for  
21 | Southern Nevada and Northern Nevada, respectively. This adjustment also  
22 | removes operations and maintenance expenses associated with the aircraft.  
23 | The expenses are replaced with the cost of comparable commercial aircraft  
24 | flights that would have otherwise been incurred for the travel. This adjustment

25 |

1 reduces test year expense by \$214,657 in Southern Nevada and \$40,632 in  
2 Northern Nevada.

3 **Q. 16 Please explain Schedule H-25, Remittance Processing and Print to Mail**  
4 **Assets.**

5 A. 16 This adjustment adjusts rate base to properly account for the Company's  
6 decision to outsource its remittance processing and print to mail functions. The  
7 adjustment decreases Southern Nevada and Northern Nevada rate base by  
8 \$66,951 and \$12,673 respectively.

9 **IV. CONCLUSION**

10 **Q. 17 Does this conclude your prepared direct testimony?**

11 A. 17 Yes.

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## SUMMARY OF QUALIFICATIONS RICHARD CRANE

I graduated from the Brigham Young University in 2002 with a Bachelor of Arts in International Studies. I graduated from the University of Oklahoma in 2004 with a Master of Arts degree in Journalism and Mass Communication.

From 2004 to 2010, I was employed at Express Employment Professionals in Oklahoma City, Oklahoma. My job titles included Technical Writer and Business Analyst. My responsibilities included creating technical documentation and supporting company-sponsored projects and business processes.

From 2010 to 2012, I was employed at Rigil Corporation as a Business Analyst in Oklahoma City, Oklahoma. My primary responsibilities included supporting projects for the Federal Aviation Administration, including documenting business processes.

From 2012-2013, I was employed at Perficient as a Lead Consultant in Charlotte, North Carolina. My primary responsibilities included information technology consultation services to multiple clients, including web application development and documentation.

From 2013 to present, I have been employed by Southwest Gas Corporation (Company), initially as a Business Analyst in the Enterprise Project Management department. I was subsequently promoted to Senior Business Analyst in 2018. My responsibilities included supporting company-sponsored projects across the organization. This included documenting business processes, requirements, and preparing vendor documentation, such as requests for information and proposal. I also managed small to medium-sized projects as needed.


In May 2022, I was promoted to my current position as Manager in the Regulation department. My responsibilities focus on the Nevada rate jurisdictions and include reviewing rate filings and projections, rate changes in the Company's billing system, assisting with tariff administration and regulatory noticing, and managing formal customer complaints.

1 **AFFIRMATION OF RICHARD CRANE**

2 Pursuant to NAC 703.710, Richard Crane affirms and declares the following:

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

13 EXECUTED and DATED this 7 day of September, 2023

14   
15 \_\_\_\_\_  
16 RICHARD CRANE

IN THE MATTER OF  
SOUTHWEST GAS CORPORATION  
DOCKET NO. 23-09\_\_\_\_

PREPARED DIRECT TESTIMONY  
FREDERICA HARVEY

ON BEHALF OF  
SOUTHWEST GAS CORPORATION

SEPTEMBER 1, 2023

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 Prepared Direct Testimony  
 of  
Frederica Harvey

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Appendix A – Summary of Qualifications of Frederica Harvey

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

Exhibit No.\_\_(FH- 2)

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

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

Exhibit No.\_\_(FH-5)

Exhibit No.\_\_(FH-6)

Exhibit No.\_\_(FH-7)

Confidential Exhibit No.\_\_(FH-8)

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

Exhibit No.\_\_(FH-10)

Confidential Exhibit No.\_\_(FH-11)

- 1 Exhibit No.\_\_(FH-12)
- 2 Confidential Exhibit No.\_\_(FH-13)
- 3 Confidential Exhibit No.\_\_(FH-14)
- 4 Exhibit No.\_\_(FH-15)
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BEFORE THE PUBLIC UTILITIES COMMISSION OF NEVADA

Prepared Direct Testimony  
of  
Frederica Harvey

**I. INTRODUCTION**

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

A. 1 My name is Frederica Harvey. My business address is 8360 S. Durango Drive,  
Las Vegas, Nevada 89113.

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

A. 2 I am employed by Southwest Gas Corporation (Southwest Gas or Company) in  
the Human Resources department. My title is Director/Compensation &  
Benefits.

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

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

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

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

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

A. 5 My prepared direct testimony supports the Company's reasonable and prudently  
incurred expenses associated with its compensation and benefit programs,  
including base pay and incentive pay. I also support the Company's non-cash

1 compensation benefits and the reasonableness of the Board of Directors'  
2 compensation.

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

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

- 5 • An overview and discussion of the Company's compensation  
6 philosophy and the determination of its base pay;
- 7 • An overview and discussion of the Company's incentive  
8 compensation;
- 9 • An overview and discussion of the Company's non-cash  
10 compensation;
- 11 • Southwest Gas' Pension Program and Other Post-Employment  
12 Benefits (OPEB);
- 13 • An overview of the administration of the Company's base pay  
14 compensation;
- 15 • Reasonableness of the test year wage and salary levels;
- 16 • Reasonableness of the previously presented (and already embedded  
17 in the cost of service) wage and salary levels (Statement P Item);
- 18 • Wage increases granted during the certification period; and
- 19 • Reasonableness of the Company's Board of Directors'  
20 compensation.

21 **II. SOUTHWEST GAS' COMPENSATION PHILOSOPHY AND DETERMINATION OF**  
22 **BASE PAY**

23  
24 **Q. 7 Please describe Southwest Gas' overall compensation philosophy.**

25 A. 7 Southwest Gas recognizes the need to attract and retain top industry-specific  
talent to ensure continued safe and reliable natural gas service for its customers.



1 As such, Southwest Gas strives to maintain a median market position compared  
2 to its peers and competitors for its total rewards program, which includes cash  
3 and non-cash benefits provided to employees in return for their services. The  
4 Company offers total rewards that include a market competitive base pay,  
5 competitive incentive pay, a competitive package of employee benefits  
6 (including medical/dental/vision, wellness, life insurance, disability insurance,  
7 and accidental death and dismemberment insurance), and post-employment  
8 benefits.

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

11 **A. 8** Southwest Gas is committed to fairly compensating employees for the value of  
12 work provided. Without a balanced compensation program, recruitment,  
13 retention, motivation and productivity are jeopardized. To ensure competitive  
14 total compensation, Southwest Gas evaluates the current market value of its  
15 positions based on the knowledge, skills, and talents required of a fully  
16 competent incumbent.

17 The Company also reviews incentive and retirement programs for  
18 employees and executives relative to those of its peers. In addition to reviewing  
19 peer group data, Southwest Gas reviews numerous compensation surveys,  
20 which typically include surveys prepared by Willis Towers Watson, American  
21 Gas Association, Mercer, and Korn Ferry. A primary source for comparison of  
22 Senior Executives is the compensation paid by companies within the Southwest  
23 Gas public-company peer group, which is comprised of utilities deemed to be of  
24 comparable size and similar operational complexity to the Company. The  
25 Company periodically works with an outside compensation consultant in

1 performing its executive compensation review, which involves the use of  
2 national, regional and industry-specific benchmarking data. In addition to base  
3 salary, the survey data includes Target Total Cash Compensation (TCC) and  
4 Target Total Direct Compensation (TDC) values to gauge the compensation  
5 reasonableness of each position and ensure the salary ranges for these  
6 positions are within the competitive range of the 50<sup>th</sup> percentile (+/- 10% base  
7 salary, +/- 15% TCC/TDC).

8 **Q. 9 What does Southwest Gas target when measuring its base pay**  
9 **compensation to the market?**

10 A. 9 Southwest Gas generally benchmarks base pay at the median of the market –  
11 or the 50<sup>th</sup> percentile. Base pay is provided to all employees in the form of either  
12 an hourly wage (nonexempt) or annual salary (exempt). The Company believes  
13 that targeting the median is a reasonable and prudent approach to offering  
14 competitive base pay. I discuss the benchmarking process, that the Company  
15 undertakes to ensure it offers compensation at a level that attracts and retains a  
16 talented workforce, in further detail below.

17 **Q. 10 How is the Company's employee population categorized with respect to**  
18 **administering base pay?**

19 A. 10 Southwest Gas categorizes its employees into four populations for purposes of  
20 administering base pay. The four populations and associated compensation  
21 practice narrative are provided below:

- 22 • **Nonexempt** – Jobs for nonexempt employees are assigned to a pay  
23 structure with assigned wage steps that have been matched to market. A  
24 percentage adjustment is applied to the structure once a year to reflect the  
25 change in market conditions. This percentage is determined by annual

1 increase projections published by nationally recognized compensation salary  
2 surveys as outlined on page 6 of Exhibit No.\_\_(FH-1). All employees in this  
3 category receive the same percentage increase and pay rates outlined on  
4 the wage schedule.

- 5 • **Exempt** – Positions for nonexecutive employees have salary ranges that  
6 were established using the Korn Ferry (formerly Hay Group) point evaluation  
7 method. The range reflects the minimum, midpoint, and maximum salary for  
8 each position. A percentage adjustment may be applied to the midpoint of  
9 the range (structure adjustment) each year to reflect changes in market  
10 conditions. This percentage adjustment is determined using nationally  
11 recognized compensation salary surveys which include projections provided  
12 by participating companies as outlined on page 6 of Exhibit No.\_\_(FH-1).

13 The annual increase process for exempt employees is similar to the  
14 process for nonexempt employees with the exception that not all exempt  
15 employees receive the same increase. Once the percentage increase for  
16 base pay adjustments is determined, it is used to establish a “pool” of dollars  
17 (budget) that is allocated to management, who considers each employee’s  
18 individual work performance, contributions to the Company’s operations and  
19 placement in their position’s salary range to determine the employee’s  
20 specific annual salary increase amount. The percentage for base pay  
21 adjustments is determined using nationally recognized compensation salary  
22 surveys which include projections published by participating companies as  
23 outlined on page 6 of Exhibit No.\_\_(FH-1).

- 24 • **Officers** – Officers are executive-level employees that have a  
25 comprehensive total compensation analysis completed by an outside

1 executive compensation consulting firm, every other year. Based on the  
2 recommendations of the consulting firm, adjustments are made and  
3 approved by the Chief Executive Officer (CEO) using the same methodology  
4 as the exempt population. Officers are eligible for annual increases based  
5 on the annual increase projections published by nationally recognized  
6 compensation salary surveys as outlined on page 6 of Exhibit No. \_\_\_(FH-1).  
7 during the years when the total compensation analysis is not performed.

- 8 • **Named Executive Officers (NEOs)** – NEOs are the top five, highest paid,  
9 positions within the Company. Compensation for these employees is  
10 reviewed annually by an outside executive compensation consulting firm that  
11 completes salary analyses and recommendations based on a proxy analysis  
12 of the Company’s peer group. The Board of Directors must approve all  
13 compensation changes for NEOs.

14 **Q. 11 Please explain how the Company determines appropriate wage structures**  
15 **for non-exempt positions.**

16 A. 11 The current wage structure has been in place since 2010, and annual  
17 adjustments occur in accordance with projected wage movement in the market.  
18 As the need for new jobs have occurred, the jobs are market priced to the 50th  
19 percentile for non-industry jobs and the 75th percentile for industry specific jobs,  
20 which are more specialized and can be difficult to recruit. The new jobs are then  
21 slotted into the appropriate existing wage rates. Additionally, the Non-Exempt  
22 Audit and Review (NEXAR) process, which is outlined below, is used to ensure  
23 the appropriateness of the wage structure.

1 | **Q. 12 Does this process occur annually?**

2 | A. 12 The NEXAR process involves a detailed review of each non-exempt job  
3 | classification within a 5-cycle basis or approximately 20 percent per cycle. The  
4 | five key components of this process are to: 1) obtain information related to the  
5 | functions performed within a job classification; 2) ensure internal equity, (i.e., is  
6 | the internal hierarchy correct); 3) compare the current wages to the market; 4)  
7 | revise job descriptions as necessary; and 5) provide the results of the process  
8 | to senior management for approval.

9 | **Q. 13 Have there been any significant changes to the non-exempt wage structure**  
10 | **since the Company's last general rate case?**

11 | A. 13 No.

12 | **Q. 14 Please explain how the Company determines appropriate salary ranges for**  
13 | **exempt positions.**

14 | A. 14 The current salary structure was put in place several years ago and is based on  
15 | the Korn Ferry Job Evaluation methodology, which maps out roles of positions  
16 | in the context of the organizational structure. Each exempt position was  
17 | evaluated using its point-factor system that assigns points to positions based on  
18 | three primary components: know-how, problem solving, and accountability.  
19 | Once the points were assigned, the positions were compared to benchmark  
20 | positions within the Hay Compensation Database. The 50<sup>th</sup> percentile of each  
21 | benchmark position was established as the midpoint of the salary range for the  
22 | point total. As stated previously, each year, the midpoints may be adjusted  
23 | based on projected salary structure movement.

24 |

25 |

1 **Q. 15 Does this process occur annually?**

2 A. 15 No, nor does it need to. Once the internal hierarchy was established, there are  
3 typically not significant changes in the organization from one year to the next to  
4 warrant the reevaluation for all exempt positions. When there are changes or  
5 new positions, however, the Company performs, or requests from its  
6 consultants, market reviews for the specific position(s) impacted. This is done  
7 on an as needed basis to ensure that the evaluation results are in line with the  
8 skill set, responsibility and base salary observed in the market to ensure the  
9 Company's base pay remains competitive.

10 **Q. 16 Have there been any changes to the internal hierarchy since the**  
11 **Company's last general rate case?**

12 A. 16 Yes. The Board of Directors selected a new President/CEO of Southwest Gas  
13 Holdings, Inc. in May 2022 following the retirement of the former CEO. The new  
14 President/CEO, formerly the Executive Vice President/Chief Legal  
15 Administration Officer for Southwest Gas, was promoted to this position. The  
16 Board of Directors also approved the promotion of the former Senior Vice  
17 President/General Counsel to President/Southwest Gas May 2022. Due to these  
18 changes at the top of the organization, conforming changes to leadership  
19 positions and reporting structures were also impacted.

20 **Q. 17 Please provide an overview of the analysis conducted annually to**  
21 **administer the Company's base pay.**

22 A. 17 Southwest Gas conducts an analysis annually to determine its recommended  
23 percentage adjustments for nonexempt wages, exempt (non-officer/NEO) salary  
24 ranges, and salary increase budgets. In addition to the use of compensation  
25 salary surveys to determine competitive wage rates, the analysis includes a

1 review of CPI and base pay increase trends, as well as unemployment statistics  
2 in the areas the Company conducts business. This additional information  
3 provides insight to how pay can be impacted by economic conditions.

4 Generally, the Company's analysis includes four steps:

5 First, the Company reviews the prior year's actual salary increases granted and  
6 salary structure adjustments applied to what was projected to occur in the  
7 market. For example, in 2022 Southwest Gas reviewed the Company's actual  
8 2021 salary increases granted and salary structure adjustments and compared  
9 them to those that occurred in the market. This review allowed the Company to  
10 validate that its actions, supported by information known at the time, did in fact  
11 result in wages and salaries that align with what the market experienced for that  
12 given period. The 2022 comparison of the 2021 projected versus 2021 actual  
13 adjustments for salary increases and structure adjustments are shown in the  
14 tables below:

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**Salary Increase Budgets  
2021 Projected Versus 2021 Actual**

National Survey Source	Scope	Projected		Actual	
		Exempt	Non-Exempt	Exempt	Non-Exempt
Conference Board	Energy/Agriculture <sup>[1]</sup> /Utilities	3.0%	3.0%	3.0%	3.0%
Korn Ferry	Energy	3.0%	3.0%	3.0%	3.0%
Mercer	Energy	2.5%	2.5%	3.0%	3.0%
PayScale	Energy/Energy & Utilities <sup>[2]</sup>	2.4%	2.3%	2.8%	2.6%
Willis Towers Watson	Energy	2.7%	2.6%	3.0%	3.0%
World@Work	Utilities	2.9%	2.8%	2.9%	2.9%
<b>Survey Average</b>		<b>2.7%</b>	<b>2.7%</b>	<b>3.0%</b>	<b>2.9%</b>
<b>Southwest Gas</b>				<b>3.5%*</b>	<b>2.3%**</b>

**Structure Adjustment Budgets  
2021 Projected Versus 2021 Actual**

National Survey Source	Scope	Projected	Actual
		Exempt	Exempt
Conference Board	Energy/Agriculture <sup>[1]</sup> /Utilities	2.0%	2.0%
Korn Ferry	General	2.0%	2.0%
Mercer	Energy	2.0%	2.0%
PayScale	Energy/Energy & Utilities <sup>[2]</sup>	1.4%	1.8%
Willis Towers Watson	Energy	2.3%	2.0%
World@Work	Utilities	2.1%	1.6%
<b>Survey Average</b>		<b>2.1%</b>	<b>1.9%</b>
<b>Southwest Gas</b>			<b>2.0%</b>

\* 2.3% plus 1.2% discretionary merit pool was the allocated budget  
 \*\* Does not include 0.72% step increase.  
 [1] Energy/Agriculture/Utilities scope used for Projected; Utilities scope used for Actual.  
 [2] Energy scope used for Projected; Energy & Utilities scope for Actual.

Second, after validating the prior year’s adjustments, the Company evaluates several national salary surveys to assess projected market activity for the current year’s base pay administration. The surveys are used to assess potential wage and salary adjustments, as well as any structure movement that may be necessary. Due to the unique jobs and skills associated with the regulated utility and gas industries, the Company relies more on utility projections rather than the more general national projections. These surveys



1 serve as a guide for reasonable movement in both wages and salaries, as  
2 well as the salary structure, to ensure the Company is continuing to align with  
3 the market and maintaining competitive pay levels.

4 Third, the Company evaluates internal compensation data such as the  
5 current pay levels for exempt employees compared to where they fall within  
6 the salary range for their positions (compa-ratios),<sup>1</sup> as well as historical  
7 salary adjustments.

8 Finally, this information is compiled, as depicted in Exhibit No. (FH-1), and  
9 the recommended wage and salary adjustments are presented to the  
10 Employee Resource Committee (ERC), which is comprised of senior level  
11 executives from within the Company. The ERC reviews the information  
12 presented by the Compensation team and Human Resources leadership and  
13 may request additional information and/or other analysis to be performed to  
14 reach consensus before ultimately approving the annual wage and salary  
15 increase budgets and structure adjustments for the (non-Officer/NEO) non-  
16 exempt and exempt employee population.

17 **III. REASONABLENESS OF THE LEVEL OF TEST YEAR WAGES AND SALARIES**

18 **Q. 18 Did the Company grant wage and salary adjustments to non-exempt and**  
19 **exempt employees during the test year in the instant docket?**

20 **A. 18** Yes. After validating the reasonableness of the 2021 wage and salary  
21 adjustments granted and performing an analysis of the 2022 salary survey  
22 projections and other market conditions consistent with the process described  
23  
24

25 <sup>1</sup> A compa-ratio represents an employee's pay relative to the midpoint of the salary range of the position. Generally, an employee with a low compa-ratio is new to the position or role, whereas an individual with a high compa-ratio is more tenured in that position or role.

1 above, the ERC reviewed and approved wage and salary adjustments for non-  
2 exempt and exempt employees, respectively, effective June 2022.

3 **Q. 19 Please summarize the results of the salary surveys conducted for the non-**  
4 **exempt and exempt groups.**

5 A. 19 The 2022 Salary Increase Budget Surveys included seven national survey  
6 sources, included general, utilities and energy scopes and provided projected  
7 increases for both the non-exempt and exempt employee groups. The results  
8 indicated that participating companies were projecting a 3% increase for both  
9 the non-exempt and exempt employee groups, as well as a 2% salary structure  
10 adjustment for exempt positions. A summary of the results is provided below:  
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**Salary Increase Budgets  
2022 Projected Versus 2022 Actual**

National Survey Source	Scope	Projected		Actual	
		Exempt	Non-Exempt	Exempt	Non-Exempt
Compensation Resources	General	3.0%	3.0%	3.9%	3.9%
Conference Board	Utilities	3.0%	3.0%	3.0%	3.0%
Korn Ferry	Energy	3.0%	3.0%	3.1%	3.1%
Mercer	Energy	3.0%	3.0%	3.1%	3.0%
PayScale	Energy & Utilities	3.2%	3.0%	3.4%	3.3%
Willis Towers Watson	Energy	3.0%	3.0%	3.5%	3.5%
World@Work	Utilities	2.9%	2.9%	3.0%	3.0%
<b>Survey Average</b>		<b>3.0%</b>	<b>3.0%</b>	<b>3.3%</b>	<b>3.3%</b>
<b>Southwest Gas</b>				<b>3.5%*</b>	<b>3.0%**</b>

**Structure Adjustment Budgets  
2022 Projected Versus 2022 Actual**

National Survey Source	Scope	Projected	Actual
		Exempt	Exempt
Compensation Resources	General	2.2%	2.7%
Conference Board	Utilities	2.0%	2.2%
Korn Ferry	Energy	2.0%	2.5%
Mercer	Energy	2.0%	2.4%
PayScale	Energy & Utilities	1.8%	2.5%
Willis Towers Watson	Energy	2.0%	2.6%
World@Work	Utilities	2.0%	2.5%
<b>Survey Average</b>		<b>2.0%</b>	<b>2.5%</b>
<b>Southwest Gas</b>			<b>2.0%</b>

\* 3% plus 0.5% discretionary merit pool was the allocated budget  
 \*\* Does not include 0.72% step increase.

Based on the Company’s analysis and results of the salary survey information shown above, the Company granted a 3.0% wage increase for nonexempt employees and approved a salary budget of 3.5%, comprised of 3% for base salary adjustments and 0.5% for discretionary adjustments, for exempt employees. The average salary increase granted to exempt employees based

1 on individual performance, compa-ratio and contributions to the organization  
2 was 3.49%.

3 **Q. 20 Please summarize the wage and salary increases granted in years 2020**  
4 **through 2022.**

5 A. 20 The 2020-2022 three-year annual average wage and salary adjustments  
6 granted were 2.43% for non-exempt employees and 2.95% for exempt  
7 employees. The three-year survey average for non-exempt wage increases was  
8 3.07% - higher than the 2.43% actually granted by Southwest Gas. The three-  
9 year average exempt salary adjustment of 2.95%, was also lower than the salary  
10 average over the same time period – including discretionary adjustments. These  
11 adjustments, embedded in the Company’s cost of service are reasonable,  
12 prudent, and should be approved. Exhibit No.\_\_(FH-2) provides a summary  
13 comparison of these adjustments. The reasonableness of the test year  
14 annualized labor cost is discussed later in my testimony.

15 **Q. 21 Were salary adjustments also granted to Officers and NEOs during the test**  
16 **year in the instant docket?**

17 A. 21 Yes. Officer and NEO salary adjustments are typically administered each  
18 August. Southwest Gas engaged the consulting services of F. W. Cook &  
19 Company, Inc. (FWC) to review the executive compensation for its Officer  
20 population and a compensation assessment for the NEOs was conducted by  
21 Korn Ferry, the executive compensation consultants to the Compensation  
22 Committee of the Board of Directors.

1 Q. 22 Please provide a general overview of the evaluation performed by FWC for  
2 the Officer population.

3 A. 22 FWC conducted a competitive review of the compensation levels, as compared  
4 to the median of the market, for Southwest Gas Senior Vice Presidents and Vice  
5 Presidents below the NEOs. Competitive data was obtained from a combination  
6 of various cuts of the Towers Watson 2021 U.S. Energy Services Executive  
7 Compensation Survey, including one specific to the Company's peer group as  
8 approved by the Compensation Committee of the Board of Directors. The  
9 survey data was aged by 3.5% to August 1, 2022 to align with the point in time  
10 when salary adjustments were anticipated to become effective. The study  
11 evaluated the following compensation components:

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

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

24 Each position was evaluated and compared to a comparable position in  
25 the market. To the extent there was not an exact match for a given position, an

1 adjustment – an increase or decrease – was applied to select Southwest Gas  
2 positions to ensure the value of the role and its responsibility in the organization  
3 most appropriately aligned with the closest position match presented in the  
4 market data. In summary, the analysis revealed that the overall positioning of  
5 the Officer group’s TDC was below the median of the market. The complete  
6 results of the FWC analysis are provided in Confidential Exhibit No.\_\_(FH-3).<sup>2</sup>  
7 Please note, the amounts listed for Corporate Officers are before allocation  
8 amongst the Company’s six state rate jurisdictions and two federal rate  
9 jurisdictions.<sup>3</sup>

10 **Q. 23 Is the compensation for the Officer population reasonable and should all**  
11 **elements of TDC presented in the instant docket be afforded full cost**  
12 **recovery?**

13 **A. 23** Yes, the TDC, comprised of base salary, TCC and LTI for the Officer group is  
14 reasonable, market competitive and necessary to attract and retain qualified  
15 talent to lead the organization’s focus on providing safe and reliable natural gas  
16 service. As previously discussed, the Company targets the median of the  
17 market, or 50<sup>th</sup> percentile, for all components of Officer compensation as  
18 demonstrated FWC analysis provided in Confidential Exhibit No.\_\_(FH-3). Full  
19 cost recovery of the TDC for the Officer group presented in the instant docket  
20 would signal that the Commission acknowledges paying the Company’s leaders  
21 at the median of the market is prudent, reasonable and in the public interest. To  
22

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

<sup>3</sup> Corporate or system allocable costs are allocated to the Company’s Arizona, Southern California, Northern  
California, South Lake Tahoe, Northern Nevada, and Southern Nevada state rate jurisdictions, after allocation to  
Southwest Gas Transmission Company and Great Basin Gas Transmission Company.

1 not allow recovery for single component of TDC implies that the Company should  
2 be targeting less than the 50<sup>th</sup> percentile when establishing Officer  
3 compensation.

4 **Q. 24 Please provide a general overview of the evaluation performed by Korn  
5 Ferry for the NEO population.**

6 A. 24 Similar to the analysis conducted for the Officers, Korn Ferry conducted a  
7 competitive review of the compensation levels, as compared to the median of  
8 the market, for the NEOs<sup>4</sup>. The Company's 20-company peer group was used  
9 to benchmark the four Southwest Gas NEOs included in the review. Competitive  
10 data was obtained from each peer Company's most recently filed proxy  
11 statement as of July 5, 2022. Korn Ferry's review evaluated the following  
12 compensation components:

- 13 • Base salary;
- 14 • TCC – comprised of base salary plus the Officer's target annual incentive  
15 (bonus) opportunity pursuant to the MIP;
- 16 • LTI – including the value of equity awards granted based on the Officer's  
17 target annual incentive opportunity pursuant to the RSU and PSU plans;  
18 and
- 19 • TDC – comprised of the sum of the Target TCC and the LTI.

20 Each position was evaluated and compared to a comparable position in the  
21 market as described on Sheet 3 of Confidential Exhibit No.\_\_(FH-4). In  
22 summary, the analysis revealed that the overall positioning of the NEO group's  
23 TDC was generally within the competitive range of the peer median. The  
24

25 \_\_\_\_\_  
<sup>4</sup> The five NEOs evaluated include the President and CEO of Centuri whose compensation is not included in the instant docket.

1 complete results of the Korn Ferry analysis are provided in Confidential Exhibit  
2 No.\_\_(FH-4). Please note, the amounts listed for the four Southwest Gas  
3 Officers are before allocation amongst the Company's six state rate jurisdictions  
4 and two federal rate jurisdictions.<sup>5</sup>

5 **Q. 25 Is the compensation for the NEOs reasonable and should all elements of**  
6 **TDC presented in the instant docket be afforded full cost recovery?**

7 A. 25 Yes, the TDC, comprised of base salary, TCC and LTI for the NEOs is  
8 reasonable, market competitive and necessary to attract and retain qualified  
9 talent to lead the organization's focus on providing safe and reliable natural gas  
10 service. Further, the Korn Ferry review performed and presented in Confidential  
11 Exhibit No.\_\_(FH-4) demonstrates that the TDC presented is consistent with the  
12 compensation philosophy established for the NEOs as follows:

13 *"The compensation program is based on the Board-approved*  
14 *executive compensation philosophy of (i) paying base salary at the*  
15 *median (50<sup>th</sup> percentile) of the amounts paid by our peer group of*  
16 *companies (the "relative market"), (ii) providing annual and long-term*  
17 *incentive awards that are designed to motivate the NEOs to focus on*  
18 *specific annual and long-term financial and operational performance*  
19 *goals and achieve superior performance while placing a significant*  
20 *amount of total compensation at risk, and (iii) paying total direct*  
21 *compensation (base salary and annual and long-term incentive*  
22 *awards) to be competitive with the relative market."<sup>6</sup>*

19 The Company's compensation philosophy of targeting the median of the  
20 relative market and the NEO TDC presented in the instant docket is  
21 reasonable, prudent, and should be accepted by the Commission and  
22 afforded full cost recovery treatment.

23  
24  
25 <sup>5</sup> Corporate or system allocable costs are allocated to the Company's Arizona, Southern California, Northern California, South Lake Tahoe, Northern Nevada, and Southern Nevada state rate jurisdictions, after allocation to Southwest Gas Transmission Company and Great Basin Gas Transmission Company.

<sup>6</sup> Southwest Gas Holdings 2023 Notice and Proxy at page 66.



1 **Q. 26 What is the test year annualized labor cost the Company is seeking**  
2 **approval for in the instant docket?**

3 A. 26 The Company's Nevada test year annualized labor cost of approximately  
4 \$58.74 million (~\$48.1 million in Southern Nevada and ~\$10.6 million in  
5 Northern Nevada) in the instant docket is flat compared to the annualized  
6 labor cost of \$58.70 million in Docket No. 20-02023. This amount is  
7 representative of the Company's total annualized labor cost for the  
8 Company's Nevada and Corporate (after allocation) test year employees.  
9 This annualized labor cost includes all changes in wages and salaries  
10 incurred for the Company's Nevada and Corporate (after allocation) test  
11 year employees since the Commission approved the annualized labor cost  
12 of \$58.7M in Docket No. 20-02023. Company witness Randi L.  
13 Cunningham supports the Company's labor annualization.

14 **Q. 27 Is the Company's proposed annualized test year labor cost of**  
15 **approximately \$58.7 million reasonable?**

16 A. 27 Yes. The analyses depicted in Exhibit Nos. FH-1, FH-3, and FH-4 provide  
17 support for the reasonableness of the Company's wage increases and salary  
18 structure adjustments that are included as part of the Company's Application.

19 The market data compiled and presented in the instant docket  
20 demonstrates that the Company prudently manages its employee compensation  
21 in a reasonable manner that remains competitive with the median of the market.  
22 Further, the annualized test year labor cost presented in this case is nearly equal  
23 to the Company's annualized labor cost of \$58.7 million approved by the  
24 Commission in its 2020 GRC. Please refer to Exhibit No.\_\_(FH-5) for a  
25

1 comparison of the 2020 GRC authorized test year annualized labor and the test  
2 year annualized labor contemplated in the instant docket.

3 **IV. WAGE AND SALARY ADJUSTMENTS GRANTED DURING THE CERTIFICATION**

4 **PERIOD**

5 **Q. 28 Did the Company grant wage and salary adjustments for non-exempt and**  
6 **exempt employees during the certification period in the instant docket?**

7 A. 28 Yes. In June 2023, the Company granted a 3.75% wage increase for nonexempt  
8 employees. For exempt employees, the ERC approved a base salary  
9 adjustment budget of 3.75% and a discretionary adjustment budget of 0.75%.  
10 As previously described, exempt salary increases are awarded based on  
11 individual work performance and the amounts awarded vary by employee. The  
12 analysis Southwest Gas conducted to inform and administer the increase during  
13 the certification period is attached as Exhibit No.\_\_(FH-6). The attached  
14 analysis includes the market projected 2023 salary structure and wage  
15 adjustments as well as peer company comparisons.

16 **Q. 29 Did the Company consider other state or regional data when establishing**  
17 **the wage and salary budget?**

18 A. 29 Yes. The Company evaluated wage and salary changes in Clark County,  
19 Washoe County, minimum wage increases, and wage increases supported  
20 through legislation. The subject evaluation is attached hereto as Exhibit  
21 No.\_\_(FH-7).

22 **Q. 30 Are salary adjustments granted for Officers and the NEOs during the**  
23 **certification period in the instant docket?**

24 A. 30 Yes. Officers and NEOs also received increases during the certification period.  
25 As previously mentioned, a comprehensive total compensation analysis for the

1 Officer group is completed by an outside executive compensation consulting  
2 firm, every other year. The analysis conducted in 2022 and previously discussed  
3 is provided as Confidential Exhibit No.\_\_(FH-3). The Company conducted a  
4 2023 comprehensive benchmark analysis, consistent with the process and  
5 methodology applied by FWC in the 2022 analysis, for 28 Southwest Gas Senior  
6 Vice Presidents and Vice Presidents below the NEOs<sup>7</sup>. Competitive data was  
7 obtained from a combination of various cuts of the Towers Watson 2022 U.S.  
8 Energy Services Executive Compensation Survey, including one specific to the  
9 Company's peer group as approved by the Compensation Committee of the  
10 Board of Directors. Consistent with the 2022 analysis conducted by FWC,  
11 Southwest Gas aged the survey data by 3.5% to August 1, 2023 to align with  
12 the point in time when salary adjustments were anticipated to become effective.  
13 The study conducted by the Company evaluated the same compensation  
14 components (base salary, TCC, LTI, and TDC) evaluated in 2022 by FWC. The  
15 analysis concludes that in aggregate, Target TDC for Officers is 11% below  
16 market median Following the officers' increases, Target TDC is 5% below  
17 market median. A copy of the report is provided as Confidential Exhibit No.  
18 \_(FH-8).

19 The Company, at the direction of the Compensation Committee of the  
20 Board of Directors, engaged the Talent Solutions practice at Aon to conduct a  
21 competitive compensation assessment of the five top executives/NEOs, one of  
22 which was the President & CEO of Centuri Group, Inc., whose compensation is  
23 not included in the Company's request for recovery. The study evaluated the  
24 following compensation components:

25 \_\_\_\_\_  
<sup>7</sup> In this reference, the NEOs referred to are the top five Southwest Gas executives evaluated in Confidential Exhibit No.\_\_(FH-8).

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- Base salary
- Target STI
- Target TCC (base salary + target STI)
- LTI; and
- Target TDC (target TCC + LTI)

Aon matched each of the NEOs to a market benchmark position with similar responsibilities and reporting relationships based on the scope of responsibility for each job and the matches were reviewed and approved by the Company to ensure they were reasonable and appropriate. Aon determined the executives to be positioned at the market median for all components of cash compensation. In addition to market position evaluation conducted by Aon, the Company considers other factors such as compensation philosophy, tenure, experience, position criticality and performance when administering cash compensation. Overall, Aon concluded that, in aggregate, the executives included in the evaluation are competitive with the market Target TDC. A copy of the Aon report is provided as Confidential Exhibit No.\_\_(FH-9).<sup>8</sup> Following the NEOs increases, Target TDC remains competitive to market Target TDC.

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<sup>8</sup> Confidential Exhibit No. \_\_(FH-9) and Confidential Exhibit No.\_\_(FH-8) are submitted confidentially because the reports contain confidential information about Southwest Gas' compensation. Maintaining the confidentiality of this information is important because the compensation programs and levels for certain executive positions contain sensitive personal information and is proprietary to Southwest Gas. Public disclosure of this information could also impact Southwest Gas in the competitive employment market.

1 **Q. 31 Please provide an overview of the labor costs and related wage & salary**  
2 **adjustments that were last approved by the Commission for inclusion in**  
3 **rates.**

4 A. 31 In the Company's 2020 general rate case (Docket No. 20-02023), the test year  
5 (2019) annualized labor cost in Nevada was approximately \$58.7M (~\$48.2M in  
6 Southern Nevada and ~\$10.5M in Northern Nevada.) Included in the test year  
7 annualized labor costs were a 2.3% non-exempt wage increase, a 3.3%  
8 increase for exempt employees (comprised of 2.3% for base salary adjustments  
9 and 1.0% for discretionary adjustments), and a 5% average increase for  
10 Officers/NEOs (2019 Base Wage and Salary Adjustments).<sup>9</sup> The Commission  
11 approved the Company's 2019 Base Wage and Salary Adjustments<sup>10</sup> which  
12 resulted in the total Nevada test year (2019) annualized labor cost of  
13 approximately \$58.7M, but did not approve the Company's 2020 base wage and  
14 salary increases or the resultant annualized labor cost.

15 While the Company's 2020 Base Wage and Salary Adjustments were not  
16 approved in Docket 20-02023, they have been embedded in the Company's cost  
17 of service since they became effective in May 2020. In the Company's 2021  
18 general rate case (Docket No. 21-09001), the Company requested a normalized  
19 level of compensation, including base salary increases, for employees at the  
20 end of the test year (May 31, 2021)<sup>11</sup>, which included the embedded cost of the  
21 2020 Base Wage and Salary Adjustments for those employees that were still  
22 active. However, because the Company's 2021 general rate case resulted in a  
23 black box settlement, the Commission has not affirmatively authorized the  
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25 <sup>9</sup> Order at page 40, paragraph 107.

<sup>10</sup> Order at page 51, paragraph 133.

<sup>11</sup> Docket No. 21-09001 Statement P.

1 inclusion of the 2020 Base Wage and Salary Adjustment in the Company's cost  
2 of service for recovery.

3 **Q. 32 What was the Company's annualized labor cost at the end of the**  
4 **certification period in the Company's 2021 general rate case?**

5 A. 32 The Company's annualized labor expense at November 30, 2021 was  
6 approximately \$55.4M (~\$45.5M in Southern Nevada and ~\$9.9M in Northern  
7 Nevada)

8 **Q. 33 What is the annualized labor cost the Company is seeking approval for in**  
9 **the instant docket?**

10 A. 33 The Company's Nevada annualized labor cost at certification (November 30,  
11 2023) in the instant docket is approximately \$61.1M (~\$50.1M in Southern  
12 Nevada and ~\$11M in Northern Nevada). This amount is representative of the  
13 Company's total labor cost at November 30, 2023 for the Company's Nevada  
14 and Corporate (after allocation) test year employees. This annualized labor cost  
15 includes all changes in wages and salaries incurred for the Company's Nevada  
16 and Corporate (after allocation) employees as of May 31, 2023, since the  
17 Commission approved the annualized labor cost of \$58.7M in Docket No. 20-  
18 02023. Company witness Randi L. Cunningham supports the Company's labor  
19 annualization.

20 **Q. 34 Is the Company's proposed annualized labor cost of approximately \$61.1M**  
21 **as of November 30, 2023, reasonable?**

22 A. 34 Yes. The market data compiled and presented in the instant docket  
23 demonstrates that the Company prudently manages its employee compensation  
24 in a reasonable manner that remains competitive with the median of the market.  
25 Further, the Commission approved the Company's annualized labor cost of

1 \$58.7 million in its 2020 general rate case. Four years later (November 30,  
2 2019-November 30, 2023), the Company's annualized labor cost presented in  
3 the instant application is approximately \$61.1 million - an increase of just under  
4 \$2.4 million or only about 4% above what the Commission found to be  
5 reasonable in Docket No. 20-02023. An average increase in annualized labor  
6 cost of 1% per year is reasonable and the Company's proposed annualized labor  
7 cost of approximately \$61.1 million at November 30, 2023 should be approved.  
8 Please refer to Exhibit No.\_\_(FH-10) for a comparison of the 2020 GRC  
9 authorized annualized labor amount of \$58.7 million and the \$61.1 million  
10 presented in the instant application.

11 **V. INCENTIVE COMPENSATION**

12 **Q. 35 Please identify the incentive compensation programs offered by**  
13 **Southwest Gas.**

14 A. 35 Southwest Gas offers incentive compensation through its Short-term Incentive  
15 (STI) Plan and its Long-term Incentive (LTI) Plan. The STI Plan is referred to as  
16 the Management Incentive Plan (MIP). The LTI Plan includes three types of  
17 awards – Performance Share Units (PSU), Restricted Stock Units (RSU), and  
18 cash—and is discussed more fully below. The Company also offers Service  
19 Planning Incentives (SPI) to certain employees.

20 **Q. 36 Please describe the MIP.**

21 A. 36 The MIP is a, cash-based, annual incentive program that provides participating  
22 management-level employees and executives with an opportunity to receive  
23 variable, at-risk, pay based upon the achievement of specific benchmarks that  
24 are critical to the short-term and long-term success of the Company and that  
25

1 reward superior performance for the Company’s customers. For the 2022 plan  
2 year, the MIP includes the following performance metrics:

- 3 (i) Net Income (40% of target MIP weighting);
- 4 (ii) Customer Satisfaction (20% of target MIP weighting);
- 5 (iii) Operations & Maintenance (O&M) Expense Per Customer (20% of target  
6 MIP weighting);
- 7 (iv) Safety – Damage Per 1,000 Tickets (10% of target MIP weighting); and
- 8 (v) Safety – Incident Response Time within 30 minutes (10% of target MIP  
9 weighting).

10 **Q. 37 Has the MIP design changed since the Company’s last general rate case?**

11 **A. 37** No, the design hasn’t changed. However, beginning with Plan Year 2023, the  
12 performance metrics were renamed and the weights now differ by management  
13 level, oversight responsibility, and priority as indicated in the following charts:

14 ///

17 ///



<b>From:</b>	
<b>Performance Measures - All Participants</b>	<b>Weight</b>
Consolidated Net Income ( <i>Holdings Officers only</i> )	40%
Utility Net Income	40%
Customer Service Satisfaction	20%
O&M Per Customer	20%
Safety - damage per 1K tickets	10%
Safety - incident response w/i 30 min	10%
<i>Total</i>	<i>100%</i>

<b>To:</b>		
<b>Employee Group</b>	<b>Performance Measures</b>	<b>Weight</b>
<b>Holdings Officers</b>	Consolidated Net Income	40%
	Cost Management*	30%
	Customer Service Satisfaction	15%
	Safety/Operational Performance**	15%
<i>Total</i>		<i>100%</i>
<b>Utility Officers</b>	Utility Net Income	40%
	Cost Management*	30%
	Safety/Operational Performance	15%
	Customer Service Satisfaction**	15%
<i>Total</i>		<i>100%</i>
<b>Utility Leaders</b> <i>VPs, Directors, Managers</i>	Cost Management*	40%
	Safety/Operational Performance	40%
	Customer Service Satisfaction**	20%
<i>Total</i>		<i>100%</i>

\* Measured as O&M per customer

\*\* Comprised of the two safety measures: 1) damage per 1,000 tickets, and 2) incident response time within 30 minutes

**Q. 38 How are the MIP performance metrics designed?**

**A. 38** The MIP performance metrics are designed to reward participants as outlined below:

- Net Income. Designed to reward the efficient operation and performance of the entire organization structured under Southwest Gas Holdings, Inc., for the Corporate Strategy Executives, and the efficient operation and performance of Southwest Gas Corporation (gas segment only) for the remaining participants, which benefits the Company's customers.
- Cost Management (O&M per Customer). Designed to reward efficient operations that benefit the Company's customers.

- 1 • Customer Satisfaction. Designed to reward success in achieving a
- 2 predetermined customer satisfaction percentage.
- 3 • Safety/Operational Performance
- 4 a. Safety – Damage per 1,000 Tickets. Designed to reward success in
- 5 minimizing damages per 1,000 tickets.
- 6 b. Safety – Incident Response Time within 30 Minutes. Designed to
- 7 reward improvement on incident response times.

8 **Q. 39 Are there other design considerations for the MIP?**

9 A. 39 Yes. The Net Income metric is calculated on a consolidated basis for the  
10 Holdings Officers (CEO, CFO, and General Counsel/Corp Secretary); for the  
11 Utility Officers (SWG President and Senior Vice Presidents), Net Income is  
12 calculated with respect to the organization's gas segment by backing out Net  
13 Income allocable to Centuri Group. The Net Income metric is measured without  
14 regard to Company-Owned Life Insurance (COLI) returns. In addition, for each  
15 metric, actual performance may vary from 50% to 200% of the target incentive  
16 opportunity based on performance relative to the target. This target range was  
17 adjusted from its prior 70% to 140% to align more closely with the Company's  
18 peer group (Please refer to Confidential Exhibit No. \_\_FH-11). No MIP award is  
19 paid in any year unless the Company achieves a minimum of 80% of the  
20 Company's target adjusted net income for the performance year.

21 **Q. 40 Please explain how each MIP performance metric is measured.**

22 A. 40 The five metrics are measured as follows:

- 23 1. Utility Net Income– Utility net income is a measure of all income generated
- 24 by utility operations (gas distribution and sales) minus all utility expenses.

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Targeted and actual results exclude any income derived from the COLI policy.

2. Cost Management (O&M Per Customer) – This is the total cost of operations and maintenance divided by the average customer count during the period of measurement.

3. Customer Satisfaction –A survey conducted by a third party that measures customer satisfaction after they have received a service from Southwest Gas. The responses can range from “Very Satisfied” to “Very Dissatisfied”, and the results are received on a monthly basis.

4. Safety/Operational Performance

a. Safety - Damage per 1,000 tickets – This metric refers to the number of lines that are hit or punctured per 1,000 tickets. For example, if there are 15 reported line strikes and 12,000 tickets, the calculation would be 15 divided by 12.

b. Safety - Response within 30 minutes – This metric measures the response time from when an individual reports the smell of gas and a service technician responds to the report.

**Q. 41 How many Company employees were eligible for the MIP in plan years 2020, 2021 and 2022?**

A. 41 The table below reflects the number of employees eligible for the MIP in plan years 2020, 2021 and 2022.

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<b>Eligible Employees -- by Division</b>	<b>MIP Plan Year 2020</b>	<b>MIP Plan Year 2021</b>	<b>MIP Plan Year 2022</b>
Corporate	142	116	116
Northern NV	10	11	12
Southern NV	10	18	23
Other Divisions	31	47	56
<b>Total</b>	<b>193</b>	<b>192</b>	<b>207</b>

**Q. 42 Please provide the five MIP metric targets for plan years 2020, 2021, 2022 and the actual results achieved each year.**

A. 42 The tables below reflect the targets and actual results for each MIP metric in plan years 2020, 2021, and 2022.

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**Table 1: Utility Net Income**

Plan Year	Actual	Minimum	Target	Maximum
2020	149,918	144,615	155,500	166,385
2021	182,135	158,100	170,000	181,900
2022	177,110	187,860	202,000	216,140

**Table 2: O&M Per Customer**

Plan Year	Actual	Minimum	Target	Maximum
2020	\$203.92	\$215.00	\$211.00	\$208.00
2021	\$210.03	\$211.00	\$207.00	\$204.00
2022	\$222.15	\$215.00	\$212.00	\$209.00

**Table 3: Customer Service Satisfaction**

Plan Year	Actual	Minimum	Target	Maximum
2020	95.50%	91%	94%	97%
2021	94.70%	93%	96%	98%
2022	94.90%	93%	96%	98%

**Table 4: Safety - Incident Response within 30 Minutes**

Plan Year	Actual	Minimum	Target	Maximum
2020	75.80%	70%	74%	77%
2021	75.10%	72%	78%	82%
2022	76.80%	72%	78%	82%

**Table 5: Safety - Damages Per 1,000 Tickets**

Plan Year	Actual	Minimum	Target	Maximum
2020	1.14	1.40	1.15	1.00
2021	0.91	1.30	1.00	0.90
2022	0.92	1.15	0.90	0.80

**Q. 43 Why is it appropriate to use total Company results to determine the level of MIP awards?**

**A. 43** The intent of the MIP is to encourage and incentivize eligible employees to put forth maximum efforts to achieve the Company's short and long-term performance goals. This includes employees in all service territories of the Company. For decades, Southwest Gas has used (and the regulatory commissions which have jurisdiction over the Company have adopted) two allocation methodologies to allocate common costs to the Company's FERC and

1 state rate jurisdictions - the Modified Massachusetts Formula (MMF) and 4-  
2 Factor allocation factors. This approach allows the Company to maximize  
3 efficiencies and avoid redundant resources and costs by utilizing common  
4 departments, including but not limited to, engineering services, gas operations  
5 support staff, human resources, information services, legal, regulation,  
6 accounting and internal audit, to serve all rate jurisdictions. This approach is  
7 administratively beneficial to the Company and cost-effective for customers as  
8 each jurisdiction is paying for only the level of service provided in each  
9 jurisdiction proportionate to its size. Consistent with this approach, the MIP  
10 expense is system allocable. Therefore, the cost is allocated to each rate  
11 jurisdiction based on its relative proportion to the size of the total Company.  
12 Company witness, Randi L. Cunningham, further discusses and supports these  
13 allocation methodologies in her prepared direct testimony. The MIP and the  
14 targets that are established are set at the Corporate level and are applicable to  
15 all rate jurisdictions.

16 **Q. 44 Is there a “reasonable range” or industry standard that sets performance**  
17 **expectations?**

18 **A. 44** Yes. Both safety measures are well understood in our industry. These targets  
19 are benchmarked against AGA peer companies and set the expectation for  
20 performance, Company-wide. Similarly, the Customer Satisfaction metric is also  
21 a measure of focus in our industry. Performance is measured monthly by an  
22 independent third party. The O&M per Customer metric is calculated as total  
23 utility operations and maintenance expenses divided by average billed  
24 customers during the year. This metric focuses on efficient operations that  
25 benefit the customer. The Utility Net Income metric is a comprehensive measure

1 of gas segment performance. Targeted and actual results exclude COLI returns.  
2 With a 40% weighting, overall short-term payout ratio will be highly influenced  
3 by this “bottom-line” result, again focusing on financial results that benefit our  
4 customers as described below. Each of the targets for MIP measures are  
5 revisited annually to ensure their reasonableness.

6 **Q. 45 Is there Nevada-specific data available to the Commission that supports**  
7 **the reasonableness of the Company’s request to recover the MIP costs**  
8 **associated with the safety metrics?**

9 A. 45 Yes. With respect to “damages per 1,000 locate tickets”, Southwest Gas has a  
10 robust damage prevention program and, as the largest natural gas utility in  
11 Nevada, the Company has significantly contributed year after year to Nevada’s  
12 ranking as one the top states on this metric. This statewide success has been  
13 reported to the Commission on an annual basis, as reflected in the Commission  
14 minutes and Staff presentation at the Commission’s May 12, 2023, agenda  
15 meeting, a copy of which is attached hereto as Exhibit No.\_\_\_\_(FH-15). As the  
16 aforementioned exhibit indicates, in 2022, Nevada had the third lowest ratio of  
17 gas pipeline damages to jurisdictional gas customers of any/state territory in the  
18 nation and Nevada had the best ratio of any state with a significant natural gas  
19 infrastructure.

20 Moreover, as the Commission’s Pipeline Safety Staff discussed at the May  
21 agenda, in 2022 Nevada exhibited a significant increase in One-Call tickets,  
22 increasing over 24,000 tickets from the previous year. Notably, 2022 was  
23 Nevada’s lowest ratio of Gas Damages to Tickets and an all-time-low of 1.74  
24 damagers per 1,000 tickets called in.

1 This information supports the reasonableness of the Company's request  
2 in that the Nevada-specific performance undoubtedly contributed to minimizing  
3 incidents associated with the Company's gas distribution systems and ensuring  
4 the safety and protection of customers and the communities Southwest Gas  
5 serves.

6 **Q. 46 Are the MIP costs reasonable and prudent, and appropriate for inclusion**  
7 **in the rates authorized in this proceeding?**

8 A. 46 Yes. As displayed above, the MIP is in-line with peer group incentive plans and  
9 includes market-competitive terms. As opposed to offering the entirety of  
10 employee compensation guaranteed, the MIP portion of employee  
11 compensation is at-risk and designed to incentivize management to operate the  
12 Company in an efficient manner that minimizes customer rates while maximizing  
13 customer satisfaction and safety as follows:

- 14 1. Net Income. Given that Southwest Gas' customer rates are subject to  
15 review and approval, the inclusion of a Net Income metric focuses  
16 participating employees on prudent management of utility expenses to  
17 maximize net income in a given year. Managing expenses benefits the  
18 customer as lower expenses help Southwest Gas maintain lower  
19 customer rates. The Net Income metric, combined with the Customer  
20 Satisfaction and Safety metrics, help to ensure that expenses are  
21 managed in a sustainable manner that results in an efficient operation of  
22 the Company that delivers superior customer service and does so safely.
- 23 2. Cost Management (O&M per Customer). This metric incentivizes efficient  
24 operations and requires participating employees to manage Operations &  
25 Maintenance expenses while providing superior customer performance.



1 Managing O&M expenses benefits the customer as lower expenses help  
2 Southwest Gas maintain lower customer rates.

3 3. Customer Satisfaction. This metric is explicitly tied to customer  
4 satisfaction and benefits the Company's customers. If the Company's  
5 management chose to delay investment in infrastructure to improve its  
6 performance on the Net Income metric (weighted at 40% for Officers)  
7 management would risk diminished performance over time with respect to  
8 the Customer Satisfaction metric and Safety metrics, in which case the  
9 MIP payouts with respect to those factors would decline. The Customer  
10 Satisfaction metric (as well as the Safety metrics), therefore, works with  
11 the Net Income and O&M metrics to ensure that management focuses on  
12 customer welfare and customer satisfaction regarding the Company's  
13 financial performance. Put another way, if management chooses to  
14 emphasize the Company's financial performance to the detriment of its  
15 customers, the MIP is designed to penalize management through lower  
16 performance on Customer Satisfaction and Safety metrics.

17 4. Safety/Operational Performance

18 a. Safety – Damage per 1,000 Tickets. This metric provides a direct  
19 benefit to customers and the public in general by focusing on the  
20 Company's damages per 1,000 tickets in providing services. The  
21 MIP's focus on the Company's gas distribution system helps  
22 ensure that safety is a priority throughout the organization.

23 b. Safety – Incident Response Time within 30 Minutes. This metric is  
24 designed to reward improvement on incident response times; as  
25

1 with the other Safety metric within the MIP, this metric provides a  
2 direct benefit to customers and the public in general.

3 In sum, the MIP metrics provide a clear incentive to MIP participants to  
4 maximize managements' performance in a manner that benefits customers.  
5 Moreover, it is appropriate to include MIP costs in the rates approved through  
6 this proceeding because the MIP is part of the total compensation that keeps  
7 MIP-level employee positions competitive with the market. As discussed above,  
8 Southwest Gas benchmarks total compensation, including the MIP, to the 50<sup>th</sup>  
9 percentile. If the Company did not offer the MIP, these positions would fall below  
10 the 50<sup>th</sup> percentile and would no longer be competitive. Consequently, the  
11 Company would have difficulty attracting and retaining the talent necessary to  
12 provide customers safe and reliable natural gas service. Offering total  
13 compensation in line with the median of the market is reasonable and necessary  
14 to attract and retain employees to operate the Company. As such, the entirety  
15 of the Company's MIP expense is a reasonable and prudently incurred business  
16 expense that should be authorized for recovery through customer rates in this  
17 proceeding.

18 **Q. 47 Please describe the Long-Term Incentive Plan.**

19 **A. 47** The LTI Plan is designed to reward sustained performance over a three-year  
20 period with each grant made under the plan.

21 Since 2017, the Company has granted two forms of equity awards to  
22 eligible employees—Time-Lapse RSUs and PSUs. Beginning in Plan Year  
23 2023, director-level employees receive LTI in the form of a cash payout rather  
24 than RSUs. Executives are eligible to receive both RSU and PSU awards. LTI  
25 awards-- RSU, PSU, and cash payout-- are granted annually.

1 PSU awards granted to Holdings executives include two financial  
2 measures: (i) 3-Year Consolidated Earnings Per Share (EPS), weighted at 60%  
3 of the target award, and (ii) 3-Year Utility Return on Equity (ROE), weighted at  
4 40% of the target award. PSU awards granted to Utility executives also include  
5 two financial measures: (i) 3-Year Utility Net Income, weighted at 60% of the  
6 target award, and (ii) 3-year Utility ROE.

7 In February 2023, the Compensation Committee of the Board of Directors  
8 approved a revision to the plan wherein the modifier based on the Company's  
9 performance relative to its peer group of public companies was removed. The  
10 revision was approved following an analysis of the Company's incentive plans  
11 conducted in October 2022 by Korn Ferry, the Committee's executive  
12 compensation consultant at the time. Please refer to Confidential Exhibit  
13 No.\_\_(FH-11) for the aforementioned Korn Ferry analysis.

14 RSUs are time-vested awards that vest over a three-year period from the  
15 date of grant (40% at the end of the first year and 30% at the end of the second  
16 and third years following grant, respectively). As the shares vest over a three-  
17 year period, they are provided to executives as a long-term retention tool. The  
18 awards are calculated based on a percentage of salary that is converted to  
19 shares.

20 The cash payout is also a time-vested award that vests over a three-year  
21 period from the date of grant (40% at the end of the first year and 30% at the  
22 end of the second and third years following grant, respectively). The cash  
23 payout is provided to directors and is calculated based on a percentage of salary.  
24 It is not tied to any performance criteria.  
25

1 For both the PSUs and RSUs, dividend equivalents are payable upon  
2 vesting in the applicable award to reflect dividends paid during the  
3 performance/service period, as applicable.

4 **Q. 48 Are the LTI Plan costs reasonable and prudent, and appropriate for**  
5 **inclusion in the rates authorized in this proceeding?**

6 A. 48 Yes. As a component of the LTI plan which is designed to reward sustained  
7 performance over a three-year period, these costs are reasonable and prudent.  
8 Moreover, it is appropriate to include these costs in the rates approved through  
9 this proceeding because the awards are part of the total compensation that  
10 keeps eligible employee positions competitive with the market. As discussed  
11 above, Southwest Gas benchmarks total compensation to the 50<sup>th</sup> percentile. If  
12 the Company did not offer an LTI plan, these positions would fall well below the  
13 50<sup>th</sup> percentile and would no longer be competitive. Consequently, the Company  
14 would have difficulty attracting and retaining the talent necessary to provide  
15 customers safe and reliable natural gas service. Offering total compensation in  
16 line with the median of the market is reasonable and necessary to attract and  
17 retain employees to operate the Company. As such, the entirety of the  
18 Company's LTI Plan expense is a reasonable and prudently incurred business  
19 expense that should be authorized for recovery through customer rates in this  
20 proceeding.

21 **Q. 49 Please describe the SPI.**

22 A. 49 SPI is a Sales Performance Incentive provided to Southwest Gas' Energy  
23 Solutions group (formerly referred to as Key Account Management). The  
24 objective of the SPI is to incent the group to achieve exceptional performance in  
25

1 the areas of customer service, project development, project management and  
2 contract negotiations related to maintaining or improving the Company's margin.

3 **Q. 50 Are the SPI costs reasonable and prudent and appropriate for inclusion in**  
4 **the rates authorized in this proceeding?**

5 A. 50 Yes. The SPI is designed to incentivize eligible employees to maximize the use  
6 of the Company's distribution system by larger customers which benefits and  
7 protects residential customers by spreading fixed cost recovery over a greater  
8 number of customers/volumes. Employees achieve this by:

- 9 1. Maintaining and increasing margin from qualified new and existing  
10 customers through installations of new, additional or incrementally larger  
11 natural gas equipment.
- 12 2. Ensuring that Company facility investments meet required criteria and that  
13 security/risk concerns are appropriately addressed.
- 14 3. Maximizing annual margin collection from customers that can demonstrate  
15 the ability to use an alternate energy source.

16 Given the costs associated with the SPI are designed to maximize the use of  
17 the Company's distribution system and benefit residential customers, the subject  
18 costs are reasonable, prudently incurred, and are appropriate for inclusion in the  
19 rates authorized in this proceeding.

1 **VI. NON-CASH COMPENSATION PROGRAMS**

2 **Q. 51 Please identify the non-cash component of the Company's compensation**  
3 **program.**

4 A. 51 Exhibit No.\_\_(FH-12) lists the Company's non-cash compensation programs.  
5 These programs are similar to the benefits offered by the Company's utility peers  
6 and includes such offerings as medical and dental coverage, vacation and sick  
7 leave, disability coverage, and retirement benefits.

8 **Q. 52 Are the non-cash compensation costs reasonable?**

9 A. 52 Yes. Southwest Gas regularly reviews its plans to carefully manage its non-cash  
10 benefits program costs. In June 2020, the Company enlisted Mercer  
11 Consultants to conduct a Benefits Valuation Analysis (BVA) which compared  
12 SWG plans and with peer organizations. The BVA is a custom, comparative  
13 benchmarking report of benefit plans that allows the Company to assess the  
14 competitiveness of its benefits package. As a result of the report, the Company  
15 reevaluated its total benefits package and closed the pension plan to new hires  
16 beginning 1/1/2022.

17 **VII. PENSION AND OTHER POST-EMPLOYMENT BENEFITS (OPEB)**

18 **Q. 53 Please generally describe the Pension and OPEB programs that are**  
19 **available to Southwest Gas employees.**

20 A. 53 The Company provides the following Pension and OPEB programs:  
21 Defined Benefit Retirement Plan (Pension): The Company maintains a tax-  
22 qualified defined benefit retirement plan for employees hired before 1/1/2022.  
23 The defined benefit retirement plan was closed to employees hired on or after  
24 1/1/2022. The payout benefits are based on the employee's years of service,  
25 up to a maximum of 30 years, and the 12-month average of the employee's

1 highest five consecutive years' salaries, excluding bonuses, within the final 10  
2 years of service. The Internal Revenue Code (IRC) places a limit on the annual  
3 compensation that may be paid under the plan, which may be increased  
4 periodically to reflect cost-of-living increases. Base salary amounts deferred by  
5 executives under the Executive Deferral Plan (EDP) are not included for  
6 purposes of determining pensionable benefits under the Retirement Plan.

- 7 • **Supplemental Executive Retirement Plan (SERP):** The SERP is designed  
8 to supplement the Retirement Plan for participating executives by providing  
9 an opportunity for executives to receive a comparable retirement benefit at a  
10 level of 50% to 60% of base salary without regard to the IRC limits that apply  
11 to the Retirement Plan. To qualify for a normal retirement benefit under the  
12 SERP, an Executive must have reached age 55 with 20 years of service or  
13 age 65 with 10 years of service.

14 The SERP also provides a limited retirement benefit for executives  
15 who defer base salary under the EDP but who do not qualify for a normal  
16 retirement benefit under the plan. The limited benefit in the SERP accounts  
17 for base salary amounts that are deferred under the EDP that are not included  
18 in calculating pensionable benefits under the Retirement Plan. The SERP is  
19 a non-qualified plan under which participating executives are general  
20 unsecured creditors of the Company with respect to benefits payable under  
21 the plan. Benefits payable under the SERP are offset by benefits payable  
22 under the Retirement Plan to avoid double payment of benefits to executives.

- 23 • **Employees Investment Plan (EIP):** The Southwest Gas Corporation EIP is  
24 a tax-qualified defined contribution (401(k)) plan that is available to all its  
25 employees. The EIP permits participants to contribute between 2 and 60

1 percent of their base salaries to the plan and receive a corresponding  
2 Company matching contribution up to 3.5% of a participant's annual salary.  
3 A 3% non-contributory enhancement was added for employees hired on or  
4 after 1/1/2022, when the Retirement Plan was closed to all new hires.  
5 Additionally, new hires receive a 100% match for the first 7% of their  
6 contributions. All participant contributions to the EIP are subject to annual  
7 IRC limits that apply to the plan. Executives are not eligible to receive  
8 Company matching contributions under the EIP.

- 9 • **Executive Deferral Plan (EDP):** The EDP provides salary deferral  
10 opportunities for executives by permitting them to annually defer up to 100%  
11 of base salary and non-equity incentive compensation. To address the  
12 ineligibility of Executives to receive Company matching contributions under  
13 the EIP, Southwest Gas provides matching contributions under the EDP that  
14 parallel the contributions it makes to participants under the EIP, which is up  
15 to 3.5% of the Executive's base salary. Deferred contribution amounts and  
16 Company matching contributions bear interest at 150% of the Moody's  
17 Seasoned Corporate Bond Rate. The EDP is a non-qualified plan under  
18 which participating Executives are general unsecured creditors of the  
19 Company with respect to benefits payable under the plan. Additionally, base  
20 salary deferred under the EDP is not included in the formula used to calculate  
21 an Executive's pensionable benefit under the Company's tax-qualified  
22 defined benefit retirement plan.



1 **Q. 54 Has the design of any of these programs changed since the Company's**  
2 **last general rate case?**

3 A. 54 Yes, as mentioned above, the defined benefit retirement plan (pension) was  
4 closed to new hires as of 1/1/2022. In lieu of pension benefits for new hires, the  
5 EIP was enhanced to include a 3% non-contributory component and 100%  
6 match for the first 7% of employee contributions.

7 **Q. 55 Are the costs for these programs reasonable, prudent, and appropriate for**  
8 **inclusion in the rates authorized in this proceeding?**

9 A. 55 Yes. These programs are essential to the Company's efforts to attract and retain  
10 high performing individuals by providing supplemental retirement benefits as part  
11 of a competitive compensation package. This continuity of service benefits the  
12 Company's customers and the EDP and SERP, which constitute part of the  
13 Company's reasonable compensation program for its Executives, should be  
14 recoverable through customer rates. Notwithstanding, the Company is only  
15 seeking to recover the restorative amount of its SERP expenses in this  
16 proceeding. This adjustment is discussed in the prepared direct testimony of  
17 Company witness, Randi L. Cunningham.

18 **VIII. BOARD OF DIRECTORS' COMPENSATION**

19 **Q. 56 Does the Company provide compensation to its Board of Directors?**

20 A. 56 Yes. The Company compensates the members of its independent Board of  
21 Directors (at the holding company level). This compensation is intended to  
22 recruit and retain highly qualified Directors, but it also expresses the importance  
23 of these roles as a representation of the Company's attitudes towards corporate  
24 governance.

25

1 **Q. 57 Please explain how the Company determines appropriate salary ranges for**  
2 **Board of Director compensation.**

3 A. 57 The Compensation Committee is responsible for periodically reviewing the  
4 compensation of the independent Directors and recommends changes to the  
5 Board where appropriate. The Committee's former compensation consultant,  
6 Korn Ferry, completed a review of the Directors' compensation in August 2022  
7 (Confidential Exhibit No.\_\_(FH-13)) where the level of director compensation  
8 was assessed relative to the Company's peer group of companies. The subject  
9 review determined that the Board of Directors overall compensation was 2%  
10 below the median of its peer group.<sup>12</sup> The 2023 assessment was conducted by  
11 the Talent Solutions practice at Aon during the certification period (Confidential  
12 Exhibit No.\_\_(FH\_14)). The analysis indicated that Directors' compensation  
13 was competitive and no adjustments were recommended.

14 **Q. 58 Are the Board compensation expenses allocated to Southwest Gas**  
15 **reasonable and prudent, and appropriate for inclusion in the rates**  
16 **authorized in this proceeding?**

17 A. 58 Yes. The Securities Exchange Commission (SEC) requires Southwest Gas  
18 Holdings, as a publicly traded company, to have a Board of Directors comprised  
19 of mostly independent members. The Board provides guidance and oversight  
20 to ensure that the Company provides safe and reliable service to its customers  
21 and prudently manages its operations in a cost-effective manner while investing  
22 in the infrastructure necessary to meet customer demand and ensure safety,  
23 which helps support the Company's ability to access capital markets at  
24 reasonable rates. Moreover, the Company reviewed its Board compensation to  
25

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<sup>12</sup> See Confidential Exhibit No.\_\_(FH-13) at pg. 9.

1 ensure that it is set at levels that are reasonable compared to market and  
2 determined that the Board's total compensation is below the median of its peer  
3 group. Given the Board provides a clear and essential benefit to the Company,  
4 and the Board compensation expense included in the Company's request is  
5 reasonable, the subject expense was prudently incurred and should be included  
6 in the rates authorized in this proceeding.

7 **IX. CONCLUSION**

8 **Q. 59 Does this conclude your prepared direct testimony?**

9 **A. 59 Yes.**

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DOCKET NO. 23-09  
EXHIBIT NO. (FH-1)  
SHEET 1 OF 7

# 2022 Salary Budget Proposal

May 2, 2022

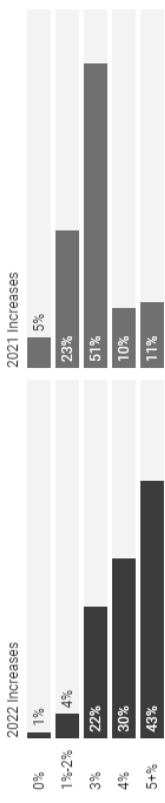


## EXECUTIVE SUMMARY

Rising inflation and a tight labor market have resulted in many companies raising their merit increases to higher levels seen in many years. According to the COLA: *Cost of Living Adjustment Survey* published in March 2022 by Salary.com, 73% of the 1,173 US companies who responded to the survey are targeting 4% or more for their merit increases in 2022. Comparatively, in 2021, only 21% had budgets of 4% or more.<sup>[1]</sup>

### Merit Salary Budget Increases

Employers reported the following merit salary budget increases for 2022 and 2021, respectively:



Source: *Cost of Living Adjustment Survey Report*, Salary.com, March 2022. • Created with Datawrapper

With consumer prices rising 8.5% year over year in March, workers are expecting higher increases.<sup>[2]</sup>

The survey data the Company traditionally uses to help determine annual salary budgets and structure adjustments reflects data as of spring 2021 and was published last fall. At that time, increase projections were consistent with prior years, i.e., 3% salary budgets and 2% structure adjustments, and inflation was just beginning to rise. As current economic conditions and the labor market continue to evolve, the Company must consider these factors when determining salary budgets in order to remain competitive and retain certain job skills.

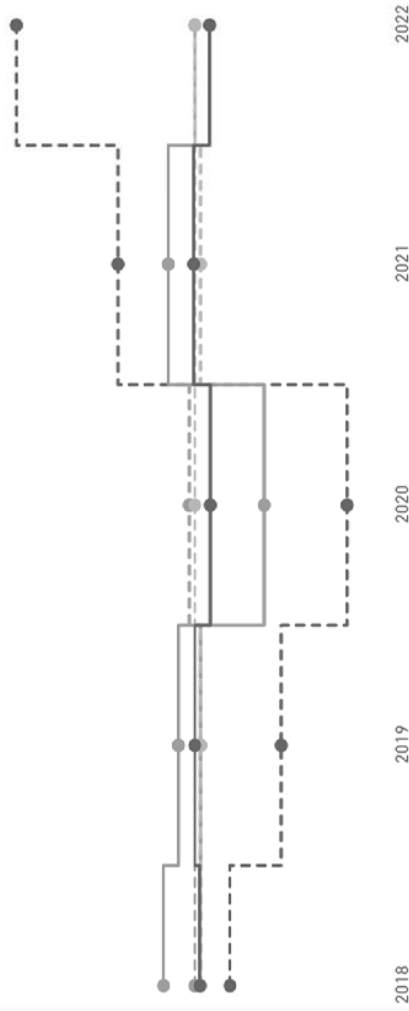
[1] Article, "COLA Survey Summary 2022", Salary.com Data collected 2/25/22 to 3/7/22.  
 [2] Article, "As Inflation Hits 8.5%, Workers Expect Bigger Raises", SHRM, published 4/13/22.

## CONTENTS

- Executive Summary
- Year-Over-Year Comparison
- Recommendation / Cost Summary
- Appendix
- 2022 Salary Budget and Structure Projections
- Employee Data / Historical increases

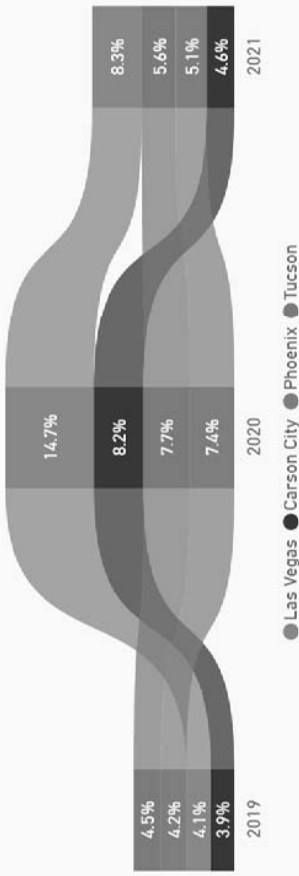
# hr Salary Budget Proposal – Year-Over-Year Comparison

Base Pay Increases and CPI Trends by Year

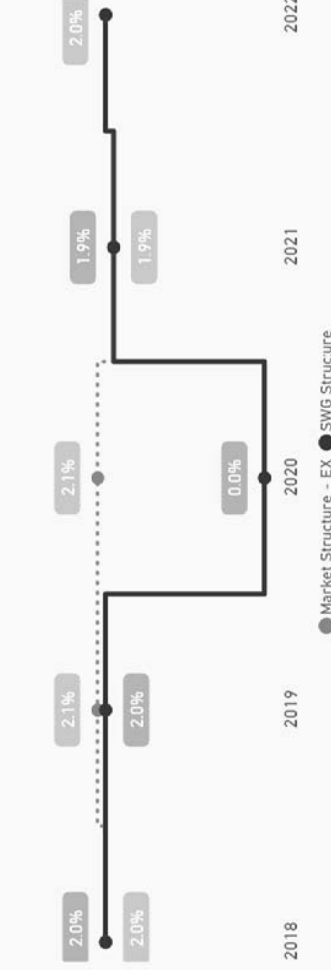


\*Projected Increases for year - 2022

Unemployment Statistics by Year and Location



Salary Structure Increases by Year



Overall, SWG base pay increases have kept pace with the Market and CPI until 2021 when inflation began to skyrocket.

The unemployment rate in NV has exceeded the national average rate each year, whereas AZ has fell slightly below national average rates of 3.7% in 2019; 8.1% in 2020; and 5.3% in 2021.

Salary Structure increases have kept pace with the market each year, excluding 2020. By adjusting salary ranges, new hire offers can be competitive with the market.



# Salary Budget Proposal – Recommendation / Cost Summary

53% of Nonexempt employees are at Step 9 and not eligible for a Step Increase – they only receive the Base Rate Increase.

**Option 1:**

**Total Increase Budgets:**

**Nonexempt- 2.50% / Step Increase- 0.75% = Total Budget - 3.25%**  
**Exempt- 2.50% / Discretionary- 1.00% = Total Budget - 3.50%**  
**Officers- Total Budget - 5.00%**

	Nonexempt		Exempt		Officers		Total Increases	Overall Increase Rate	2022 End Cost (6 months)	Budgeted \$ (incl. step incr)	Favorable/ (Unfavorable) Variance
	Base Rate Increase	Step Increase	Base Salary Increase	Discretion Increase	Base Salary Increase	5.00%					
<b>Nonexempt</b>	\$ 91,935	\$ 690	\$ 2,298	\$ -	\$ -	\$ -	\$ 2,988	3.25%	\$ 1,494	\$ -	
<b>Officers</b>	\$ 6,860	-	-	-	343	343	343	5.00%	172	-	
<b>Exempt</b>	99,901	-	2,498	999	-	-	3,497	3.50%	1,749	-	
<b>Company</b>	\$ 198,696	\$ 690	\$ 2,498	\$ 999	\$ 343	\$ 343	\$ 6,828	3.44%	\$ 3,414	\$ 3,436	\$ 21
							without officers \$ 6,485		\$ 3,243	\$ -	194

**Option 2:**

**Total Increase Budgets:**

**Nonexempt- 3.00% / Step Increase- 0.75% = Total Budget - 3.75%**  
**Exempt- 3.00% / Discretionary- 0.50% = Total Budget - 3.50%**  
**Officers- Total Budget - 3.50%**

	Nonexempt		Exempt		Officers		Total Increases	Overall Increase Rate	2022 End Cost (6 months)	Budgeted \$ (incl. step incr)	Favorable/ (Unfavorable) Variance
	Base Rate Increase	Step Increase	Base Salary Increase	Discretion Increase	Base Salary Increase	3.50%					
<b>Nonexempt</b>	\$ 91,935	\$ 690	\$ 2,758	\$ -	\$ -	\$ -	\$ 3,448	3.75%	\$ 1,724	\$ -	
<b>Officers</b>	\$ 6,860	-	-	-	240	240	240	3.50%	120	-	
<b>Exempt</b>	99,901	-	2,997	500	-	-	3,497	3.50%	1,749	-	
<b>Company</b>	\$ 198,696	\$ 690	\$ 2,997	\$ 500	\$ 240	\$ 240	\$ 7,185	3.62%	\$ 3,593	\$ 3,436	\$ (158)
							without officers \$ 6,945		\$ 3,473	\$ -	(37)

~The Budgeted \$ is a fixed amount and was provided by Chris Madsen, Mgr/Corporate Planning.

**Option 1** is the most conservative approach and results in a favorable variance of \$21,000. It also provides a 5% increase for Officers, which has traditionally been the budgeted amount.

**Option 2** is less conservative and attempts to address the rise in inflation and tight job market. It also reduces Officer increases to 3.5%, which reflects the increase projected for officers in Korn Ferry's 2022 Trends and Regulatory Developments presentation to the Compensation Committee at the May meeting. This options exceeds the Budgeted \$ by \$158,000.

**Recommendation: Option 2**

Though this option exceeds the Budgeted \$, it aligns more closely with recent surveys/articles concerning employee compensation in the current economic environment. It also aligns Officer increases with the projection depicted in the Korn Ferry presentation.

# APPENDIX







# 2022 Salary Budget and Structure Projections

The compensation surveys referenced when considering 2022 salary increase budgets and structure adjustments are listed in the chart.  
The surveys are effective spring 2021 and published in the fall.

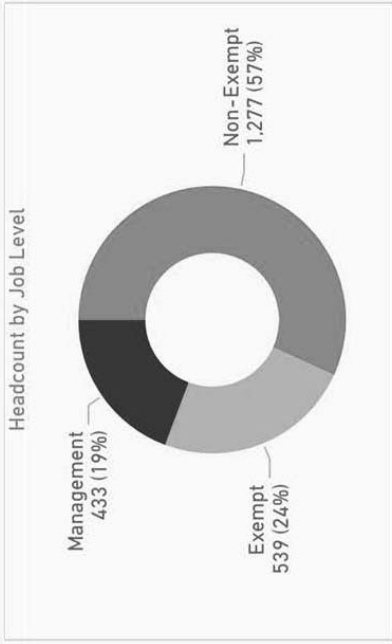
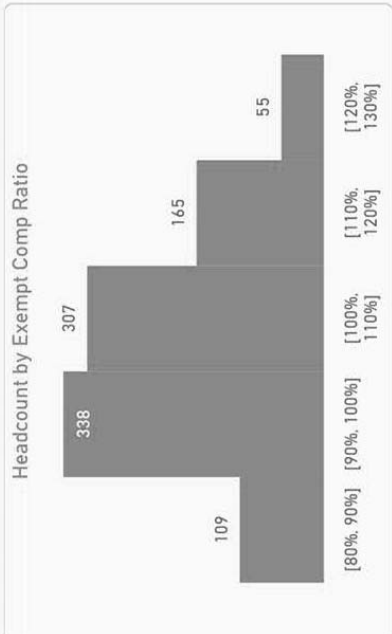
National Survey Source	Industry	Salary Increase Budget		Structure Adjustment
		Exempt	Non-Exempt	
Aon Hewitt	Energy			
Compensation Resources	General	3.0%	3.0%	2.2%
Conference Board	Utilities	3.0%	3.0%	2.0%
Korn Ferry <sup>(1)</sup>	Energy	3.0%	3.0%	2.0%
Mercer	Energy	3.0%	3.0%	2.0%
PayScale	Energy & Utilities	3.2%	3.0%	1.8%
Willis Towers Watson	Energy	3.0%	3.0%	2.0%
World@Work	Utilities	2.9%	2.9%	2.0%
<b>Survey Average</b>		<b>3.0%</b>	<b>3.0%</b>	<b>2.0%</b>
<b>Southwest Gas Recommendation</b>		<b>3.0%*</b>	<b>3.0%**</b>	<b>2.0%</b>

[1] Structure data reflects General Industry

\*Excludes 0.5% discretionary merit pool.

\*\*Excludes projected 0.75% step increase.

# hr Salary Budget Proposal – Employee Data / Historical Increases

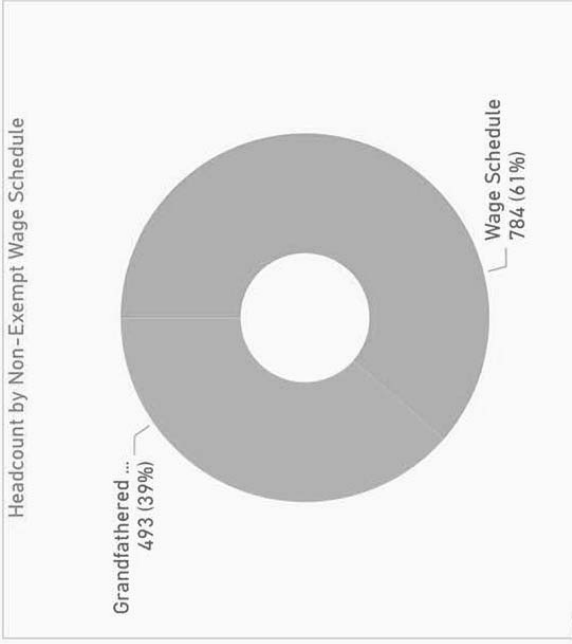


Historical SWG Salary Adjustments

Year	Exempt (Base + Discretionary)	Non-Exempt (+Step Increase)
2017	2.3% + 1.3% = 3.6%	2.3% (+.56%)
2018	2.3% + 1.3% = 3.6%	2.3% (+.61%)
2019	2.3% + 1.0% = 3.3%	2.3% (+.70%)
2020	2.0%	2.0% (+.74%)
2021	2.3% + 1.2% = 3.5%	2.3% (+.72%)

Non-Exempt Grade Step Details

Grade Step	Non-Exempt Grade Step Details		Total
	Grandfathered Wage Schedule	Wage Schedule	
1	0	34	34
2	0	65	65
3	0	77	77
4	0	70	70
5	2	73	75
6	1	86	87
7	2	109	111
8	2	77	79
9	486	193	679
<b>Total</b>	<b>493</b>	<b>784</b>	<b>1277</b>



**SOUTHWEST GAS CORPORATION**  
**SUMMARY OF WAGE & SALARY BUDGET INCREASES**  
**EMBEDDED IN THE TEST YEAR COST OF SERVICE**  
**YEARS 2020 THROUGH 2022**

Line No.	Description	2020		2021		2022		3-Year Average		Line No.	
		Exempt	Non-Exempt	Exempt	Non-Exempt	Exempt	Non-Exempt	Exempt	Non-Exempt		
1	Survey Average	Projected	3.00%	Projected	2.70%	Projected	3.00%	Actual	3.13%	Actual	3.07%
		Actual	3.10%	Actual	3.00%	Actual	2.90%	Actual	3.30%	Actual	3.30%
2	Southwest Gas Base Adjustment	Budgeted	2.00%	Budgeted	2.30%	Budgeted	3.00%	Actual	2.95%	Actual	2.43%
		Actual	0.00%	Actual	1.20%	Actual	0.50%	Actual	3.00%	Actual	3.00%
3	Discretionary										
4	Southwest Gas Total Base Adjustment	2.00%	1.90%	3.50%	3.47%	3.50%	3.49%				

**Docket No. 23-09\_\_\_\_**

General Rate Case

Confidential Exhibit No.\_(FH-3)

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

**SOUTHWEST GAS CORPORATION**

Docket No. 23-09\_\_\_\_

Confidential Exhibit No.\_(FH-3)

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

**Docket No. 23-09\_\_\_\_**

General Rate Case

Confidential Exhibit No.\_(FH-4)

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

**SOUTHWEST GAS CORPORATION**

Docket No. 23-09\_\_\_\_

Confidential Exhibit No.\_(FH-4)

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

**SOUTHWEST GAS CORPORATION  
NEVADA  
2020 GENERAL RATE CASE (GRC) AUTHORIZED COMPARED TO 2023 GRC ANNUALIZED TEST YEAR LABOR, AS PROPOSED**

Line No.	Description (a)	2020 GRC Authorized - Docket No. 20-02023 Twelve Months Ended (TIME) November 30, 2019 Certified to May 31, 2020			2023 GRC Proposed Twelve Months Ended May 31, 2023			Line No.				
		Allocation Factors (b)	SNV (c)	Corp Direct SNV (d)	Sys Alloc (e)	Total (f)	Allocation Factors (g)		SNV (h)	Corp Direct SNV (i)	Sys Alloc (l)	Total (k)
<b>Southern Nevada</b>												
1	Annualized Test Year Labor [1]		\$ 25,520,565	\$ 5,700,586	\$ 63,810,485		\$ 26,044,626	\$ 6,439,226	\$ 57,693,450		1	
2	Net of Allocation to Great Basin & SGTG (MMF)	4.51%		60,931,013		60,931,013	3.79%		55,504,467		2	
3	Allocation of Net Amount to Jurisdiction Based on 4-Factor (Statement N)	27.79%		16,934,561		16,934,561	28.19%		15,648,634		3	
4	Total Southern Nevada Labor		\$ 25,520,565	\$ 5,700,586	\$ 16,934,561	\$ 48,155,712		\$ 26,044,626	\$ 6,439,226	\$ 15,648,634	\$ 48,132,485	4
<b>Northern Nevada</b>												
5	Annualized Test Year Labor [1]		\$ 6,286,972	\$ 821,974	\$ 63,810,485		\$ 6,609,258	\$ 1,034,031	\$ 57,693,450		5	
6	Net of Allocation to Great Basin & SGTG (MMF)	4.51%		60,931,013		60,931,013	3.79%		55,504,467		6	
7	Allocation of Net Amount to Jurisdiction Based on 4-Factor (Statement N)	5.63%		3,431,332		3,431,332	5.34%		2,962,122		7	
8	Total Northern Nevada Labor		\$ 6,286,972	\$ 821,974	\$ 3,431,332	\$ 10,540,278		\$ 6,609,258	\$ 1,034,031	\$ 2,962,122	\$ 10,605,411	8
9	<b>Total Annualized Labor - Ln 4 + Ln 8</b>					<b>\$ 58,695,989</b>					<b>\$ 58,737,896</b>	9
10	\$ Increase in Annualized Labor										<b>41,907</b>	10
11	% Increase in Annualized Labor										<b>0.1%</b>	11

[1] WP H-3, Sh 4.



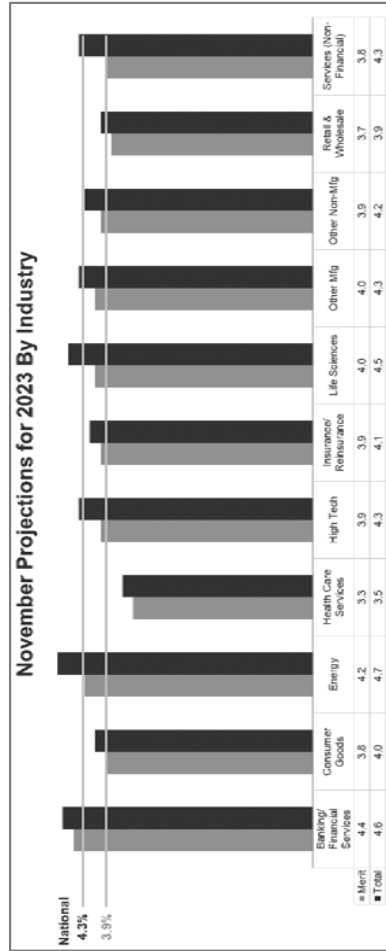
# 2023 Salary Budget Proposal

May 11, 2023

## EXECUTIVE SUMMARY

Though 2023 pay increases are higher than they've been in years, they are not as high as projections made at the end of 2022, according to a recent article published in the HR Daily Newsletter<sup>[1]</sup>.

The newsletter cited the November 2022 edition of the *U.S. Compensation Planning* pulse survey conducted by Mercer that indicated participants were budgeting 3.9% for merit increases and 4.3% for total increases<sup>[2]</sup>. The projections varied by industry, with energy being among the top projections at 4.2% for merit and 4.7% for total increases. The following chart is from the survey and depicts the 2023 projections.



According to new data by Mercer, U.S. employers are reporting 3.8% for actual average merit increases and 4.1% for total increases<sup>[3]</sup>.

The survey data Southwest Gas traditionally uses to help determine annual salary budgets and structure adjustments reflects data as of spring 2022. At that time, increase projections were averaging 4% increase budgets and 2.8% structure adjustments as inflation remained high and the labor market continued to evolve.

As inflation begins to shift downward and the labor market cools, the Company is challenged with maintaining competitive compensation while balancing its needs to control costs.

<sup>1,3</sup> 2023 Compensation Increases Largest Since 2008 Financial Crisis." Published May 5, 2023. HR Daily Newsletter, SHRM.  
<sup>2</sup> US Compensation Planning Survey | 2023 Budget Planning. Mercer. Published December 13, 2022

## CONTENTS

Executive Summary

Market Snapshot

Recommendation / Cost Summary

Timeline

Future Considerations

## Appendix

Employee Data / Historical increases

Market Pricing Overview & Timeline



# Salary Budget Proposal – Market Snapshot

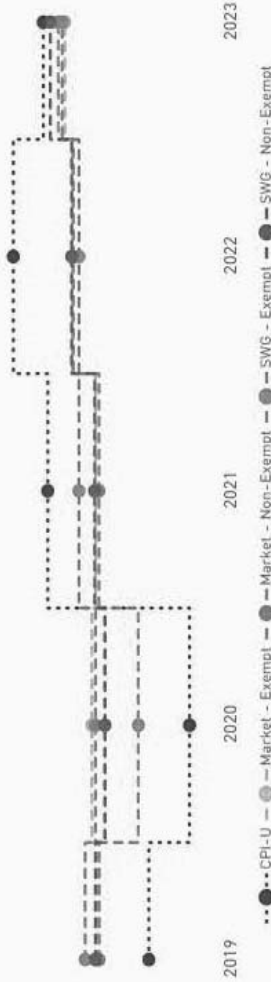
CPI-U Increase  
**4.9%**  
 2023 - April YoY

Market - Exempt  
**4.0%**  
 Salary Surveys

Market - Non-Exempt  
**4.1%**  
 Salary Surveys

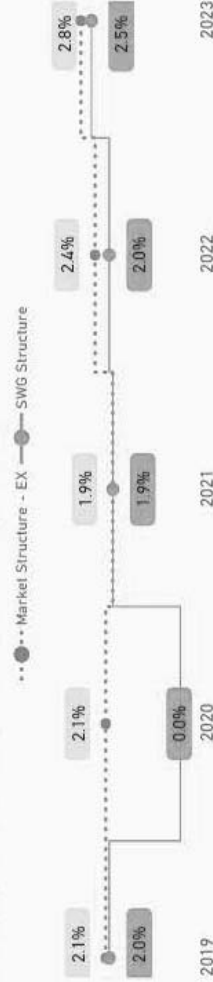
Peer Comparison  
**4.23%**  
 Utilities

## Base Pay Increases and CPI Trends by Year\*



Type	2019	2020	2021	2022	2023
CPI-U	1.81%	1.23%	4.70%	6.50%	4.90%
Market - Exempt	2.90%	3.10%	3.00%	3.70%	4.00%
Market - Non-Exempt	2.90%	3.00%	2.90%	3.70%	4.10%
SWG - Exempt	3.30%	2.00%	3.50%	3.50%	4.25%
SWG - Non-Exempt	3.00%	2.74%	3.02%	3.75%	4.58%

## Salary Structure Increases by Year



## Market Salary Surveys

2023 Market Salary Surveys provide projected salary increases based on Energy, Utilities, and General industries. The structure adjustment reflects General industries.

National Survey Source	Industry	Salary Increase Budget		Structure Adjustment <sup>(1)</sup>	
		Exempt	Non-Exempt	Exempt	Exempt
Aon	Energy	4.5%	4.5%	4.5%	3.0%
Compensation Resources	General	4.0%	4.1%	4.2%	2.9%
Conference Board	Utilities	4.0%	4.0%	4.25%	3.0%
Korn Ferry	Energy	4.0%	4.0%	4.0%	2.9%
Mercer	Energy	4.0%	4.0%	4.0%	3.0%
PayScale	Energy & Utilities	3.8%	3.9%	3.9%	2.4%
Willis Towers Watson	Energy	4.0%	4.0%	4.0%	3.0%
World@Work	Utilities	4.0%	4.0%	3.9%	2.5%
<b>Survey Average</b>		<b>4.0%</b>	<b>4.1%</b>	<b>4.1%</b>	<b>2.8%</b>
<b>Southwest Gas Recommendation</b>		<b>4.0%*</b>	<b>4.0%**</b>		<b>2.5%</b>

\*Excludes 0.5% discretionary merit pool. \*\*Excludes projected 0.83% step increase. [1] Structure data reflects General Industry

## Peer Comparisons

2023 projected Merit increase budgets provided by Frank Burkhardtmeier, SVP and CFO for Northwest Natural for 13 Gas Utilities companies. Email was provided by Rob Stefani - 1/3/2023

Resulted in an average merit increase budget of 4.23% and a 0.6% discretionary pool.

\*2023 reflects projected Increases - CPI-U is based on April 2023 YOY data; Market increases are based on salary surveys for 2023; SWG increases reflect Option 2 in proposal (Non-exempt includes the 0.83% step increase).

# Salary Budget Proposal – Recommendation/Cost Summary (2) - Updated Considerations



**Option 1**  
 Provides a 1.00% discretionary pool for rewarding higher performers. Base salary increase for exempts is slightly lower than increase for non-exempts in order to stay within 4.25% total budget.

**Option 2**  
 Aligns closer to market merit increases while still allowing 1% discretionary pool for rewarding higher performers. Results in highest overall budget.

**Option 3**  
 Represents the highest base salary adjustment. Flexibility to reward higher performers is minimized with 0.5% discretionary pool.

**Option 1:**

Total Increase Budgets:

**Nonexempt- 3.75%** (with 0.83% step increase = 4.58%)  
**Exempt- 3.25% / Discretionary- 1.00% = Total Budget - 4.25%**  
**Officers- Total Budget - 4.25%**

	Nonexempt		Exempt		Officers		Total Increases	New Salaries 12/31/23	Overall Increase Rate	2023 End Cost (6 months)	Budgeted \$ (incl. step incr)	Favorable/ (Unfavorable) Variance
	Base Rate Increase	3.75%	Base Salary Increase	3.25%	Discretion Increase	1.00%						
<b>Total Salaries 5/1/23</b>	\$ 95,562	\$ 7,305	\$ 105,055	\$ 3,414	\$ 1,051	\$ 310	\$ 3,584	\$ 99,146	3.75%	\$ 1,792		
<b>Nonexempt</b>	\$ 95,562	\$ 7,305	\$ 105,055	\$ 3,414	\$ 1,051	\$ 310	\$ 3,584	\$ 99,146	3.75%	\$ 1,792		
<b>Officers</b>												
<b>Exempt</b>												
<b>Company</b>	\$ 207,922	\$ 3,584	\$ 211,506	\$ 3,414	\$ 1,051	\$ 310	\$ 8,359	\$ 216,281	4.02%	\$ 4,180	\$ 4,169	\$ (12)
												\$ 144
												\$ 4,025
												\$ 4,01%
												\$ 208,667

**Option 2:**

Total Increase Budgets:

**Nonexempt- 3.75%** (with 0.83% step increase = 4.58%)  
**Exempt- 3.75% / Discretionary- 1.00% = Total Budget - 4.75%**  
**Officers- Total Budget - 4.75%**

	Nonexempt		Exempt		Officers		Total Increases	New Salaries 12/31/23	Overall Increase Rate	2023 End Cost (6 months)	Budgeted \$ (incl. step incr)	Favorable/ (Unfavorable) Variance
	Base Rate Increase	3.75%	Base Salary Increase	3.75%	Discretion Increase	1.00%						
<b>Total Salaries 5/1/23</b>	\$ 95,562	\$ 7,305	\$ 105,055	\$ 3,940	\$ 1,051	\$ 347	\$ 3,584	\$ 99,146	3.75%	\$ 1,792		
<b>Nonexempt</b>	\$ 95,562	\$ 7,305	\$ 105,055	\$ 3,940	\$ 1,051	\$ 347	\$ 3,584	\$ 99,146	3.75%	\$ 1,792		
<b>Officers</b>												
<b>Exempt</b>												
<b>Company</b>	\$ 207,922	\$ 3,584	\$ 211,506	\$ 3,940	\$ 1,051	\$ 347	\$ 8,922	\$ 216,844	4.29%	\$ 4,461	\$ 4,169	\$ (293)
												\$ (119)
												\$ 4,288
												\$ 4,27%
												\$ 209,193

**Option 3:**

Total Increase Budgets:

**Nonexempt- 4.00%** (with 0.83% step increase = 4.83%)  
**Exempt- 4.00% / Discretionary- 0.50% = Total Budget - 4.50%**  
**Officers- Total Budget - 4.50%**

	Nonexempt		Exempt		Officers		Total Increases	New Salaries 12/31/23	Overall Increase Rate	2023 End Cost (6 months)	Budgeted \$ (incl. step incr)	Favorable/ (Unfavorable) Variance
	Base Rate Increase	4.00%	Base Salary Increase	4.00%	Discretion Increase	0.50%						
<b>Total Salaries 5/1/23</b>	\$ 95,562	\$ 7,305	\$ 105,055	\$ 4,202	\$ 525	\$ 329	\$ 3,822	\$ 99,384	4.00%	\$ 1,911		
<b>Nonexempt</b>	\$ 95,562	\$ 7,305	\$ 105,055	\$ 4,202	\$ 525	\$ 329	\$ 3,822	\$ 99,384	4.00%	\$ 1,911		
<b>Officers</b>												
<b>Exempt</b>												
<b>Company</b>	\$ 207,922	\$ 3,822	\$ 211,744	\$ 4,202	\$ 525	\$ 329	\$ 8,878	\$ 216,800	4.27%	\$ 4,439	\$ 4,169	\$ (271)
												\$ (106)
												\$ 4,275
												\$ 4,26%
												\$ 209,167

~The Budgeted \$ is a fixed amount and was provided by Chris Madsen, Sr Mgr./Corporate Planning for the 2023 Budget as of January 1, 2023. Salaries above are effective as of May 1, 2023. Non-exempt step increase is 0.83%.

# Salary Budget Proposal – Recommendation / Cost Summary (Approved)



Approved - 5/25/2023

**Modified Option 2:**

**Total Increase Budgets:**

**Nonexempt - 3.75%** (with 0.83% step increase = 4.58%)

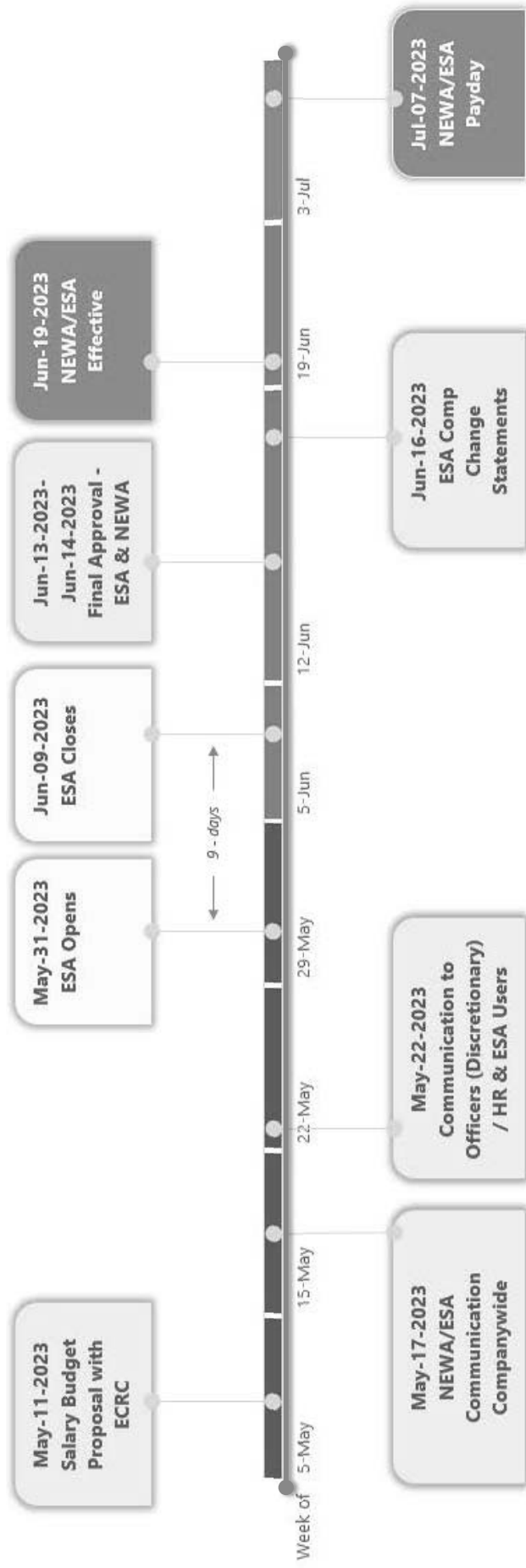
**Exempt - 3.75% / Discretionary - 0.75% = Total Budget - 4.50%**

**Officers - Total Budget - 4.50%**

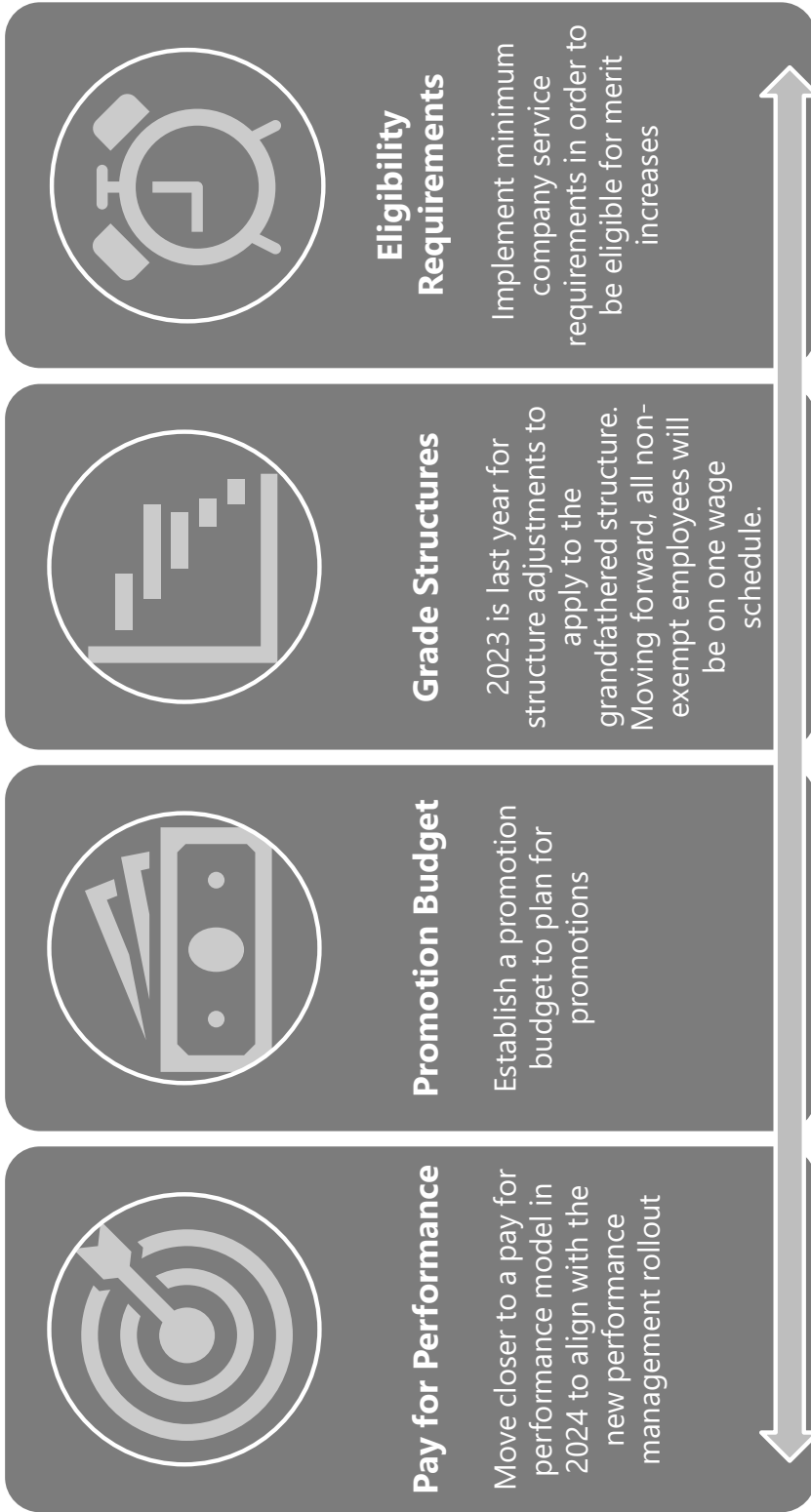
	Nonexempt		Exempt		Officers		Total Increases	New Salaries 12/31/23	Overall Increase Rate	2023 End Cost (6 months)	Budgeted \$ (incl. step incr)	Favorable/ (Unfavorable) Variance
	Base Rate Increase 3.75%	Base Salary Increase 3.75%	Discretion Increase 0.75%	Base Salary Increase 4.50%	Base Salary Increase 4.50%							
<b>Nonexempt</b>	\$ 95,562	\$ 3,584	\$ -	\$ -	\$ -	\$ 3,584	\$ 99,146	3.75%	\$ 1,792			
<b>Officers</b>	\$ 7,305				329	329	7,634	4.50%	165			
<b>Exempt</b>	\$ 105,055		3,940	788		4,728	109,783	4.50%	2,364			
<b>Company</b>	\$ 207,922	\$ 3,584	\$ 3,940	\$ 788	\$ 329	\$ 8,641	\$ 216,563	4.16%	\$ 4,321	\$ 4,169	\$ (153)	
	\$ 200,618					\$ 8,312	\$ 208,930	4.14%	\$ 4,156		\$	\$ 13

~The Budgeted \$ is a fixed amount and was provided by Chris Madsen, Sr Mgr/Corporate Planning for the 2023 Budget as of January 1, 2023. Salaries above are effective as of May 1, 2023. Non-exempt step increase is 0.83%.

**hr Exempt Salary Administration & Non-Exempt Wage Adjustment - Timeline**



# FUTURE CONSIDERATIONS



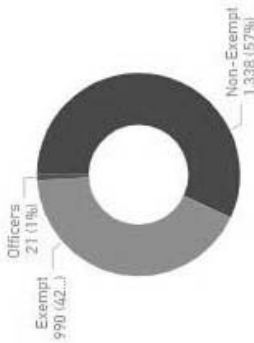
# APPENDIX

# hr Salary Budget Proposal – Employee Data / Historical Increases

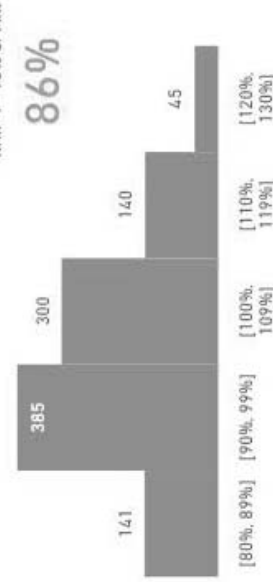
## At a Glance - May Year-over-Year



### Headcount by Job Level



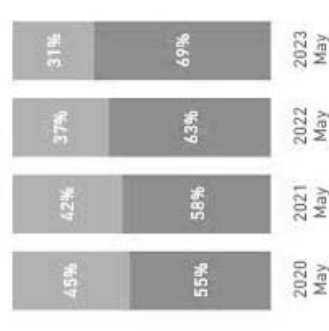
### Headcount by Exempt Comp Ratio



### Historical SWG Salary Adjustments



### Headcount by Non-Exempt Wage Schedule



### Non-Exempt Grade Step Details

Wage Schedule	Grandfathered		Wage Schedule		Total	
	Count	%	Count	%	Count	%
1	3	0%	46	3%	3	0%
2			107	8%	46	3%
3			104	8%	107	8%
4			91	7%	104	8%
5			69	5%	91	7%
6	2	0%	85	6%	69	5%
7	2	0%	74	6%	87	7%
8	13	1%	97	7%	76	6%
9	400	30%	245	18%	110	8%
<b>Total</b>	<b>420</b>	<b>31%</b>	<b>918</b>	<b>69%</b>	<b>1,338</b>	<b>100%</b>

Legend: Wage Schedule (Grey), Grandfathered Wage Schedule (Dark Grey)

Legend: Discretionary % (Light Grey), Step Increase (Dark Grey), SWG Increase (Black)

\*2023 percentages depicted above represent Option 2 recommended percent increases

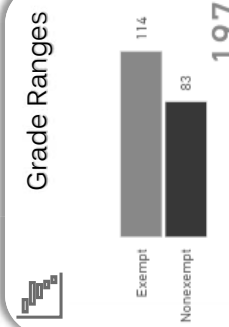
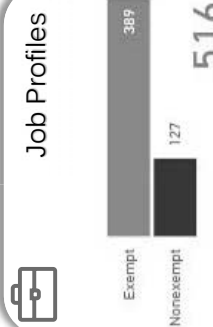


# Total Rewards – 2023 Market Pricing Initiative

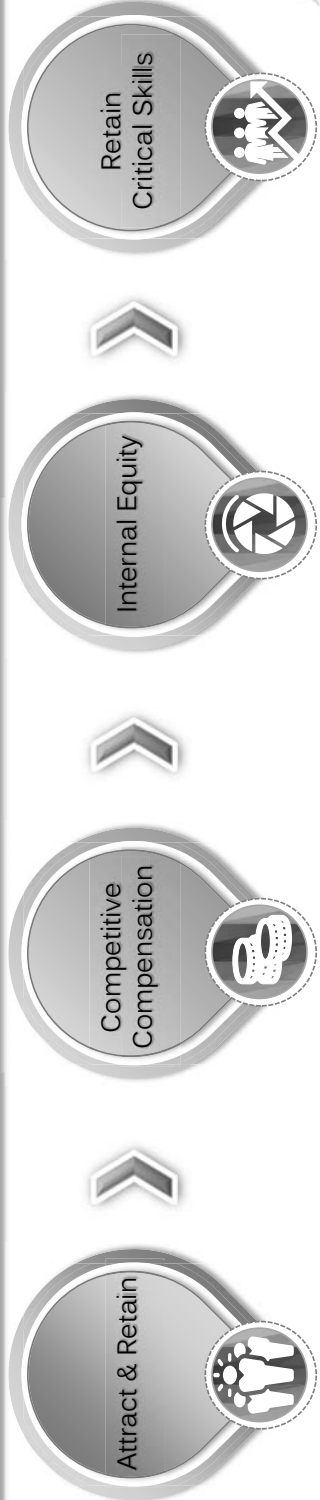


The Company's Compensation Philosophy takes a market-based approach to pay administration and supports its goal of attracting and retaining a diverse and highly skilled workforce. To accomplish this, the Company intends its compensation system to be: 1) Competitive - Overall set at market, considering both the Company's market niche and industries in which we compete for talent, 2) Comprehensive - Viewed through the lens of total rewards, including base pay, incentive pay, and equity, 3) Objective - Administered to be consistent with market rates, and 4) Developmental - Designed to encourage career and professional development within the workforce.

## CURRENT STATE



## COMPENSATION PROGRAM PRIORITIES



## FUTURE STATE

Simplified Administration -- Alignment with market and reduction of job profiles and grades

Creation of Leadership and Individual Contributor verticals

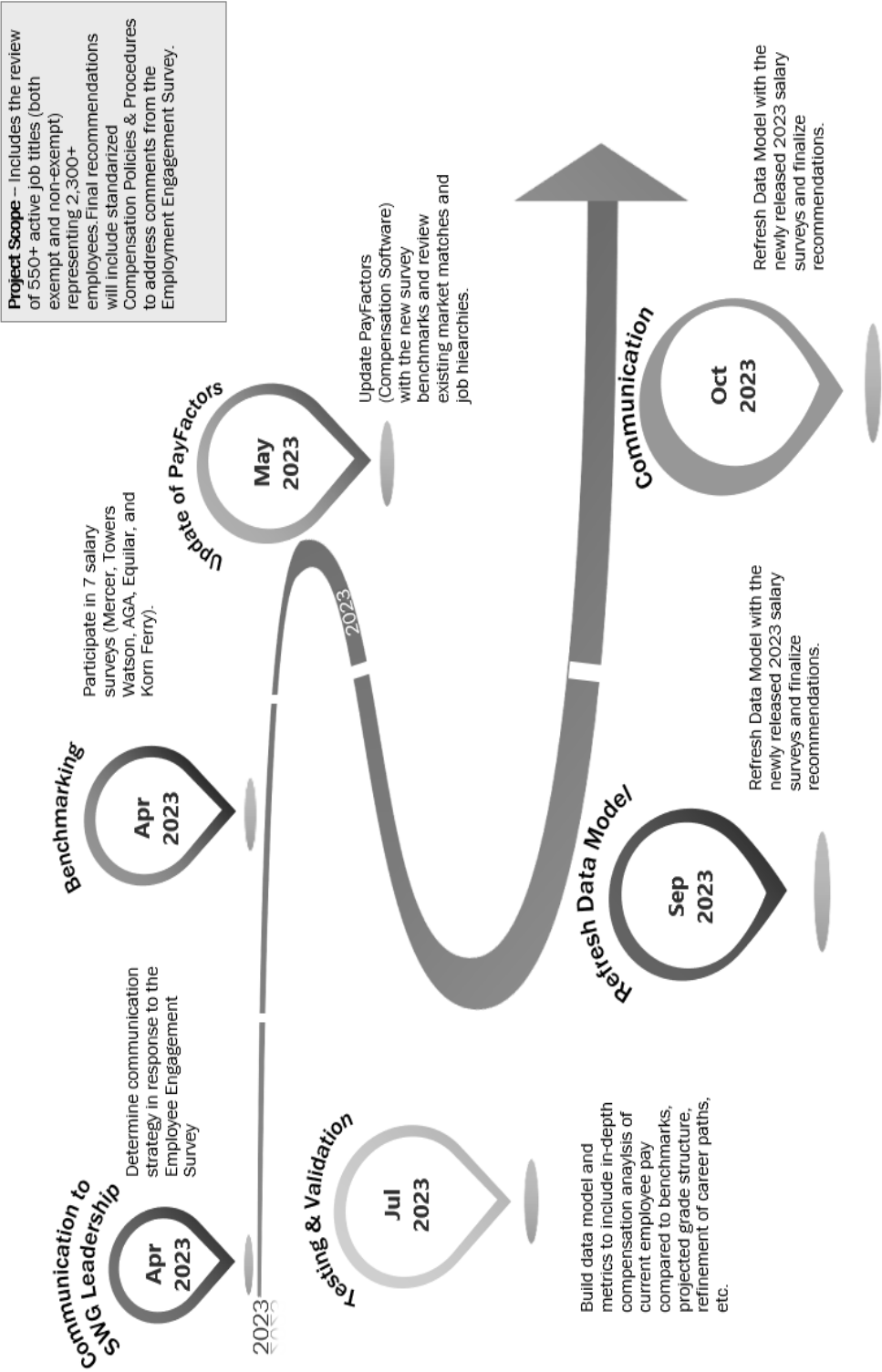
Benchmark positions to compare competitiveness to market

Enable salary structure and incentive modeling and analysis

Future integration into Oracle Cloud to allow real-time external market compensation comparison reports.



# hr Compensation Market Pricing Timeline





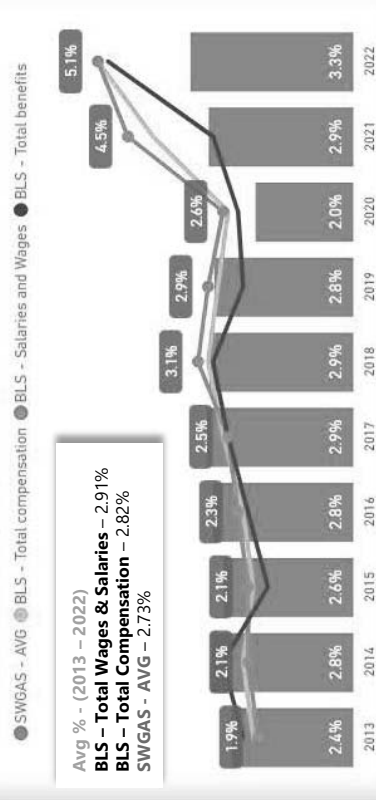
# 2023 Salary Budget Proposal Additional Considerations

May 2023

# hr BLS Regional and Local Considerations

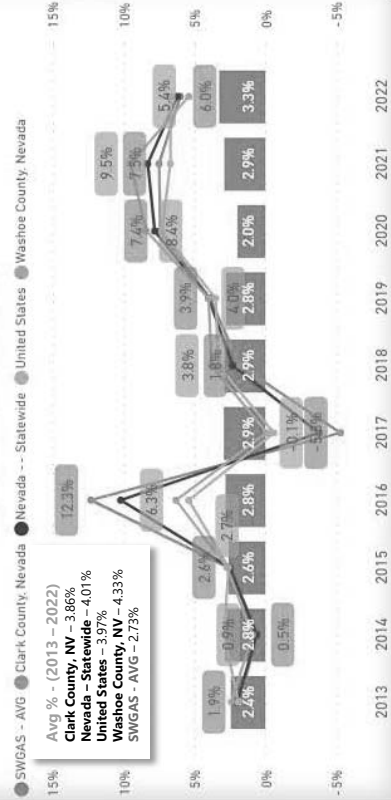
Wages and salaries increased 5.1 percent for the 12-month period ending in December 2022 and increased 4.5 percent for the 12-month period ending December 2021. (BLS - Feb 2, 2023) <sup>[1]</sup>

US. Bureau of Labor Statistics -- Employment Cost Index  
12-month percent change in employment costs for civilian workers, December 2012--December 2022

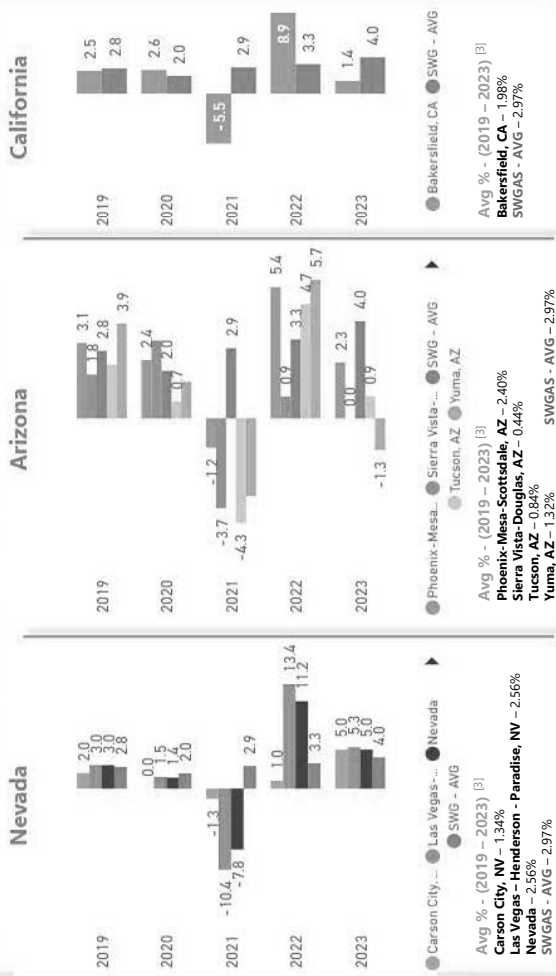


Weekly wages increased 6.0 percent in Clark County and 5.4 percent in Washoe County from the third quarter 2021 to the third quarter 2022. Average weekly wages for the nation increased 6.7 percent over the year. (BLS - Apr 21, 2023) <sup>[2]</sup>

County Employment and Wages in Nevada - Third Quarter 2022 - Quarterly Census of Employment and Wages - 12-month percent change (Q3) by Year and Industry



Western Information Office -- Nonfarm Wage and Salary -- March YoY 12-month % change

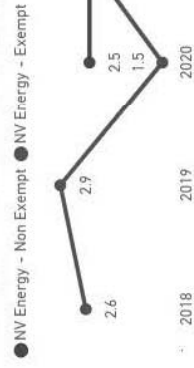


Other Increase Considerations -- Nevada State Legislature and Historical NV Energy Increases

Senate Bill No. 440 - Senator Cannizzarro - March 2, 2023 - Salary Increases for State Officers and Employees



NV Energy Base Salary Increases by Type



Staff's non-represented merit increases. Provided by PUCN - Direct Testimony - K. Olesky - 9/25/2022

<sup>[1]</sup> Compensation costs up 5.1 percent from December 2021 to December 2022. The Economics Daily: U.S. Bureau of Labor Statistics (bls.gov)  
<sup>[2]</sup> County Employment and Wages in Nevada - Third Quarter 2022. Western Information Office. U.S. Bureau of Labor Statistics (bls.gov)

# State Minimum Wage Rates Considerations



ARIZONA									
MINIMUM WAGE RATES									
EFFECTIVE 2019 THROUGH 2023									
Line No.	Description	2019	2020	2021	2022	2023	Average	Line No.	CAGR
1	Hourly Wage \$	11.00	\$ 12.00	\$ 12.15	\$ 12.80	\$ 13.85	8.2%	1	5.9%
2	% Increase		9.1%	1.3%	5.3%	8.2%	6.0%	2	
[1] <a href="http://azica.gov">azica.gov</a>									
NEVADA									
MINIMUM WAGE RATES									
EFFECTIVE 2019 THROUGH 2023									
Line No.	Description	2019	2020	2021	2022	2023	Average	Line No.	CAGR
1	Lower Tier \$	7.25	\$ 8.00	\$ 8.75	\$ 9.50	\$ 10.25	7.9%	1	9.0%
2	% Increase		10.3%	9.4%	8.6%	7.9%	9.0%	2	
3	Upper Tier \$	8.25	\$ 9.00	\$ 9.75	\$ 10.50	\$ 11.25	7.1%	3	
4	% Increase		9.1%	8.3%	7.7%	7.1%	8.1%	4	
[1] <a href="https://labor.nv.gov/uploadedFiles/labornv.gov/content/Employer/2019%20Annual%20Bulletin%20Minimum%20Wage.pdf">https://labor.nv.gov/uploadedFiles/labornv.gov/content/Employer/2019%20Annual%20Bulletin%20Minimum%20Wage.pdf</a>									
[2] Assembly Bill 456 and Senate Bill 192 of the 80th Session of the Nevada Legislature (2019)									
[3] <a href="https://labor.nv.gov/uploadedFiles/labornv.gov/content/Wages/2023%20Minimum%20Wage%20Bulletin.pdf">https://labor.nv.gov/uploadedFiles/labornv.gov/content/Wages/2023%20Minimum%20Wage%20Bulletin.pdf</a>									
CALIFORNIA									
MINIMUM WAGE RATES									
EFFECTIVE 2019 THROUGH 2023									
Line No.	Description	2019	2020	2021	2022	2023	Average	Line No.	CAGR
1	Hourly Wage \$	12.00	\$ 13.00	\$ 14.00	\$ 15.00	\$ 15.50	3.3%	1	6.6%
2	% Increase		8.3%	7.7%	7.1%	3.3%	6.6%	2	
[1] 2017-2023 \$15 Minimum Wage Phase in Requirement Frequently Asked Questions ( <a href="http://ca.gov">ca.gov</a> )									



**Docket No. 23-09\_\_\_\_**

General Rate Case

Confidential Exhibit No.\_\_(FH-8)

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

**SOUTHWEST GAS CORPORATION**

Docket No. 23-09\_\_\_\_

Confidential Exhibit No.\_\_(FH-8)

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

**Docket No. 23-09\_\_\_\_**

General Rate Case

Confidential Exhibit No.\_(FH-9)

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

**SOUTHWEST GAS CORPORATION**

Docket No. 23-09\_\_\_\_

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 ANNUALIZED LABOR  
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		Allocation Factors (b)	SNV (c)	Corp Direct SNV (d)	Sys Alloc (e)	Total (f)	Allocation Factors (g)		SNV (h)	Corp Direct SNV (i)	Sys Alloc (l)	Total (k)
<b>Southern Nevada</b>												
1	Annualized Test Year Labor at Certification [1], [2]		\$ 25,520,565	\$ 5,700,586	\$ 63,810,485		\$ 27,040,922	\$ 6,708,310	\$ 60,104,363		1	
2	Net of Allocation to Great Basin & SGTG (MMF)	4.51%		60,931,013			3.79%		57,823,906		2	
3	Allocation of Net Amount to Jurisdiction Based on 4-Factor (Statement N)	27.79%		16,934,561			28.19%		16,302,564		3	
4	Total Southern Nevada Labor		\$ 25,520,565	\$ 5,700,586	\$ 16,934,561	\$ 48,155,712		\$ 27,040,922	\$ 6,708,310	\$ 16,302,564	\$ 50,051,796	4
<b>Northern Nevada</b>												
5	Annualized Test Year Labor at Certification [1], [2]		NNV \$ 6,286,972	Corp Direct NNV \$ 821,974	Sys Alloc \$ 63,810,485	Total		NNV \$ 6,869,341	Corp Direct NNV \$ 1,077,242	Sys Alloc \$ 60,104,363	Total	5
6	Net of Allocation to Great Basin & SGTG (MMF)	4.51%		60,931,013			3.79%		57,823,906		6	
7	Allocation of Net Amount to Jurisdiction Based on 4-Factor (Statement N)	5.63%		3,431,332			5.34%		3,085,904		7	
8	Total Northern Nevada Labor		\$ 6,286,972	\$ 821,974	\$ 3,431,332	\$ 10,540,278		\$ 6,869,341	\$ 1,077,242	\$ 3,085,904	\$ 11,032,487	8
9	<b>Total Annualized Labor - Ln 4 + Ln 8</b>					<b>\$ 58,695,989</b>					<b>\$ 61,084,283</b>	9
10	\$ Increase in Annualized Labor										<b>2,388,294</b>	10
11	% Increase in Annualized Labor										<b>4.1%</b>	11

[1] WP I-C2, Sh 4, Docket No. 20-02023 - the 2020 wage increase was not approved, so annualized labor at Certification was equal to the test year. Excludes indirect time.  
 [2] WP I-C2, Sh 4, Docket 23-09.



**Docket No. 23-09\_\_\_\_**

General Rate Case

Confidential Exhibit No.\_\_(FH-11)

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

**SOUTHWEST GAS CORPORATION**

Docket No. 23-09\_\_\_\_

Confidential Exhibit No.\_\_(FH-11)

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

### Southwest Gas Corporation - Non-Cash Compensation Program Summary

Program	Paid By	Description	Eligible Employee Group		
			Officers	Exempt	Non-Exempt
Medical/RX Dental Vision	Employee	Coverage available to employees and eligible dependents one month following date of hire.	X	X	X
Life Insurance	Company	1.0 times annual base salary one month following date of hire	X	X	X
Supplemental Life Insurance	Employee	Employee can purchase additional life insurance for self up to 5 times annual base salary to a maximum of \$2,500,000. Coverage for spouse and children also available.	X	X	X
Accidental Death & Dismemberment (AD&D)	Company	1.0 times annual base salary in the event of accidental death. Lump sum benefit is paid for dismemberment.	X	X	X
Supplemental AD&D	Employee	Employee can purchase additional AD&D insurance for self and family, up to a maximum of \$500,000.	X	X	X
Business Travel Insurance	Company	1.0 times annual base salary beginning date of hire	X	X	X
Short-Term Disability	Company	After 3 months of continuous employment, employees are eligible for Salary Continuation and receive a % of their salary for up to 25 weeks. The amount received is based on duration of the disability.	X	X	X
Long-Term Disability (LTD)	Company	After one year of service, employees are eligible for LTD after experiencing six months of continuous disability. LTD is paid at 60% of basic monthly earnings during the period of disability.	X	X	X
Health Care Flexible Spending Account (FSA)	Employee	The Health Care FSA allows employees to set aside tax-free dollars to pay for eligible health care expenses not covered by their health care plan.	X	X	X
Dependent Care Flexible Spending Account (FSA)	Employee	The Dependent Care FSA allows employees to set aside tax-free dollars to pay for eligible dependent day care expenses.	X	X	X
Employee Assistance Program (EAP)	Company	The EAP is a confidential, short-term counseling and referral service designed to help employees and household members deal with personal or work-related problems, including but not limited to marriage/relationship problems, financial issues, elder care, and bereavement. Eligibility begins on date of hire.	X	X	X
Health Savings Account (HSA)	Employee	Allows employees to set aside pre-tax or tax-deductible dollars to pay for qualified health care expenses not covered by their health care plan. Maximum contribution limits are determined each year by the IRS. Each quarter, employer contributions are made to the account based on participation in the company wellness plan.	X	X	X
Retirement (Pension)	Company	The Company has a tax-qualified, non-contributory defined benefit pension plan for employees hired before 1/1/2022. Employees are fully vested after 5 years of service and can receive a pension at age 65. With 10 or more years of Company service, employees can elect early retirement at age 55. The Plan was closed to employees hired on or after 1/1/2022.	X	X	X
Employees' Investment Plan (EIP) -- 401(k)	Employee / Company	Employees are eligible to participate in EIP on date of hire and can contribute from 2% to 75% of salary to a tax-deferred retirement account. After-tax Roth contributions are also available. For employees hired prior to 1/1/2022, the Company matches 50% of the first 7% of their contributions. For employees hired on or after 1/1/2022, the company matches 100% on the first 7% of their contributions as well as provides a non-elective contribution of 3% each pay period.	X	X	X

**Southwest Gas Corporation - Non-Cash Compensation Program Summary**

Program	Paid By	Description	Eligible Employee Group		
			Officers	Exempt	Non-Exempt
Vacation	Company	Employees receive vacation time each year based on their years of service: 0 to <1 years, 10 days; 1 to <3 years, 11 days; 3 to <5years, 12 days; 5-<15 years, 16 days; 15-<25 years, 21 days; 25 years, 5 weeks. An accelerated schedule is provided for Managers and for Directors and Above.	X	X	X
Sick Time	Company	Employees receive up to 40 hours of Sick Time each year after 90 days of continuous service. The amount of hours received is prorated based on the pay period when the 90 days ends.	X	X	X
Paid Absence Time	Company	Employees receive up to 40 hours of Paid Absence Time each year after 90 days of continuous service. The amount of hours received is prorated based on the pay period when the 90 days ends.	X	X	X
Company Holidays	Company	Employees are eligible for 11 holidays per year as of their first workday.	X	X	X
Employee Appliance Purchase Program	Company	After one year of service, an employee may purchase a gas or combination gas/electric appliance and decide between two payment programs: pay cash and be reimbursed by the Company, or arrange for the Company to pay the dealer. The employee may then use payroll deductions to make payments for up to 5 years with no interest or finance charges.	X	X	X
Matching Gifts Program	Company	Each year, the Southwest Gas Foundation will match any eligible participant's contributions to colleges and universities between \$25 and \$2,500.		X	X
Employee Education Assistance Program	Company	Reimbursement for tuition, registration, lab fees, and books to a maximum of \$5,250 per year.		X	X
Supplemental Executive Retirement Plan (SERP)	Company	Provides a benefit equal to the difference between the amount that would have been payable under the Retirement plan, in the absence of laws limiting pension benefits and earnings.	X		
Executive Deferral Plan	Company	Participants may defer up to 100 percent of their base salary and bonus received during a Plan Year, provided that such deferral exceeds \$2,000. The Company will contribute an amount equal to 50 percent of the deferral up to a maximum of 3.5% of the participant's base salary.	X		
Financial & Estate Planning Perquisite	Company	This taxable benefit is available every three years with a maximum benefit of \$5,000.	X		
Executive Physical	Company	This taxable benefit is available every 12 months. Executive can receive \$2,500 with certification of completion from their medical provider.	X		

**Docket No. 23-09\_\_\_**

General Rate Case

Confidential Exhibit No.\_(FH-13)

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

**SOUTHWEST GAS CORPORATION**

Docket No. 23-09\_\_\_

Confidential Exhibit No.\_(FH-13)

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

**Docket No. 23-09\_\_\_\_**

General Rate Case

Confidential Exhibit No.\_\_(FH-14)

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

**SOUTHWEST GAS CORPORATION**

Docket No. 23-09\_\_\_\_

Confidential Exhibit No.\_\_(FH-14)

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

## MINUTES

of the Public Utilities Commission Agenda  
held jointly at its Offices in Carson City  
and Las Vegas, Nevada

Friday, May 12, 2023

10:00 AM

**Agenda 8 - 23**

Present: Chair Hayley Williamson  
Commissioner C.J. Manthe  
Commissioner Tammy Cordova  
Assistant Commission Secretary Trisha Osborne

### ITEM 1 – PUBLIC COMMENT

A

Pursuant to NRS 241.020, a period of public comment will be allowed at the beginning of the meeting and again before the adjournment of the meeting. All public comment will be limited to no more than three (3) minutes per speaker.

*Comments by Carolyn Tanner on behalf of Interwest Energy Alliance (Item 2E).*

### ITEM 2 – COMMISSION

A

#### **PUBLIC UTILITIES COMMISSION OF NEVADA**

Approval of agenda meeting minutes.

**FOR POSSIBLE DISCUSSION/ACTION: APPROVE OR REVISE APRIL 25, 2023, AGENDA 7-23 MEETING MINUTES.**

*Chair Williamson moved that the Commission approve the meeting minutes. Commissioner Cordova seconded the motion. Motion passed unanimously (3-0).*

B 09-11005

#### **TRANSWEST EXPRESS LLC**

Application of TransWest Express LLC for authority under the provisions of the Utility Environmental Protection Act for a permit to construct the TransWest Express Transmission Project consisting of a 600 kV DC transmission line running from central Wyoming to southern Nevada and associated facilities.

**FOR POSSIBLE DISCUSSION/ACTION: GRANT OR DENY MOTION FOR EXTENSION OF TIME TO SATISFY COMPLIANCE ITEMS OF TRANSWEST EXPRESS LLC AS FILED OR WITH MODIFICATIONS. ORDER MAY ISSUE.**

*Commissioner Cordova stated that she will be abstaining from voting on Item 2B due to a conflict between her previous role as Staff Counsel and this agenda item.*

*Chair Williamson provided an overview of the proposed Order submitted as part of the Commission's briefing materials.*

*Chair Williamson moved that the Commission grant the Motion and issue the appropriate Order. Commissioner Manthe seconded the motion. Commissioner Cordova abstained. Motion passed (2-0).*

AGENDA 8-23 MINUTES

C 23-02001

**NEVADA POWER COMPANY**

*NV ENERGY*

**SIERRA PACIFIC POWER COMPANY**

*NV ENERGY*

Joint Application of Nevada Power Company d/b/a NV Energy and Sierra Pacific Power Company d/b/a NV Energy for approval of annual plans for the Solar Energy Systems Incentive Program and its Energy Storage component, the Lower Income Solar Energy Program, the Wind Energy Systems Demonstration Program, the Waterpower Energy Systems Demonstration Program, and the Electric Vehicle Infrastructure Demonstration Program for Program Year 2023-2024.

**FOR POSSIBLE DISCUSSION/ACTION: ACCEPT OR REJECT STIPULATION. GRANT OR DENY JOINT APPLICATION AS FILED OR WITH MODIFICATIONS. ORDER MAY ISSUE.**

*Chair Williamson provided an overview of the proposed Order submitted as part of the Commission's briefing materials.*

*Chair Williamson moved that the Commission accept the Stipulation, grant the Joint Application as modified by the Stipulation, and issue the appropriate Order. Commissioner Cordova seconded the motion. Motion passed unanimously (3-0).*

D 22-09006

**NEVADA POWER COMPANY**

*NV ENERGY*

**SIERRA PACIFIC POWER COMPANY**

*NV ENERGY*

Joint Application of Nevada Power Company d/b/a NV Energy and Sierra Pacific Power Company d/b/a NV Energy for approval of the third amendment to its 2021 Joint Integrated Resource Plan.

**FOR POSSIBLE DISCUSSION/ACTION: GRANT OR DENY PETITION FOR RECONSIDERATION OF NEVADANS FOR CLEAN AFFORDABLE RELIABLE ENERGY, SIERRA CLUB, VOTE SOLAR, AND CLARK COUNTY, NEVADA AS FILED OR WITH MODIFICATIONS. GRANT OR DENY MOTION FOR AN ORDER ESTABLISHING THE FILING DATE OF NEVADANS FOR CLEAN AFFORDABLE RELIABLE ENERGY'S PETITION FOR RECONSIDERATION OF THE REGULATORY OPERATIONS STAFF AS FILED OR WITH MODIFICATIONS. PURSUANT TO RECONSIDERATION, MODIFY OR AFFIRM ORDER ISSUED MARCH 24, 2023. ORDER MAY ISSUE.**

*Commissioner Cordova provided an overview of the proposed Order submitted as part of the Commission's briefing materials.*

*Chair Williamson stated that the Transportation Electrification Plan ("TEP") is a new plan filing, and the underlying Order dismissed many programs without prejudice that the Commission would welcome to see back as we work through the TEP.*

*Commissioner Cordova stated that the Commission has approved \$170 million worth of TEP programs, so the Commission recognizes how valuable the TEP is to the Nevada grid.*

*Commissioner Cordova moved that the Commission grant in part and deny in part the Petition for Reconsideration, deny as moot the Regulatory Operations Staff's Motion, and*

AGENDA 8-23 MINUTES

*affirm the underlying March 24, 2023, Order. Chair Williamson seconded the motion. Motion passed unanimously (3-0).*

E 22-11032

**NEVADA POWER COMPANY**

*NV ENERGY*

**SIERRA PACIFIC POWER COMPANY**

*NV ENERGY*

Joint Application of Nevada Power Company d/b/a NV Energy and Sierra Pacific Power Company d/b/a NV Energy for approval of the fourth amendment to its 2021 Joint Integrated Resource Plan.

**FOR POSSIBLE DISCUSSION/ACTION: GRANT OR DENY PHASE 2 OF THE JOINT APPLICATION AS FILED OR WITH MODIFICATIONS. ORDER MAY ISSUE.**

*Commissioner Cordova provided an overview of the proposed Order submitted as part of the Commission's briefing materials.*

*Commissioner Manthe stated that she appreciated Commissioner Cordova's proposed Order and the request for comprehensive resource planning as that is essential in the utility's next filing.*

*Chair Williamson provided an overview of her proposed modifications to the proposed Order submitted as part of the Commission's briefing materials. Chair Williamson stated that paragraph 127 read more as a party position and suggested moving paragraph 127 to NV Energy's party positions with a transcript citation, possibly as paragraph 111.*

*Commissioner Cordova stated that she agreed with Chair Williamson's proposed modifications to paragraphs 127 and 128. Regarding the proposed modifications to paragraph 185, Commissioner Cordova stated that one of the challenges in resource planning is that there are many changes needed to make the grid reliable, but ratepayers can only withstand so much, so she tried to create a balance between the incremental costs of these projects and achieving system reliability. Commissioner Cordova stated that eight transmission projects in an Integrated Resource Plan ("IRP") amendment of varying size and scope does not seem like the right kind of planning and that some of this activity belongs in an IRP rather than an IRP amendment. However, Commissioner Cordova added that it is very likely some of these projects are necessary, so she is willing to support Chair Williamson's proposed modifications while recognizing the concerns regarding the way in which the utility goes about resource planning.*

*Chair Williamson stated that she agrees with Commissioner Cordova's concerns but that she also agrees that Nevada needs transmission. Chair Williamson stated that the Regulatory Operations Staff ("Staff") made the case that these transmission projects, particularly the start of certain preliminary studies, were for projects that would alleviate some of the system overload in more localized areas and that these projects are reasonable to bring forward now for those first steps. Chair Williamson stated that we do need to keep talking about transmission and comprehensively planning for it, which the Commission will be looking for in future IRPs. Chair Williamson stated that the Order makes clear that this should be planned for comprehensively.*



AGENDA 8-23 MINUTES

*Commissioner Manthe stated that she shares some of the concerns Commissioner Cordova outlined but that she is persuaded by the record and Staff's recommendation to approve these six transmission projects. Commissioner Manthe stated that, based upon Chair Williamson's reasoning for the proposed modifications, she will support the modified language to add these projects back in the Order for approval. Commissioner Manthe stated that she appreciated the modified language that specifies that the cost will be reviewed and accounted for during the next general rate case to ensure that large generator interconnection agreement customers contribute their share.*

*Commissioner Cordova noted that, during the public comment period, Ms. Tanner proposed a modification to paragraph 263(iv.) to reorder the sentence. Commissioner Cordova stated that the proposed modification makes sense to her.*

*Chair Williamson and Commissioner Manthe agreed with the proposed modification by Ms. Tanner.*

*Commissioner Cordova moved that the Commission grant in part and deny in part the Joint Application, issue the Order as modified by Chair Williamson's proposed modifications as well as the modification to paragraph 263(iv.) to read, "Process discussions to ensure clear links from each discrete step – economic, production cost, LSAP and other modelling, RFPs, and thence to selected resource portfolios." Chair Williamson seconded the motion. Motion passed unanimously (3-0).*

**ITEM 3 – UTILITIES HEARINGS OFFICER**

**A 21-02018 DESERTXPRESS ENTERPRISES, LLC  
BRIGHTLINE WEST**

Application of DesertXpress Enterprises, LLC d/b/a Brightline West for authority to construct new grade-separated crossings over the existing Primm Boulevard, at the proposed new realigned northbound I-15 bridge, and over the existing Goodsprings Road in Clark County, Nevada.

**FOR POSSIBLE DISCUSSION/ACTION: GRANT OR DENY MOTION TO AMEND COMPLIANCE ORDER OF DESERTXPRESS ENTERPRISES, LLC D/B/A BRIGHTLINE WEST AS FILED OR WITH MODIFICATIONS. APPROVE HEARING OFFICER'S PROPOSED ORDER AS FILED OR WITH MODIFICATIONS. ORDER MAY ISSUE.**

*Hearing Officer Samuel Crano provided an overview of the proposed Order submitted as part of the Commission's briefing materials.*

*Chair Williamson moved that the Commission accept the Hearing Officer's recommendation to grant the Motion and issue the appropriate Order. Commissioner Manthe seconded the motion. Motion passed unanimously (3-0).*

**B 21-03010 DESERTXPRESS ENTERPRISES, LLC  
BRIGHTLINE WEST**

Application of DesertXpress Enterprises, LLC d/b/a Brightline West for authority to construct new grade-separated crossings under the new Emergency Responder Crossover Bridge and over the existing Sloan Road in Clark County, Nevada.

**FOR POSSIBLE DISCUSSION/ACTION: GRANT OR DENY MOTION TO AMEND**

AGENDA 8-23 MINUTES

COMPLIANCE ORDER OF DESERTXPRESS ENTERPRISES, LLC D/B/A BRIGHTLINE WEST AS FILED OR WITH MODIFICATIONS. APPROVE HEARING OFFICER'S PROPOSED ORDER AS FILED OR WITH MODIFICATIONS. ORDER MAY ISSUE.

*Hearing Officer Samuel Crano provided an overview of the proposed Order submitted as part of the Commission's briefing materials.*

*Chair Williamson moved that the Commission accept the Hearing Officer's recommendation to grant the Motion and issue the appropriate Order. Commissioner Cordova seconded the motion. Motion passed unanimously (3-0).*

C 21-03011 **DESERTXPRESS ENTERPRISES, LLC**  
**BRIGHTLINE WEST**

Application of DesertXpress Enterprises, LLC d/b/a Brightline West for authority to construct new grade-separated crossings over the existing I-15 northbound roadway south of the St. Rose Parkway interchange, under the existing St. Rose Parkway overpass, and at the I-15 northbound on-ramp from St. Rose Parkway in Clark County, Nevada.

FOR POSSIBLE DISCUSSION/ACTION: GRANT OR DENY MOTION TO AMEND COMPLIANCE ORDER OF DESERTXPRESS ENTERPRISES, LLC D/B/A BRIGHTLINE WEST AS FILED OR WITH MODIFICATIONS. APPROVE HEARING OFFICER'S PROPOSED ORDER AS FILED OR WITH MODIFICATIONS. ORDER MAY ISSUE.

*Hearing Officer Samuel Crano provided an overview of the proposed Order submitted as part of the Commission's briefing materials.*

*Chair Williamson moved that the Commission accept the Hearing Officer's recommendations and issue the appropriate Order, which includes granting the Motion. Commissioner Manthe seconded the motion. Motion passed unanimously (3-0).*

D 21-03012 **DESERTXPRESS ENTERPRISES, LLC**  
**BRIGHTLINE WEST**

Application of DesertXpress Enterprises, LLC d/b/a Brightline West for authority to construct new grade-separated crossings over Starr Avenue, under the Silverado Ranch Boulevard overpass, and via an undercrossing at Blue Diamond Road in Clark County, Nevada.

FOR POSSIBLE DISCUSSION/ACTION: GRANT OR DENY MOTION TO AMEND COMPLIANCE ORDER OF DESERTXPRESS ENTERPRISES, LLC D/B/A BRIGHTLINE WEST AS FILED OR WITH MODIFICATIONS. APPROVE HEARING OFFICER'S PROPOSED ORDER AS FILED OR WITH MODIFICATIONS. ORDER MAY ISSUE.

*Hearing Officer Samuel Crano provided an overview of the proposed Order submitted as part of the Commission's briefing materials.*

*Chair Williamson moved that the Commission accept the Hearing Officer's recommendation to grant the Motion and issue the appropriate Order. Commissioner Cordova seconded the motion. Motion passed unanimously (3-0).*

AGENDA 8-23 MINUTES

**ITEM 4 – DIVISION OF RESOURCE & MARKET ANALYSIS**

**A 23-03031 NEVADA BELL TELEPHONE COMPANY**

*AT&T NEVADA AND AT&T WHOLESAL*

Application of Nevada Bell Telephone Company d/b/a AT&T Nevada and AT&T Wholesale (“AT&T Nevada”), filed under Advice Letter No. 2075, to revise Tariff No. C to modify General Regulations Schedule No. C2-A to allow the discontinuance of certain services in geographic areas for which AT&T Nevada has no customers subscribing to those services.

**FOR POSSIBLE DISCUSSION/ACTION: GRANT OR DENY APPLICATION AS FILED OR WITH MODIFICATIONS AND/OR SET FOR FURTHER PROCEEDINGS. ORDER MAY ISSUE.**

*Chair Williamson stated that Items 4A and 5A are brought to the Commission by the Regulatory Operations Staff (“Staff”) and can be voted upon without further discussion unless any Commissioner wants to pull any item for further consideration.*

*No request was made to pull any item.*

*Chair Williamson moved that the Commission accept Staff’s recommendations and issue the appropriate Orders in Items 4A and 5A. Commissioner Manthe seconded the motion. Motion passed unanimously (3-0).*

**ITEM 5 – DIVISION OF RAIL SAFETY**

**A 23-03019 NEVADA DEPARTMENT OF TRANSPORTATION**

Application of the Nevada Department of Transportation for authority to alter the existing Bridge No. G-58 over the Union Pacific Railroad tracks at FREL49, an Interstate 80 Frontage Road, located near West Wendover in Elko County, Nevada.

**FOR POSSIBLE DISCUSSION/ACTION: GRANT OR DENY APPLICATION AS FILED OR WITH MODIFICATIONS AND/OR SET FOR FURTHER PROCEEDINGS. ORDER MAY ISSUE.**

**ITEM 6 – MISCELLANEOUS**

**A REGULATORY OPERATIONS STAFF**

Presentation by the Commission’s Regulatory Operations Staff regarding natural gas One-Call statistics for calendar year 2022.

**DISCUSSION ONLY.**

*Chair Williamson stated that Item 6A is brought to the Commission by the Regulatory Operations Staff for discussion only and asked if any Commissioner had questions or comments.*

*Commissioner Manthe commented to keep up the good work.*

*Commissioner Cordova stated that she echoes Commissioner Manthe’s comment and thanked everyone for their hard work.*

AGENDA 8-23 MINUTES

**ITEM 7 – PUBLIC COMMENT**

A

Pursuant to NRS 241.020, a period of public comment will be allowed at the beginning of the meeting and again before the adjournment of the meeting. All public comment will be limited to no more than three (3) minutes per speaker.

*No comments by the general public.*

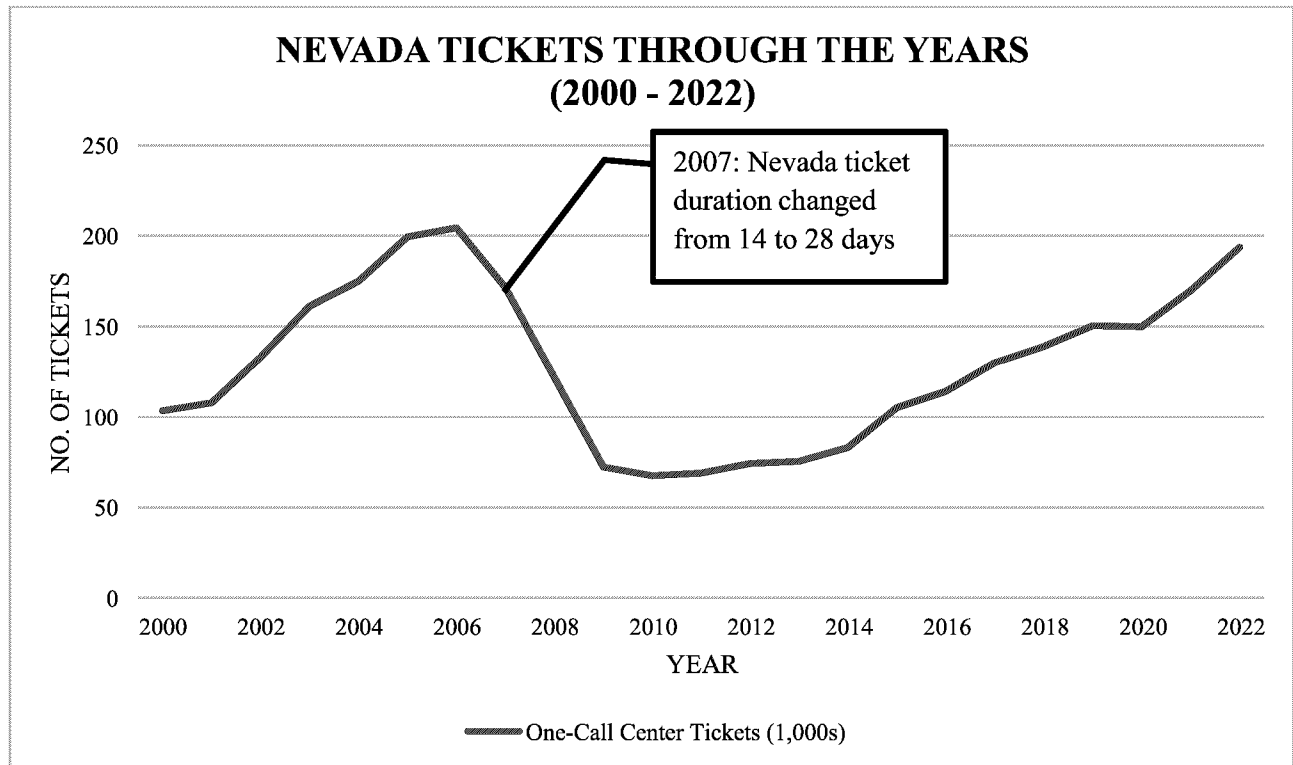
*Meeting adjourned.*

**Agenda 8-23; Item 6A**

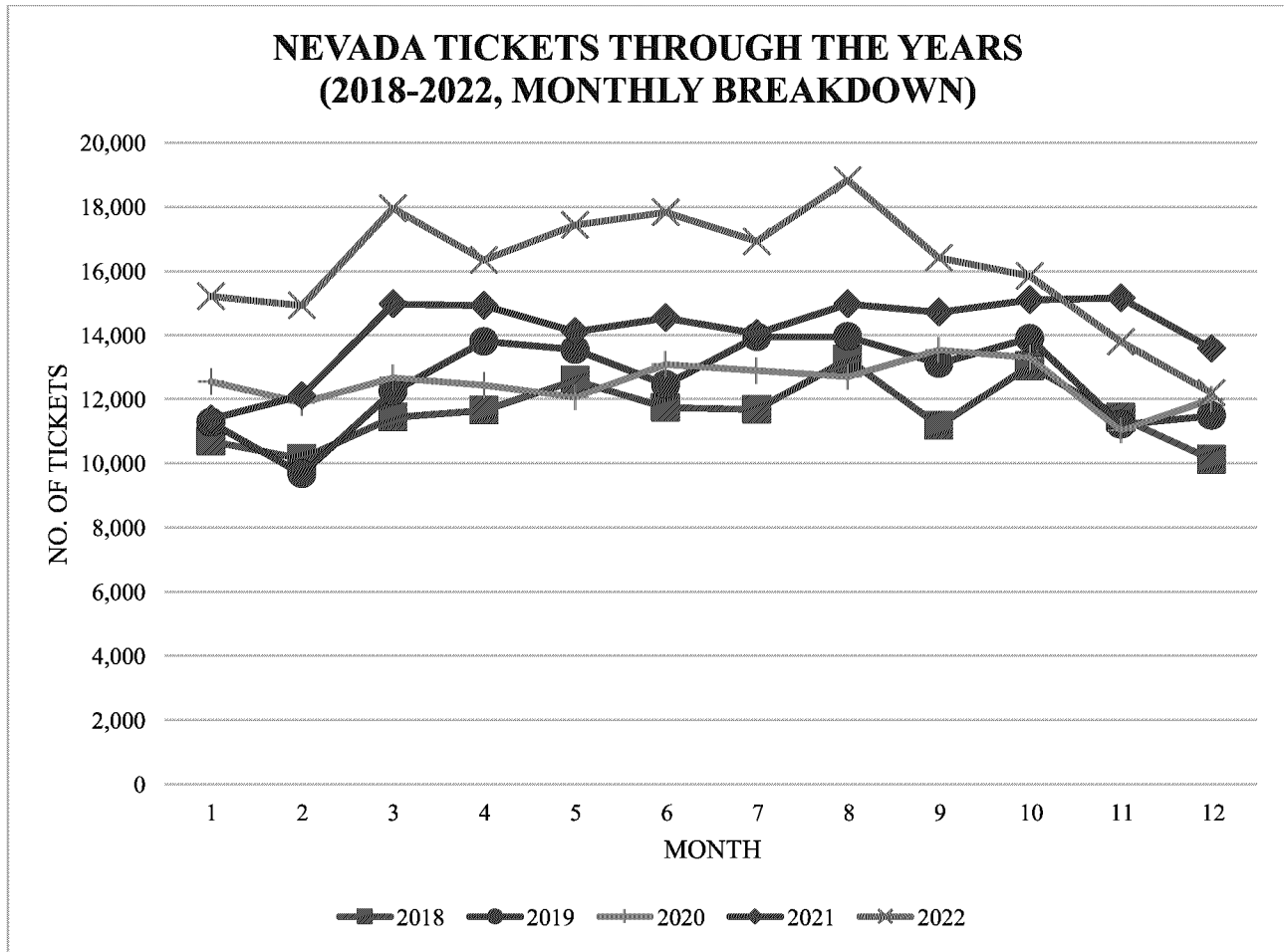
**SUMMARY OF 2022 NATURAL GAS AND OTHER KEY ONE-CALL STATISTICS**

Nevada Revised Statutes (“NRS”) Chapter 455 gives the Public Utilities Commission of Nevada (“Commission” or “PUCN”) authority to oversee and issue civil penalties for entities who fail to adhere to and follow Nevada’s One-Call Law. NRS Chapter 455 also allows the Regulatory Operations Staff (“Staff”) to bring enforcement cases to the Commission regarding non-compliance with NRS Chapter 455.

The following graphs show the number of One-Call ticket requests that were received by the USA North One-Call Center:



Graph 1. Source: 2000-2017 data gathered by Staff through the years (see Table 1 below). 2018-2022 data from January 25, 2023, USA North Board of Directors Meeting presentation, page 10 of 102.



Graph 2. Source: January 25, 2023, USA North Board of Directors Meeting presentation, page 10 of 102.

The graphs above show that the amount of excavation activity in the State increased significantly in 2022, reflective of the highest ticket volume ever seen in Nevada.<sup>1</sup>

Regarding the number of natural gas pipeline damages that occurred in 2022, the following table shows the total number of One-Call tickets made in Nevada going back to 2000, and the corresponding number of natural gas damages that occurred each year, as well as the key performance metric “Gas Damages per 1,000 Tickets.”

<sup>1</sup> It is worth noting that it would be inaccurate to compare the number of One-Call tickets today to the number of One-Call tickets leading up to 2007 as that was the year the duration of Nevada’s dig tickets had been extended from a 14-calendar day period to a 28-calendar day period before ticket expiration. With an extended period to perform excavation-related activities, the need to call USA North for a subsequent dig ticket has been reduced, because those activities are likely to be completed in the given amount of time. Thus, it is likely Nevada experienced its highest amount of excavation activity in history over the past three year.

Nevada Gas Damages per 1,000 Tickets Table:

**STATE OF NEVADA GAS EXCAVATION DAMAGE NUMBERS**

Year	One-Call Center Tickets	One-Call Center Tickets (1,000s)	Change from Prev. YR	% Change from Prev. YR	Number of Gas Damages Reported	Gas Damages (10s)	Change from Prev. YR	% Change from Prev. YR	Gas Damages per 1,000 Tickets
2000	103,365	103			1472	147.2			14.24
2001	107,785	108	4,420	4.28%	1389	138.9	-83	-5.64%	12.89
2002	133,030	133	25,245	23.42%	1495	149.5	106	7.63%	11.24
2003	161,360	161	28,330	21.30%	1333	133.3	-162	-10.84%	8.26
2004	175,075	175	13,715	8.50%	1237	123.7	-96	-7.20%	7.07
2005	199,630	200	24,555	14.03%	1200	120	-37	-2.99%	6.01
2006	204,485	204	4,855	2.43%	1140	114	-60	-5.00%	5.57
2007	171,550	172	-32,935	-16.11%	768	76.8	-372	-32.63%	4.48
2008	121,815	122	-49,735	-28.99%	550	55	-218	-28.39%	4.52
2009	72,250	72	-49,565	-40.69%	346	34.6	-204	-37.09%	4.79
2010	67,460	67	-4,790	-6.63%	319	31.9	-27	-7.80%	4.73
2011	69,010	69	1,550	2.30%	306	30.6	-13	-4.08%	4.43
2012	74,246	74	5,236	7.59%	305	30.5	-1	-0.33%	4.11
2013	75,531	76	1,285	1.73%	328	32.8	23	7.54%	4.34
2014	82,965	83	7,434	9.84%	356	35.6	28	8.54%	4.29
2015	105,143	105	22,178	26.73%	431	43.1	75	21.07%	4.10
2016	114,101	114	8,958	8.52%	385	38.5	-46	-10.67%	3.37
2017	129,991	130	15,890	13.93%	398	39.8	13	3.38%	3.06
2018	138,910	139	8,919	6.86%	431	43.1	33	8.29%	3.10
2019	150,593	151	11,683	8.41%	341	34.1	-90	-20.88%	2.26
2020	150,145	150	-448	0	341	34.1	0	0.00%	2.27
2021	169,737	170	19,592	13.04%	365	36.5	24	7.04%	2.15
2022	193,807	194	24,070	14.18%	337	33.7	-28	-7.67%	<b>1.74</b>

Table 1. Gas Damages per 1,000 Tickets. Data derived from utility annual PHMSA reports and USA North reports.

As the above data shows, 2022 exhibited a significant increase in One-Call tickets, increasing over 24,000 tickets from the previous year. Notably, 2022 was also Nevada’s lowest ratio of Gas Damages to Tickets at an all-time-low of 1.74 gas damages per 1,000 tickets called in. Additionally, the number of raw damages were also at a nine-year low, even though tickets were at an all-time high.

The following table compares Nevada’s gas damages (based on the ratio of damages to number of gas customers) to that of other states.<sup>2</sup>

<sup>2</sup> A true comparison of damages per 1,000 tickets between States is not possible because some States have tickets that expire in 14 days, some States have tickets that expire in 28 days, and some States have tickets that never expire. So, a proper comparison cannot be made.

2022 PDM Data (as of 4/6/2023)						
Region	State	2022 Number of Services	Excavation Damages	Damages Per 10,000 Services (D/C) x 10,000)	National Rank (Low to High)	PHMSA Adequacy Determination
SOUTHERN	PUERTO RICO	487	0	0.00	1	Adequate
EASTERN	VERMONT	41,828	14	3.35	2	Adequate
WESTERN	NEVADA	837,677	337	4.02	3	Adequate
EASTERN	NEW YORK	3,297,060	1,444	4.38	4	Adequate
WESTERN	ARIZONA	1,411,538	710	5.03	5	Adequate
EASTERN	RHODE ISLAND	194,862	99	5.08	6	Adequate
WESTERN	CALIFORNIA	9,161,031	4,794	5.23	7	Adequate
EASTERN	NEW HAMPSHIRE	94,954	54	5.69	8	Adequate
SOUTHWEST	NEW MEXICO	677,099	400	5.91	9	Adequate
EASTERN	CONNECTICUT	471,036	282	5.99	10	Adequate
EASTERN	MASSACHUSETTS	1,372,770	823	6.00	11	Adequate
EASTERN	MARYLAND	1,092,620	779	7.13	12	Adequate
EASTERN	WEST VIRGINIA	389,228	278	7.14	13	Adequate
EASTERN	NEW JERSEY	2,402,501	1,739	7.24	14	Adequate
EASTERN	PENNSYLVANIA	2,913,634	2,264	7.77	15	Adequate
CENTRAL	WISCONSIN	1,739,306	1,371	7.88	16	Adequate
EASTERN	MAINE	42,058	36	8.56	17	Adequate
CENTRAL	MINNESOTA	1,632,110	1,482	9.08	18	Adequate
WESTERN	WASHINGTON	1,344,145	1,221	9.08	19	Adequate
EASTERN	VIRGINIA	1,339,272	1,229	9.18	20	Adequate
WESTERN	WYOMING	228,159	210	9.20	21	Adequate
WESTERN	OREGON	849,191	807	9.50	22	Adequate
WESTERN	COLORADO	1,730,237	1,708	9.87	23	Adequate
EASTERN	DISTRICT OF COLUMBIA	124,800	131	10.50	24	Adequate
CENTRAL	NEBRASKA	619,498	633	10.54	25	Adequate
EASTERN	OHIO	3,550,077	4,049	11.41	26	Adequate
CENTRAL	ILLINOIS	3,702,970	4,273	11.54	27	Adequate
CENTRAL	NORTH DAKOTA	182,964	218	11.91	28	Adequate
CENTRAL	KANSAS	984,256	1,202	12.21	29	Adequate
SOUTHERN	KENTUCKY	865,273	1,060	12.25	30	Adequate
CENTRAL	MICHIGAN	3,366,818	4,135	12.28	31	Adequate
CENTRAL	INDIANA	2,037,089	2,544	12.49	32	Adequate
EASTERN	DELAWARE	217,273	275	12.66	33	Adequate
WESTERN	UTAH	1,006,279	1,330	13.22	34	Adequate
WESTERN	ALASKA	143,485	199	13.87	35	Inadequate
WESTERN	MONTANA	317,676	457	14.39	36	Adequate
CENTRAL	IOWA	984,822	1,547	15.71	37	Adequate
SOUTHERN	GEORGIA	2,238,519	3,732	16.67	38	Adequate
SOUTHWEST	LOUISIANA	1,169,947	2,028	17.33	39	Adequate
SOUTHWEST	OKLAHOMA	1,252,947	2,262	18.05	40	Adequate

As the above table shows, in 2022, Nevada had the third lowest ratio of gas pipeline damages to jurisdictional gas customers of any state/territory in the nation and Nevada had the best ratio of any state with significant natural gas infrastructure.

Nevada was also recently recognized in an American Gas Associated publication “Working with Other Stakeholders to Advance Pipeline Safety in Damage Prevention” that was published in



January 2023 as being one of the few states in the nation with a Damage Rate below two damages per 1,000 tickets.<sup>3</sup>

**Leading States for Gas Excavation Damages per 1,000 One Call Tickets\***

	2017	2018	2019	2020	2021
AZ	1.16	1.11	0.99	0.95	0.79
CT	1.47	1.27	1.18	1.46	1.48
IN	1.86	1.71	1.69	1.73	1.61
MD	1.09	0.94	0.96	0.94	0.82
NE	1.58	1.67	1.76	1.73	1.69
NY	1.56	1.62	1.42	1.52	1.34
VA	1.09	0.97	0.99	0.94	0.97
WI	1.6	1.68	1.69	1.59	1.59
NH			1.88	1.48	1.25
VT			1.57	1.91	1.18
MA			1.84	1.91	1.47
CO			1.95		1.89
ME			1.53		1.57
NC				1.86	
CA			1.98		1.69
NJ					1.94
NV					1.88
OK					1.85
WV		1.93			
<b>Average for all States</b>	<b>2.75</b>	<b>2.67</b>	<b>2.56</b>	<b>2.52</b>	<b>2.37</b>

*\*based on PHMSA gas distribution operators annual report data 2017-2021, only states with excavation damage rates below 2.0 are shown; shaded boxes represent years with a rate above 2.0<sup>2</sup>*

Fewer natural gas pipeline damages have the following impact:

- Lower potential of causing significant injuries and property damage.
- Lower costs for first responders (i.e., fire departments) of calls to damaged/blowing natural gas pipelines.

**Factors Playing Key Roles in the Damage Rate Reduction**

There are many factors that played key roles in keeping that damage ratio declining, including:

- Increased public education, outreach, and training (gas utilities, PUCN, Nevada Regional Common Ground Alliance, USA North One-Call Center, contractor/builder groups, etc.);
- Enforcement activities (PUCN);

<sup>3</sup> Staff believes this table understates Nevada’s performance since Nevada has far fewer tickets called in than other states, since Nevada One-Call tickets last 28 days and can be extended up to three times, while other states, such as Arizona have 14-day tickets, and other States do not allow tickets to be extended, instead brand-new tickets must be called in every month thereby artificially increasing the denominator in the ratio equation.

- Improvements in line locating efforts and marking accuracy (gas utilities and line locating companies);
- Improvements in excavation practices by the excavating community; and
- Improvements in communication between key stakeholders (gas utilities, PUCN and other regulators, line locating companies, and excavators).

One problem that is being observed in the field which is hurting even more improvements in the damage numbers is the tight labor market and that lack of skilled workers performing some excavation field activities.

**2022 – PUCN One-Call Compliance/Enforcement**

The following table provides a recap of the PUCN’s compliance/enforcement actions from 2016 through 2022.

Description	YEAR						
	2016	2017	2018	2019	2020	2021	2022 <sup>4</sup>
# Verbal Warnings Issued in Field	162	209	256	235	248	176	171
# Written Warnings Sent	13	21	16	14	10	13	12
# Civil Penalties Assessed	7	24	19	33	16	15	12
# Civil Penalty Dollars Assessed	\$78.5k	\$112k	\$74.5k	\$149.75k	\$94k	\$59k	\$57k

Table 3 Civil penalties assessed annually. These numbers include all facilities, not just gas pipeline facilities.

It should be noted that Nevada has been able to dramatically lower its number of gas excavation damages, while maintaining just a constant level of enforcement actions. What this data shows is that some level of enforcement is required to drive improvements, but an over-reach in enforcement actions is not necessary to drive down damage numbers, and that is attributable to the operators and excavators making improvements when needed.

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<sup>4</sup> The 2021 and 2022 verbal warning figures were lower than previous years mainly because of the furlough days that occurred during the first part of 2021 and in 2022 the pipeline safety group was down one inspector for approximately six months due to a retirement. The numbers are also lower due to better compliance by operators and excavators.

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**AFFIRMATION OF FREDERICA HARVEY**

Pursuant to NAC 703.710, Frederica Harvey affirms and declares the following:

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

EXECUTED and DATED this 14<sup>th</sup> day of August, 2023

  
\_\_\_\_\_  
FREDERICA HARVEY

IN THE MATTER OF  
SOUTHWEST GAS CORPORATION  
DOCKET NO. 23-09\_\_\_\_

PREPARED DIRECT TESTIMONY  
OF  
DANE A. WATSON

ON BEHALF OF  
SOUTHWEST GAS CORPORATION

SEPTEMBER 1, 2023

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of  
Prepared Direct Testimony  
of

Dane A. Watson

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Appendix A – Summary of Qualifications of Dane A. Watson

Exhibit No. \_(DAW-1)

Exhibit No. \_(DAW-2)

Exhibit No. \_(DAW-3)

BEFORE THE PUBLIC UTILITIES COMMISSION OF NEVADA

Prepared Direct Testimony  
of  
Dane A. Watson

**I. INTRODUCTION**

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

A. 1 My name is Dane A. Watson, and my business address is 101 E. Park Blvd.,  
Suite 220, Plano, Texas 75074.

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

A. 2 I am a Partner of Alliance Consulting Group. Alliance Consulting Group provides  
consulting and expert services to the utility industry.

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

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

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

A. 4 Yes. I have appeared before numerous state and federal agencies in my career  
in performing depreciation studies. A complete list of filed written testimony  
and/or appearances before Regulatory Commissions is included in Appendix A.

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

A. 5 I sponsor and support the depreciation studies performed for Southwest Gas  
Corporation (Southwest Gas or Company) pertaining to the Company's Southern  
Nevada, Northern Nevada and System Allocable properties, as of December 31,  
2022.

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

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

- 3 | • The approach and methodologies utilized to conduct the depreciation studies
- 4 | and to calculate annual depreciation rates and accrual for the Company's
- 5 | Southern Nevada rate jurisdiction, Northern Nevada rate jurisdiction and
- 6 | System Allocable properties.
- 7 | • A discussion of factors influencing the depreciation rate of various accounts.
- 8 | • Depreciation Study results for the Company's Southern Nevada rate
- 9 | jurisdiction, and specific accounts impacting depreciation.
- 10 | • Depreciation Study results for the Company's Northern Nevada rate
- 11 | jurisdiction, and specific accounts impacting depreciation.
- 12 | • Depreciation Study results for the Company's System Allocable Plant, and
- 13 | factors influencing a change in depreciation.

14 | **II. DEPRECIATION AND THE DEPRECIATION STUDY PROCESS**

15 | **Q. 7 What definition of depreciation did you use for the purposes of conducting**

16 | **a depreciation study and preparing your testimony?**

17 | A. 7 The term "depreciation," as used herein, is considered in the accounting sense;

18 | that is, a system of accounting that distributes the cost of assets, less net salvage

19 | (if any), over the estimated useful life of the assets in a systematic and rational

20 | manner. Depreciation is a process of allocation, not valuation. Depreciation

21 | expense is systematically allocated to accounting periods over the life of the

22 | properties. The amount allocated to any one accounting period does not

23 | necessarily represent the loss or decrease in value that will occur during that

24 | particular period. Thus, depreciation is considered an expense or cost, rather

25 |

1 than a loss or decrease in value. The Company accrues depreciation based on  
2 the original cost of all property included in each depreciable plant account. Upon  
3 retirement, the full cost of depreciable property, less the net salvage amount, if  
4 any, is charged to the depreciation reserve.

5 **Q. 8 Please describe the depreciation study approach.**

6 A. 8 I conducted the depreciation studies in four phases as shown in Exhibit Nos.  
7 \_(DAW-1) through \_(DAW-3). The four phases are: Data Collection, Analysis,  
8 Evaluation, and Calculation. During the initial phase of the study, I collected  
9 historical data to be used in the analysis. After the data was assembled, I  
10 performed analyses to determine the life and net salvage percentage for the  
11 different property groups being studied. As part of this process, I conferred with  
12 field personnel, engineers, and managers responsible for the installation,  
13 operation, and removal of the assets to gain their input into the operation,  
14 maintenance, and salvage of the assets. The information obtained from field  
15 personnel, engineers, and managerial personnel, combined with the study  
16 results, was then evaluated to determine how the results of the historical asset  
17 activity analysis, in conjunction with the Company's expected future plans, should  
18 be applied. Using all of these resources, I then calculated the depreciation rate  
19 for each function.

20 **Q. 9 What depreciation methodology did you use?**

21 A. 9 The straight-line (method), Average Life Group ("ALG") (procedure), and  
22 remaining-life (technique) depreciation system was employed to calculate annual  
23 and accrued depreciation in these studies.

24 ///



1 **Q. 10 How are the depreciation rates determined using the ALG procedure?**

2 A. 10 In the ALG system, the annual depreciation expense for each account is  
3 computed by dividing the original cost of the asset, less allocated depreciation  
4 reserve, less estimated net salvage, by its respective remaining life. The  
5 resulting annual accrual amount of depreciable property within an account is  
6 divided by the original cost of the depreciable property in the account to  
7 determine the depreciation rate. The calculated remaining lives and annual  
8 depreciation accrual rates were based on attained ages of plant in service and  
9 the estimated service life and salvage characteristics of each depreciable group.  
10 For each of the studies, the comparison of the approved and recommended  
11 annual depreciation rates is shown in Schedule A of Exhibit Nos. \_(DAW-1)  
12 through\_(DAW-3). The remaining life calculations are discussed below and are  
13 shown in Schedule B of Exhibit Nos. \_(DAW-1) through \_(DAW-3). A comparison  
14 of the approved and proposed life and net salvage parameters is shown in  
15 Schedule C of Exhibit Nos. \_(DAW-1) through \_(DAW-3).

16 **Q. 11 How does the methodology you describe above compare to the**  
17 **methodology previously used to calculate the Company's currently**  
18 **approved rates?**

19 A. 11 The methodology I used in the depreciation studies attached as Exhibit Nos.  
20 \_(DAW-1) through \_(DAW-3) is the same methodology used to calculate the  
21 rates approved in the Company's last general rate case where a depreciation  
22 study was submitted (Docket No. 18-05031).

23 **///**

24

25

1 **Q. 12 What factors influence the depreciation rates for an account?**

2 A. 12 The primary factors that influence the depreciation rate for an account are: (1)  
3 the remaining investment to be recovered in the account, (2) the depreciable life  
4 of the account, and (3) the net salvage for the account.

5 **III. DEPRECIATION STUDY RESULTS FOR SOUTHERN NEVADA**

6 **Q. 13 Please summarize your conclusions for the Southern Nevada Depreciation**  
7 **Study.**

8 A. 13 The Southern Nevada Depreciation Study and analysis that I have performed  
9 supports establishing depreciation rates at the level recommended in my  
10 testimony. The Southern Nevada Depreciation Study is attached to my testimony  
11 as Exhibit No. \_(DAW-1). The Southern Nevada Depreciation Study shows that  
12 an increase in the annual depreciation expense for Southwest Gas' assets of  
13 approximately \$6.7 million per year<sup>1</sup> is needed to ensure that the appropriate  
14 amount of depreciation expense is recovered by the Company. The increase in  
15 removal cost in Account 380 Services and the decrease in life for Account 381  
16 Meters, along with changes in the reserve position, are the primary drivers for the  
17 increase in expense. These amounts were determined by comparing the  
18 depreciation expense calculated under the current rates and the proposed rates  
19 as shown in Schedule A of Exhibit No. \_(DAW-1).

20 **Q. 14 What property is included in the Southern Nevada Depreciation Study?**

21 A. 14 There are three general classes, or functional groups, of depreciable property in  
22 the Southern Nevada study: Transmission Plant, Distribution Plant and General  
23

24 \_\_\_\_\_  
25 <sup>1</sup> \$6.7 million per year is calculated based upon the Company's plant in service at December 2022. Please refer to the Company's certification adjustment H-C5 for the annual depreciation expense associated with projected plant in service at 11/2023, which equates to an increase of approximately \$7.1 million per year in Southern Nevada.

1 Plant property. The Transmission Plant functional group primarily consists of  
2 higher-pressure transmission assets that deliver gas to various receipt points or  
3 city gates. The Distribution Plant functional group primarily consists of facilities  
4 used to distribute gas within the areas served by Southwest Gas in Southern  
5 Nevada. General Plant property, both depreciated and amortized, is not location  
6 specific but is used to support the overall distribution of gas by the Company to  
7 its customers. The Company anticipates the opportunity to add Renewable  
8 Natural Gas (“RNG”) assets in the future. Based on preliminary information, any  
9 assets would likely be recorded to Account 342 and are expected to have a 20-  
10 year life if tied to a contract, or 30 years if assets are owned by the Company. A  
11 rate is provided based on this preliminary information.

12 **Q. 15 Why is Southwest Gas’ Southern Nevada depreciation expense increasing?**

13 A. 15 Adjustments in life and net salvage factors for various accounts influenced the  
14 overall depreciation expense change as discussed below and in Exhibit No.  
15 \_(DAW-1). The most significant changes in the accrual amount were seen in  
16 Accounts 380 and 381. Distribution Account 380, Services, negative net salvage  
17 increased with some offset by an increase in life; and Distribution Account 381,  
18 Meters, a decrease in life is recommended. These key factors, along with  
19 changes in the reserve position for a number of accounts, are the primary  
20 reasons for the overall increase in depreciation expense.

21 **Q. 16 What method did you use to analyze historical data to determine life**  
22 **characteristics?**

23 A. 16 All accounts were analyzed using the retirement rate method (actuarial) analysis  
24 to estimate the life of property. This is the most appropriate method when aged  
25 retirement data is available. In much the same manner as human mortality is

1 analyzed by actuaries, depreciation analysts use models of property mortality  
2 characteristics that have been validated in research and empirical applications.  
3 Further detail is found in the life analysis section of Exhibit No. \_(DAW-1).

4 **Q. 17 How did you determine the average service lives for each asset group?**

5 A. 17 The service life for each account within the Transmission, Distribution, and  
6 General functional groups was determined by using the actuarial method of life  
7 analysis where possible. Graphs and tables supporting the actuarial analysis  
8 and the chosen Iowa Curves used to determine the average service lives for each  
9 account are found in Exhibit No. \_(DAW-1). A summary of the depreciable life  
10 for each account is shown in Schedule C of Exhibit No. \_(DAW-1).

11 **Q. 18 What is the significance of an asset's useful life in your Depreciation  
12 Study?**

13 A. 18 An asset's useful life was used to determine the remaining life over which the  
14 remaining cost (original cost minus net salvage, minus accumulated  
15 depreciation) can be allocated to normalize the asset's cost and spread it ratably  
16 over future periods.

17 **Q. 19 Please identify some of the changes in the average service lives for the  
18 various accounts?**

19 A. 19 The detailed analysis of each account is provided in Exhibit No. \_(DAW-1).  
20 Examples of some of the changes in average service lives are:

- 21 • The largest decrease was a change in life of 8 years for Distribution Account  
22 381 – Meters.
- 23 • The largest increases were changes in life of 15 years and 9 years in  
24 Transmission Account 371 – Other Equipment and Distribution Account 387  
25

1 – Other Equipment, respectively. both accounts are currently fully accrued  
2 and not impacting the overall change in expense. Distribution Account 376  
3 Mains also had an increase in life of 5 years.

- 4 • Overall, seven accounts experienced some level of increase in average  
5 service life while five accounts experienced a decrease in average service  
6 life. The remaining 16 accounts were unchanged.

7 **Q. 20 What is net salvage?**

8 A. 20 While discussed more fully in the study itself, net salvage is the difference  
9 between the gross salvage (what the asset was sold for) and the removal cost  
10 (cost to remove and dispose of the asset). Salvage and removal cost  
11 percentages are calculated by dividing the current cost of salvage or removal by  
12 the original installed cost of the asset. Some plant assets can experience  
13 significant negative removal cost percentages due to the amount of removal cost  
14 and the timing of the addition versus the retirement. Inflation from the time of  
15 installation of the asset until the time of its removal must be taken into account in  
16 the calculation of the removal cost percentage because the depreciation rate,  
17 which includes the removal cost percentage, will be applied to the original  
18 installed cost of assets.

19 **Q. 21 How did you determine the net salvage percentages for each asset group?**

20 A. 21 The net salvage as a percent of retirements for various bands (i.e., groupings of  
21 years such as the three, five, or 10-year average) for each account is shown in  
22 Schedule D of Exhibit No. \_(DAW-1). The historical experience, input from  
23 Company experts and judgment were used to select a net salvage percentage  
24 that represents the future expectations for each account.

25

1 **Q. 22 Is this a reasonable method for determining net salvage rates?**

2 A. 22 Yes. The method used to establish appropriate net salvage percentages for each  
3 account was determined by using the same methodology that was used to  
4 establish rates in the Company's last general rate case. It is also a methodology  
5 commonly employed and widely accepted as the preferred approach within the  
6 industry and supported by authoritative sources.<sup>2</sup>

7 **Q. 23 Please describe some of the changes in the net salvage percentages for**  
8 **the various accounts?**

9 A. 23 The detailed analysis of each account is provided in Exhibit No. \_(DAW-1).  
10 Examples of some of the changes in net salvage are:

- 11 • The largest increase (i.e., more positive) in net salvage was in General  
12 Account 396.00 – Power Operated Equipment, which increased from 15  
13 percent to 20 percent. Account 392.11 Transportation Equipment – Light  
14 moved from a positive 11 percent to a positive 15 percent.
- 15 • The largest decreases (i.e., more negative) in net salvage are in Distribution  
16 Account 376 – Mains, which moved from a negative 15 percent to a negative  
17 25 percent net salvage and Distribution Account 380, which moved from  
18 negative 25 percent to negative 35 percent. These changes in net salvage  
19 come with the expectation that cost of removal will continue to increase as  
20 shown in the analysis, Schedule D of Exhibit No. \_(DAW-1).
- 21 • Overall, two accounts experienced some level of increase (more positive or  
22 less negative) in net salvage while nine accounts experienced a decrease

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24 \_\_\_\_\_  
25 <sup>2</sup> National Association of Regulatory Utility Commissioners (NARUC), Public Utility Depreciation Practices (1996 Edition); Wolf and Fitch, Depreciation Systems, Iowa State University Press (1994).

(more negative or less positive) in net salvage. The remaining 17 accounts were unchanged.

**IV. DEPRECIATION STUDY RESULTS FOR NORTHERN NEVADA**

**Q. 24 Please summarize your conclusions for the Northern Nevada Depreciation Study.**

A. 24 The Northern Nevada Depreciation Study is attached to my testimony as Exhibit No. \_(DAW-2). The Northern Nevada Depreciation Study shows that an increase in the annual depreciation expense for Southwest Gas' assets of approximately \$695,554 per year<sup>3</sup> is needed to ensure that the appropriate amount of depreciation expense is recovered by the Company. The decrease in net salvage (more negative) in Distribution Account 380 – Services, partially offset by an increase in life and a decrease in life for Distribution Account 381 - Meters, along with the resulting change in the reserve position, are the primary drivers for the decrease in expense. These amounts were determined by comparing the depreciation expense under the current rates and the proposed rates as shown in Schedule A of Exhibit No. \_(DAW-2).

**Q. 25 What property is included in the depreciation study?**

A. 25 There are two general classes, or functional groups, of depreciable property in the Northern Nevada study: Distribution Plant and General Plant property. The Distribution Plant functional group primarily consists of facilities used to distribute gas within the areas served by Southwest Gas in its Northern Nevada jurisdiction. General Plant property, both depreciated and amortized, is not location specific

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<sup>3</sup> \$695,554 per year is calculated based upon the Company's plant in service at December 2022. Please refer to the Company's certification adjustment H-C5 for the annual depreciation expense associated with projected plant in service at 11/2023, which equates to an increase of approximately \$744K in Northern Nevada.

1 but is used to support the overall distribution of gas by the Company to its  
2 customers.

3 **Q. 26 Why is Southwest Gas' Northern Nevada depreciation expense increasing?**

4 A. 26 Adjustments in life and net salvage factors for various accounts influenced the  
5 depreciation expense change as discussed below and in Exhibit No. \_\_ (DAW-  
6 2). The most significant changes in the accrual amounts were seen in Distribution  
7 Accounts 380 and 381. Distribution Account 380 - Services had an increase in  
8 life which was more than offset by an increase in cost of removal (more negative  
9 net salvage) resulting in an increase in the accrual amount. Distribution Account  
10 381- Meters had a decrease in life, resulting in an increase in the accrual amount.  
11 These changes, along with the resulting reserve position, are the primary drivers  
12 for the overall increase in depreciation expense.

13 **Q. 27 What method did you use to analyze historical data to determine life  
14 characteristics?**

15 A. 27 Consistent with the Southern Nevada properties, all accounts were analyzed  
16 using the retirement rate method (actuarial) analysis to estimate the life of  
17 property when sufficient activity was present. This is the most appropriate  
18 method when aged retirement data is available. Further detail is found in the life  
19 analysis section of Exhibit No. \_(DAW-2).

20 **Q. 28 How did you determine the average service lives for each asset group?**

21 A. 28 Consistent with the approach used in Southern Nevada, the service life for each  
22 account within the Distribution and General Plant functional groups was  
23 determined by using the actuarial method of life analysis. Graphs and tables  
24 supporting the actuarial analysis and the chosen Iowa Curves used to determine  
25



1 the average service lives for each account are found in Exhibit No. \_(DAW-2). A  
2 summary of the depreciable life for each account is shown in Schedule C of  
3 Exhibit No. \_(DAW-2).

4 **Q. 29 Please describe some of the changes in the average service lives for the  
5 various accounts?**

6 A. 29 The detailed analysis of each account is provided in Exhibit No. \_(DAW-2).  
7 Examples of some of the changes in average service lives are:

- 8 • There were four decreases in life of five years or more. Distribution Account  
9 381 – Meters decreased six years (from 34 to 28 years) and General  
10 Accounts 391 Office Furniture and Equipment, 394 Tools, Shop, and Garage  
11 Equipment, and 395 Laboratory Equipment all decreased five years (from 20  
12 to 15 years).
- 13 • The largest increase was a change in life of three years in Distribution  
14 Account 376 – Mains and Account 378 Measuring and Regulating Equipment.
- 15 • Overall, four accounts experienced some level of decrease in average service  
16 life while three accounts experienced a lengthening of average service life.  
17 The remaining 11 accounts were unchanged and two accounts where no  
18 comparison could be made.

19 **Q. 30 Did you determine the net salvage percentages for each asset group in the  
20 same manner as you described for the Southern Nevada property?**

21 A. 30 Yes. The net salvage as a percent of retirements for various bands (i.e.,  
22 groupings of years such as the three, five, or 10-year averages) for each account  
23 is shown in Schedule D of Exhibit No. \_(DAW-2). The historical experience, input  
24  
25

1 from Company experts, and judgment were used to select a net salvage  
2 percentage that represents the future expectations for each account.

3 **Q. 31 Is this the same method that was used and approved for Northern Nevada**  
4 **in prior proceedings?**

5 A. 31 Yes. As with Southern Nevada, the same method that was used in the  
6 Company's last general rate case was used for this study. It is a methodology  
7 commonly employed within the industry and is supported by authoritative sources  
8 as notated above.

9 **Q. 32 Please describe some of the changes in the net salvage percentages for**  
10 **the various accounts?**

11 A. 32 The detailed analysis of each account is provided in Exhibit No. \_(DAW-2).  
12 Examples of some of the changes in net salvage are:

- 13 • The largest increase (i.e., more positive) in net salvage were in General Plant  
14 Accounts 392.11 – Transportation-Light and 392.12 Transportation-Heavy,  
15 which moved from positive 14 to positive 20 percent and positive seven to  
16 positive 10 percent net salvage, respectively.
- 17 • The largest decreases (i.e. more negative) were in Distribution Account 376  
18 – Mains (which decreased from a negative 15 percent to a negative 20  
19 percent net salvage); Account 380 – Services (which decreased from a  
20 negative 25 percent to negative 30 percent; and in General Plant Account  
21 390.10 Structures and Improvements (where net salvage moved from a zero  
22 percent to a negative five percent net salvage).
- 23 • Overall, two accounts experienced some level of increase (less negative or  
24 more positive) in net salvage while four accounts experienced a decrease  
25

(more negative or less positive) in net salvage. The remaining 12 accounts were unchanged and two accounts where no comparison could be made.

**V. DEPRECIATION STUDY RESULTS FOR SYSTEM ALLOCABLE PLANT**

**Q. 33 Please summarize your conclusions for the System Allocable Plant depreciation study.**

A. 33 The System Allocable Plant depreciation rate study is attached to my testimony as Exhibit No. \_(DAW-3). The System Allocable Plant study shows that an increase in the annual depreciation expense for Southwest Gas' assets of \$90,411 per year is needed to ensure that the appropriate amount of depreciation expense is collected by the Company.<sup>4</sup> The reserve position and the decrease in life are the primary drivers for the increase in expense. These amounts were determined by comparing the depreciation expense calculated under the current rates and the proposed rates as shown in Schedule A of Exhibit No. \_(DAW-3).

**Q. 34 What property is included in the depreciation study?**

A. 34 There is one functional group of depreciable property for System Allocable Plant, General Plant property. General Plant property, both depreciated and amortized, is not location specific but is used to support the Company's overall operations of distributing gas to its customers.

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<sup>4</sup> \$90,411 per year is calculated based upon the Company's plant in service at December 2022. Please refer to the Company's certification adjustment H-C5 for the annual depreciation expense associated with projected plant in service at 11/2023, which equates to an increase of approximately \$103,584 prior to allocation.

1 | **Q. 35 Why is Southwest Gas' System Allocable Plant depreciation expense**  
2 | **increasing?**

3 | A. 35 Adjustments in life and net salvage factors for various accounts influenced the  
4 | depreciation expense change as discussed below and in Exhibit No. \_(DAW-3).

5 | **Q. 36 What method did you use to analyze historical data to determine life**  
6 | **characteristics for your proposed average service lives for each asset**  
7 | **group?**

8 | A. 36 Consistent with the method utilized for the Company's Southern and Northern  
9 | Nevada assets, all accounts were analyzed using the retirement rate method  
10 | (actuarial) analysis to estimate the life of property when sufficient activity existed.  
11 | This is the most appropriate method when aged retirement data is available.  
12 | Graphs and tables supporting the actuarial analysis and the chosen Iowa Curves  
13 | used to determine the average service lives for each account are found in the life  
14 | analysis section of Exhibit No. \_(DAW-3). A summary of the depreciable life for  
15 | each account is shown in Schedule C of Exhibit No. \_(DAW-3).

16 | **Q. 37 Please describe some of the changes in the average service lives for the**  
17 | **various accounts?**

18 | A. 37 The detailed analysis of each account is described fully in Exhibit No. \_(DAW-3).  
19 | The majority of the accounts in the System Allocable Plant are amortized, and  
20 | the amortization period (life) established and used in the Company's last general  
21 | rate case was retained in this study. However, there were a couple of changes  
22 | in average service life as noted below:

- 23 | • General Account 393 – Stores increased from 15 years to 20 years and  
24 | Account 397.20 was increased from 6 to 15 years. However, it is noted that

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1                   there is currently no depreciable investment in this account as of the study  
2                   date.

- 3                   • Account 395 Laboratory Equipment decreased from 20 to 15 years.
- 4                   • Overall, there were nine accounts that remain unchanged, two accounts that  
5                   increased, and one account experienced a decrease in average service life.

6 **Q. 38 How did you determine the net salvage percentages for each asset group?**

7 A. 38 The same approach used for Southern and Northern Nevada property was  
8 applied to System Allocable Plant. The net salvage as a percent of retirements  
9 for various bands (i.e., groupings of years such as the three, five, or 10-year  
10 average) for each account is shown in Schedule D of Exhibit No. \_(DAW-3). The  
11 historical experience, input from Company experts, and judgment were used to  
12 select a net salvage percentage that represents the future expectations for each  
13 account.

14 **Q. 39 Is this a reasonable method for determining net salvage rates?**

15 A. 39 Yes. As with the Southern Nevada study and the Northern Nevada study, this  
16 method was used in the Company's last general rate case as the basis for the  
17 current approved rates used by Southwest Gas for its System Allocable Plant, as  
18 well as its Southern and Northern Nevada property. It is also a methodology  
19 commonly employed throughout the industry and is supported by authoritative  
20 sources as previously discussed.

21 **Q. 40 Please describe some of the changes in the net salvage percentages for  
22 the various accounts?**

23 A. 40 The detailed analysis of each account is provided in Exhibit No. \_(DAW-3).  
24 Examples of some of the changes in net salvage are:  
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- The largest increase (i.e., more positive) in net salvage was in General Account 392.11 – Transportation Light. Net salvage moved from a positive 19 percent to a positive 25 percent.
- Decreases (i.e., less positive) in net salvage were experienced in Account 390.10 – Structures and Improvements, where net salvage moved from 0 percent to a negative five percent, and in Account 396 – Power Operated Equipment, where net salvage moved from a positive 15 percent to a positive 10 percent.
- Overall, one account experienced some level of increase (more positive) in net salvage; three accounts experienced a decrease (less positive) in net salvage; and the remaining eight accounts were unchanged.

## **VI. CONCLUSION**

**Q. 41 What account depreciation rates are you proposing, and how do they compare with the current rates?**

A. 41 The current depreciation rates and the rates I am now proposing related to the Company's Southern Nevada, Northern Nevada and System Allocable Depreciable Plant are found in Exhibits Nos. \_(DAW-1) through \_(DAW-3), Schedule A, respectively. Detailed calculations of these rates are found in my study, Exhibit Nos. \_(DAW-1) through \_(DAW-3), Schedule B, respectively. Overall, I recommend an increase of \$6,676,854 for Southern Nevada, an increase of \$695,554 for Northern Nevada, and an increase of \$90,411 for System Allocable Plant in annual depreciation accrual expense when compared to the existing depreciation rates and accruals.

1 **Q. 42 Do you have any concluding remarks?**

2 A. 42 Yes. The Company anticipates implementing several RNG projects in the near  
3 future. Since the projects are not yet well defined in terms of assets, a general  
4 discussion with Company personnel indicated if the assets are owned a life  
5 around 30 years was a reasonable expectation and 20 years if tied to a contract  
6 (which assumes a 20-year contract). The resulting rates 3.33% and 5.00% are  
7 included in the study for approval. Finally, the depreciation studies and analyses  
8 performed under my supervision fully support setting depreciation rates at the  
9 level I have indicated in my testimony. The Company should continue to  
10 periodically review the annual depreciation rates for its property. In this way, all  
11 customers are charged for their appropriate share of the capital expended for  
12 their benefit. The depreciation studies for Southwest Gas' Southern Nevada,  
13 Northern Nevada, and System Allocable depreciable property, as of December  
14 31, 2022, describe the extensive analysis performed and the resulting rates that  
15 are now appropriate for Company property. The Company's depreciation rates  
16 should be set at my recommended amounts in order to recover the Company's  
17 total investment in property over the estimated remaining life of the assets.

18 **Q. 43 Does this conclude your prepared direct testimony?**

19 A. 43 Yes.

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## **Statement of Qualifications**

### **Dane A. Watson, P.E, CDP**

I am Manager Partner of Alliance Consulting Group. Alliance Consulting Group provides consulting and expert services to the utility industry. I hold a Bachelor of Science degree in Electrical Engineering from the University of Arkansas at Fayetteville and a master's degree in business administration from Amberton University.

Since graduation from college in 1985, I have worked in the area of depreciation and valuation. My prior employment from 1985 to 2004 was with Texas Utilities ("TXU"). During my tenure with TXU, I was responsible for, among other things, conducting valuation and depreciation studies for the domestic TXU companies. During that time, I served as Manager of Property Accounting Services and Records Management in addition to my depreciation responsibilities. My responsibilities included testifying in 15 rate or restructuring proceedings before various Commissions including the Texas Railroad Commission, the Texas Public Utilities Commission, and the FERC. I led the Sarbanes-Oxley implementation for property processes. During my tenure at TXU, I increased scope of my position to managing all fixed asset and construction accounting, inventory accounting, transportation accounting, fixed asset accounting systems and corporate wide records management. I led efforts to convert 14 companies to a new fixed asset system. I restructured the valuation system to provide 90% faster response time and implemented new construction/fixed asset systems that facilitated a 12 FTE reduction in staff. I also built a state-of-the-art lease accounting system to handle reporting and payment of all TXU leases as well as a highly automated imaging system to replace microfilm and paper document storage and retrieval systems reducing costs and shortening response time.

I founded Alliance Consulting Group in 2004 and am responsible for conducting depreciation, valuation, and certain accounting-related studies for clients in various industries. My duties related to depreciation studies include the assembly and analysis of historical and simulated data, conducting field reviews, determining service life and net salvage estimates, calculating annual depreciation, presenting recommended depreciation rates to utility management for its consideration, and supporting such rates before regulatory bodies.

I have twice been Chair of the Edison Electric Institute (EEI) Property Accounting and Valuation Committee and have been Chairman of EEI's Depreciation and Economic Issues



Subcommittee. I am a Registered Professional Engineer in the State of Texas and a Certified Depreciation Professional. I am a Senior Member of the Institute of Electrical and Electronics Engineers (IEEE) and served for several years as an officer of the Executive Board of the Dallas Section of IEEE as well as national and worldwide offices. I have served as President of the Society of Depreciation Professionals twice.

I am qualified as Certified Depreciation Professional as recognized by the Society of Depreciation Professionals. The Society administers an examination and has certain required qualifications to become and remain certified in this field. I meet and maintain all those requirements.

I train people who want to learn more about utility depreciation by serving on the training faculty of the Society of Depreciation Professionals, teaching classes in utility seminars at Michigan State University and for the EEI and AGA

I have presented testimony and or depreciation studies in nearly 300 depreciation studies over the course of my career. I have appeared before the Federal Energy Regulatory Commission, more than 35 United States state commissions, and in a number of international proceedings. I have testified before the Public Utilities Commission of Nevada in two prior cases on behalf of Southwest Gas – Nevada Divisions (South, North and System Allocable) Docket Nos. 12-04005 and 18-05031. A complete list of my testimony experience is also included below.

**Dane Watson Testimony Experience**

<b>Asset Location</b>	<b>Commission</b>	<b>Docket (If Applicable)</b>	<b>Company</b>	<b>Year</b>	<b>Description</b>
Texas	Railroad Commission of Texas	13758	Atmos Energy - APT	2023	Gas Depreciation Study
Florida	Florida Public Service Commission	20230023	People Gas System	2023	Gas Depreciation Study
Texas	Public Utility Commission of Texas	54565	Central States Water Resources (CSWR Texas)	2023	Water Depreciation Study
New York	New York State Public Service Commission	23-W-0111	Veolia New York	2023	Water Depreciation Study
Arkansas	Arkansas Public Service Commission	22-085-U	Empire District Electric Company	2023	Electric Depreciation Study
Texas	Public Utility Commission of Texas	54634	Southwestern Public Service Company	2023	Electric Technical Update
Arkansas	Arkansas Public Service Commission	22-085-U	Liberty Empire Electric Arkansas	2023	Electric Depreciation Study
Florida	Florida Public Service Commission	20220219	People Gas System	2022	Gas Depreciation Study
Michigan	Michigan Public Service Commission	U-21329	Michigan Gas Utilities Corporation	2022	Gas Depreciation Study
New Mexico	New Mexico Public Regulation Commission	22-00270-UT	Public Service of New Mexico	2022	Electric Depreciation Study
New Mexico	New Mexico Public Regulation Commission	22-00286-UT	Southwestern Public Service Company	2022	Electric Technical Update
Michigan	Michigan Public Service Commission	U-21294	SEMCO Gas	2022	Gas Depreciation Study
Arkansas	Arkansas Public Service Commission	22-064-U	Liberty Pine Bluff Water	2022	Water Depreciation Study
Colorado	Colorado Public Utilities Commission	22AL-0348G	Atmos Energy	2022	Gas Depreciation Study
New York	FERC	ER22-2581-000	New York Power Authority	2022	Electric Transmission and General Depreciation Study
South Carolina	South Carolina Public Service Commission	2022-89-G	Piedmont Natural Gas	2022	Natural Gas Depreciation Study
Alaska	Regulatory Commission of Alaska	U-22-034	Chugach Electric Association	2022	Electric Depreciation Study
Georgia	Georgia Public Service Commission	44280	Georgia Power Company	2022	Electric Depreciation Study
Texas	Public Utility Commission of Texas	53719	Entergy Texas	2022	Electric Depreciation Study
California	California Public Utilities Commission	A22-005-016	San Diego Gas and Electric	2022	Electric Gas and Common Depreciation Study
California	California Public Utilities Commission	A22-005-015	Southern California Gas	2022	Gas Depreciation Study

**Dane Watson Testimony Experience**

<b>Asset Location</b>	<b>Commission</b>	<b>Docket (If Applicable)</b>	<b>Company</b>	<b>Year</b>	<b>Description</b>
Colorado	Colorado Public Utilities Commission	22AL-0046G	Public Service of Colorado	2022	Gas Alternatives to Climate Goals
Texas	Public Utility Commission of Texas	53601	Oncor Electric Delivery	2022	Electric Depreciation Study
New Jersey	New Jersey Board of Public Utilities	GR2222040253	South Jersey Gas	2022	Gas Depreciation Study
Oklahoma	Coporation Commission of Oklahoma	PUD 202100163	Empire District Electric Company	2022	Electric Depreciation Study
Michigan	Michigan Public Service Commission	U-21176	Consumers Gas	2021	Gas Depreciation Study
New Jersey	New Jersey Board of Public Utilities	GR21121254	Elizabethtown Natural Gas	2021	Gas Depreciation Study
Alaska	Regulatory Commission of Alaska	TA116-118, TA115-97, TA160-37 and TA110-290	Fairbanks Water and Wastewater	2021	Water and Waste Water Depreciation Study
Alaska	Regulatory Commission of Alaska	U-21-025	Golden Valley Electric Association	2021	Electric Depreciation Study
Colorado	Public Utilities Commission of Colorado	21AL-0317E	Public Service of Colorado	2021	Electric and Common Depreciation Study
Wisconsin	Public Service Commission of Wisconsin	5-DU-103	WE Energies	2021	Electric and Gas Depreciation Study
Kentucky	Public Service Commission of Kentucky	2021-00214	Atmos Kentucky	2021	Gas Depreciation Study
Missouri	Missouri Public Service Commission	ER-2021-0312	Empire District Electric Company	2021	Electric Depreciation Study
Louisiana	Louisiana Public Service Commission	U-35951	Atmos Louisiana	2021	Gas Depreciation Study
Minnesota	Minnesota Public Utilities Commission	E015-D-21-229	Allete Minnesota Power	2021	Intangible, Transmission, Distribution, and General Depreciation Study
Michigan	Michigan Public Service Commission	U-20849	Consumers Energy	2021	Electric and Common Depreciation Study
Texas	Texas Public Utility Commission	51802	Southwestern Public Service Company	2021	Electric Technical Update
MultiState	FERC	RP21-441-000	Florida Gas Transmission	2021	Gas Depreciation Study
New Mexico	New Mexico Public Regulation Commission	20-00238-UT	Southwestern Public Service Company	2021	Electric Technical Update
MultiState	FERC	ER21-709-000	American Transmission Company	2020	Electric Depreciation Study
Texas	Texas Public Utility Commission	51611	Sharyland Utilities	2020	Electric Depreciation Study

**Dane Watson Testimony Experience**

<b>Asset Location</b>	<b>Commission</b>	<b>Docket (If Applicable)</b>	<b>Company</b>	<b>Year</b>	<b>Description</b>
Texas	Texas Public Utility Commission	51536	Brownsville Public Utilities Board	2020	Electric Depreciation Study
New Jersey	New Jersey Board of Public Utilities	WR20110729	Suez Water New Jersey	2020	Water and Waste Water Depreciation Study
Idaho	Idaho Public Service Commission	SUZ-W-20-02	Suez Water Idaho	2020	Water Depreciation Study
Texas	Texas Public Utility Commission	50944	Monarch Utilities	2020	Water and Waste Water Depreciation Study
Michigan	Michigan Public Service Commission	U-20844	Consumers Energy/DTE Electric	2020	Ludington Pumped Storage Depreciation Study
Tennessee	Tennessee Public Utility Commission	20-00086	Piedmont Natural Gas	2020	Gas Depreciation Study
Texas	Railroad Commission of Texas	OS-00005136	CoServ Gas	2020	Gas Depreciation Study
Texas	Railroad Commission of Texas	GUD 10988	EPCOR Gas Texas	2020	Gas Depreciation Study
Florida	Florida Public Service Commission	20200166-GU	People Gas System	2020	Gas Depreciation Study
Mississippi	Federal Energy Regulatory Commission	ER20-1660-000	Mississippi Power Company	2020	Electric Depreciation Study
Texas	Public Utility Commission of Texas	50557	Corix Utilities	2020	Water and Waste Water Depreciation Study
Georgia	Georgia Public Service Commission	42959	Liberty Utilities Peach State Natural Gas	2020	Gas Depreciation Study
New Jersey	New Jersey Board of Public Utilities	GR20030243	South Jersey Gas	2020	Gas Depreciation Study
Colorado	Colorado Public Utilities Commission	20AL-0049G	Public Service of Colorado	2020	Gas Depreciation Study
New York	Federal Energy Regulatory Commission	ER20-716-000	LS Power Grid New York, Corp.	2019	Electric Transmission Depreciation Study
Mississippi	Mississippi Public Service Commission	2019-UN-219	Mississippi Power Company	2019	Electric Depreciation Study
Texas	Public Utility Commission of Texas	50288	Kerrville Public Utility District	2019	Electric Depreciation Study
Texas	Railroad Commission of Texas	GUD 10920	CenterPoint Gas	2019	Gas Depreciation Study and Propane Air Study
Texas, New Mexico	Federal Energy Regulatory Commission	ER20-277-000	Southwestern Public Service Company	2019	Electric Production and General Plant Depreciation Study
Alaska	Regulatory Commission of Alaska	U-19-086	Alaska Electric Light and Power	2019	Electric Depreciation Study
Delaware	Delaware Public Service Commission	19-0615	Suez Water Delaware	2019	Water Depreciation Study

**Dane Watson Testimony Experience**

<b>Asset Location</b>	<b>Commission</b>	<b>Docket (If Applicable)</b>	<b>Company</b>	<b>Year</b>	<b>Description</b>
Texas	Public Utility Commission of Texas	49831	Southwestern Public Service Company	2019	Electric Depreciation Study
New Mexico	New Mexico Public Regulation Commission	19-00170-UT	Southwestern Public Service Company	2019	Electric Depreciation Study
Georgia	Georgia Public Service Commission	42516	Georgia Power Company	2019	Electric Depreciation Study
Georgia	Georgia Public Service Commission	42315	Atlanta Gas Light	2019	Gas Depreciation Study
Arizona	Arizona Corporation Commission	G-01551A-19-0055	Southwest Gas Corporation	2019	Gas Removal Cost Study
New Hampshire	New Hampshire Public Service Commission	DE 19-064	Liberty Utilities	2019	Electric Distribution and General
New Jersey	New Jersey Board of Public Utilities	GR19040486	Elizabethtown Natural Gas	2019	Gas Depreciation Study
Texas	Public Utility Commission of Texas	49421	CenterPoint Houston Electric LLC	2019	Electric Depreciation Study
North Carolina	North Carolina Utilities Commission	Docket No. G-9, Sub 743	Piedmont Natural Gas	2019	Gas Depreciation Study
Alaska	Regulatory Commission of Alaska	U-18-121	Municipal Power and Light City of Anchorage	2018	Electric Depreciation Study
Various	FERC	RP19-352-000	Sea Robin	2018	Gas Depreciation Study
Texas New Mexico	Federal Energy Regulatory Commission	ER19-404-000	Southwestern Public Service Company	2018	Electric Transmission Depreciation Study
California	Federal Energy Regulatory Commission	ER19-221-000	San Diego Gas and Electric	2018	Electric Transmission Depreciation Study
Kentucky	Kentucky Public Service Commission	2018-00281	Atmos Kentucky	2018	Gas Depreciation Study
Alaska	Regulatory Commission of Alaska	U-18-054	Matanuska Electric Coop	2018	Electric Generation Depreciation Study
California	California Public Utilities Commission	A17-10-007	San Diego Gas and Electric	2018	Electric and Gas Depreciation Study
Texas	Public Utility Commission of Texas	48401	Texas New Mexico Power	2018	Electric Depreciation Study
Nevada	Public Utility Commission of Nevada	18-05031	Southwest Gas	2018	Gas Depreciation Study
Texas	Public Utility Commission of Texas	48231	Oncor Electric Delivery	2018	Depreciation Rates
Texas	Public Utility Commission of Texas	48371	Entergy Texas	2018	Electric Depreciation Study
Kansas	Kansas Corporation Commission	18-KCPE-480-RTS	Kansas City Power and Light	2018	Electric Depreciation Study
Arkansas	Arkansas Public Service Commission	18-027-U	Liberty Pine Bluff Water	2018	Water Depreciation Study

**Dane Watson Testimony Experience**

<b>Asset Location</b>	<b>Commission</b>	<b>Docket (If Applicable)</b>	<b>Company</b>	<b>Year</b>	<b>Description</b>
Kentucky	Kentucky Public Service Commission	2017-00349	Atmos KY	2018	Gas Depreciation Rates
Tennessee	Tennessee Public Utility Commission	18-00017	Chattanooga Gas	2018	Gas Depreciation Study
Texas	Railroad Commission of Texas	10679	Si Energy	2018	Gas Depreciation Study
Alaska	Regulatory Commission of Alaska	U-17-104	Anchorage Water and Wastewater	2017	Water and Waste Water Depreciation Study
Michigan	Michigan Public Service Commission	U-18488	Michigan Gas Utilities Corporation	2017	Gas Depreciation Study
Texas	Railroad Commission of Texas	10669	CenterPoint South Texas	2017	Gas Depreciation Study
Arkansas	Arkansas Public Service Commission	17-061-U	Empire District Electric Company	2017	Depreciation Rates for New Wind Generation
Kansas	Kansas Corporation Commission	18-EPDE-184-PRE	Empire District Electric Company	2017	Depreciation Rates for New Wind Generation
Oklahoma	Oklahoma Corporation Commission	PUD 201700471	Empire District Electric Company	2017	Depreciation Rates for New Wind Generation
Missouri	Missouri Public Service Commission	EO-2018-0092	Empire District Electric Company	2017	Depreciation Rates for New Wind Generation
Michigan	Michigan Public Service Commission	U-18457	Upper Peninsula Power Company	2017	Electric Depreciation Study
Florida	Florida Public Service Commission	20170179-GU	Florida City Gas	2017	Gas Depreciation Study
Michigan	FERC	ER18-56-000	Consumers Energy	2017	Electric Depreciation Study
Missouri	Missouri Public Service Commission	GR-2018-0013	Liberty Utilities	2017	Gas Depreciation Study
Michigan	Michigan Public Service Commission	U-18452	SEMCO	2017	Gas Depreciation Study
Texas	Public Utility Commission of Texas	47527	Southwestern Public Service Company	2017	Electric Production Depreciation Study
MultiState	FERC	ER17-1664	American Transmission Company	2017	Electric Depreciation Study
Alaska	Regulatory Commission of Alaska	U-17-008	Municipal Power and Light City of Anchorage	2017	Generating Unit Depreciation Study
Mississippi	Mississippi Public Service Commission	2017-UN-041	Atmos Energy	2017	Gas Depreciation Study
Texas	Public Utility Commission of Texas	46957	Oncor Electric Delivery	2017	Electric Depreciation Study
Oklahoma	Oklahoma Corporation Commission	PUD 201700078	CenterPoint Oklahoma	2017	Gas Depreciation Study
New York	FERC	ER17-1010-000	New York Power Authority	2017	Electric Depreciation Study

**Dane Watson Testimony Experience**

<b>Asset Location</b>	<b>Commission</b>	<b>Docket (If Applicable)</b>	<b>Company</b>	<b>Year</b>	<b>Description</b>
Texas	Railroad Commission of Texas	GUD 10580	Atmos Pipeline Texas	2017	Gas Depreciation Study
Texas	Railroad Commission of Texas	GUD 10567	CenterPoint Texas	2016	Gas Depreciation Study
MultiState	FERC	ER17-191-000	American Transmission Company	2016	Electric Depreciation Study
New Jersey	New Jersey Board of Public Utilities	GR16090826	Elizabethtown Natural Gas	2016	Gas Depreciation Study
North Carolina	North Carolina Utilities Commission	Docket G-9 Sub 77H	Piedmont Natural Gas	2016	Gas Depreciation Study
Michigan	Michigan Public Service Commission	U-18195	Consumers Energy/DTE Electric	2016	Ludington Pumped Storage Depreciation Study
Alabama	FERC	ER16-2313-000	SEGCO	2016	Electric Depreciation Study
Alabama	FERC	ER16-2312-000	Alabama Power Company	2016	Electric Depreciation Study
Michigan	Michigan Public Service Commission	U-18127	Consumers Energy	2016	Natural Gas Depreciation Study
Mississippi	Mississippi Public Service Commission	2016 UN 267	Willmut Natural Gas	2016	Natural Gas Depreciation Study
Iowa	Iowa Utilities Board	RPU-2016-0003	Liberty-Iowa	2016	Natural Gas Depreciation Study
Illinois	Illinois Commerce Commission	GRM #16-208	Liberty-Illinois	2016	Natural Gas Depreciation Study
Kentucky	FERC	RP16-097-000	KOT	2016	Natural Gas Depreciation Study
Alaska	Regulatory Commission of Alaska	U-16-067	Alaska Electric Light and Power	2016	Generating Unit Depreciation Study
Florida	Florida Public Service Commission	160170-EI	Gulf Power	2016	Electric Depreciation Study
California	California Public Utilities Commission	A 16-07-002	California American Water	2016	Water and Waste Water Depreciation Study
Arizona	Arizona Corporation Commission	G-01551A-16-0107	Southwest Gas	2016	Gas Depreciation Study
Texas	Public Utility Commission of Texas	45414	Sharyland	2016	Electric Depreciation Study
Colorado	Colorado Public Utilities Commission	16A-0231E	Public Service Company of Colorado	2016	Electric Depreciation Study
Multi-State NE US	FERC	16-453-000	Northeast Transmission Development, LLC	2015	Electric Depreciation Study
Arkansas	Arkansas Public Service Commission	15-098-U	CenterPoint Arkansas	2015	Gas Depreciation Study and Cost of Removal Study
New Mexico	New Mexico Public Regulation Commission	15-00296-UT	Southwestern Public Service Company	2015	Electric Depreciation Study
Atmos Energy Corporation	Tennessee Regulatory Authority	14-00146	Atmos Tennessee	2015	Natural Gas Depreciation Study

**Dane Watson Testimony Experience**

<b>Asset Location</b>	<b>Commission</b>	<b>Docket (If Applicable)</b>	<b>Company</b>	<b>Year</b>	<b>Description</b>
New Mexico	New Mexico Public Regulation Commission	15-00261-UT	Public Service Company of New Mexico	2015	Electric Depreciation Study
Hawaii	NA	NA	Hawaii American Water	2015	Water/Wastewater Depreciation Study
Kansas	Kansas Corporation Commission	16-ATMG-079-RTS	Atmos Kansas	2015	Gas Depreciation Study
Texas	Public Utility Commission of Texas	44704	Entergy Texas	2015	Electric Depreciation Study
Alaska	Regulatory Commission of Alaska	U-15-089	Fairbanks Water and Wastewater	2015	Water and Waste Water Depreciation Study
Arkansas	Arkansas Public Service Commission	15-031-U	Source Gas Arkansas	2015	Underground Storage Gas Depreciation Study
New Mexico	New Mexico Public Regulation Commission	15-00139-UT	Southwestern Public Service Company	2015	Electric Depreciation Study
Texas	Public Utility Commission of Texas	44746	Wind Energy Transmission Texas	2015	Electric Depreciation Study
Colorado	Colorado Public Utilities Commission	15-AL-0299G	Atmos Colorado	2015	Gas Depreciation Study
Arkansas	Arkansas Public Service Commission	15-011-U	Source Gas Arkansas	2015	Gas Depreciation Study
Texas	Railroad Commission of Texas	GUD 10432	CenterPoint- Texas Coast Division	2015	Gas Depreciation Study
Kansas	Kansas Corporation Commission	15-KCPE-116-RTS	Kansas City Power and Light	2015	Electric Depreciation Study
Alaska	Regulatory Commission of Alaska	U-14-120	Alaska Electric Light and Power	2014-2015	Electric Depreciation Study
Texas	Public Utility Commission of Texas	43950	Cross Texas Transmission	2014	Electric Depreciation Study
New Mexico	New Mexico Public Regulation Commission	14-00332-UT	Public Service of New Mexico	2014	Electric Depreciation Study
Texas	Public Utility Commission of Texas	43695	Xcel Energy	2014	Electric Depreciation Study
Multi State – SE US	FERC	RP15-101	Florida Gas Transmission	2014	Gas Transmission Depreciation Study
California	California Public Utilities Commission	A.14-07-006	Golden State Water	2014	Water and Waste Water Depreciation Study
Michigan	Michigan Public Service Commission	U-17653	Consumers Energy Company	2014	Electric and Common Depreciation Study
Colorado	Public Utilities Commission of Colorado	14AL-0660E	Public Service of Colorado	2014	Electric Depreciation Study
Wisconsin	Wisconsin	05-DU-102	WE Energies	2014	Electric, Gas, Steam and Common Depreciation Studies



**Dane Watson Testimony Experience**

<b>Asset Location</b>	<b>Commission</b>	<b>Docket (If Applicable)</b>	<b>Company</b>	<b>Year</b>	<b>Description</b>
Texas	Public Utility Commission of Texas	42469	Lone Star Transmission	2014	Electric Depreciation Study
Nebraska	Nebraska Public Service Commission	NG-0079	Source Gas Nebraska	2014	Gas Depreciation Study
Alaska	Regulatory Commission of Alaska	U-14-055	TDX North Slope Generating	2014	Electric Depreciation Study
Alaska	Regulatory Commission of Alaska	U-14-054	Sand Point Generating LLC	2014	Electric Depreciation Study
Alaska	Regulatory Commission of Alaska	U-14-045	Matanuska Electric Coop	2014	Electric Generation Depreciation Study
Texas, New Mexico	Public Utility Commission of Texas	42004	Southwestern Public Service Company	2013-2014	Electric Production, Transmission, Distribution and General Plant Depreciation Study
New Jersey	New Jersey Board of Public Utilities	GR13111137	South Jersey Gas	2013	Gas Depreciation Study
Various	FERC	RP14-247-000	Sea Robin	2013	Gas Depreciation Study
Arkansas	Arkansas Public Service Commission	13-078-U	Arkansas Oklahoma Gas	2013	Gas Depreciation Study
Arkansas	Arkansas Public Service Commission	13-079-U	Source Gas Arkansas	2013	Gas Depreciation Study
California	California Public Utilities Commission	Proceeding No.: A.13-11-003	Southern California Edison	2013	Electric Depreciation Study
North Carolina/South Carolina	FERC	ER13-1313	Progress Energy Carolina	2013	Electric Depreciation Study
Wisconsin	Public Service Commission of Wisconsin	4220-DU-108	Northern States Power Company - Wisconsin	2013	Electric, Gas and Common Transmission, Distribution and General
Texas	Public Utility Commission of Texas	41474	Sharyland	2013	Electric Depreciation Study
Kentucky	Kentucky Public Service Commission	2013-00148	Atmos Energy Corporation	2013	Gas Depreciation Study
Minnesota	Minnesota Public Utilities Commission	13-252	Allete Minnesota Power	2013	Electric Depreciation Study
New Hampshire	New Hampshire Public Service Commission	DE 13-063	Liberty Utilities	2013	Electric Distribution and General
Texas	Railroad Commission of Texas	10235	West Texas Gas	2013	Gas Depreciation Study
Alaska	Regulatory Commission of Alaska	U-12-154	Alaska Telephone Company	2012	Telecommunications Utility

**Dane Watson Testimony Experience**

<b>Asset Location</b>	<b>Commission</b>	<b>Docket (If Applicable)</b>	<b>Company</b>	<b>Year</b>	<b>Description</b>
New Mexico	New Mexico Public Regulation Commission	12-00350-UT	Southwestern Public Service Company	2012	Electric Depreciation Study
Colorado	Colorado Public Utilities Commission	12AL-1269ST	Public Service Company of Colorado	2012	Gas and Steam Depreciation Study
Colorado	Colorado Public Utilities Commission	12AL-1268G	Public Service Company of Colorado	2012	Gas and Steam Depreciation Study
Alaska	Regulatory Commission of Alaska	U-12-149	Municipal Power and Light City of Anchorage	2012	Electric Depreciation Study
Texas	Texas Public Utility Commission	40824	Xcel Energy	2012	Electric Depreciation Study
South Carolina	Public Service Commission of South Carolina	Docket 2012-384-E	Progress Energy Carolina	2012	Electric Depreciation Study
Alaska	Regulatory Commission of Alaska	U-12-141	Interior Telephone Company	2012	Telecommunications Utility
Michigan	Michigan Public Service Commission	U-17104	Michigan Gas Utilities Corporation	2012	Gas Depreciation Study
North Carolina	North Carolina Utilities Commission	E-2 Sub 1025	Progress Energy Carolina	2012	Electric Depreciation Study
Texas	Texas Public Utility Commission	40606	Wind Energy Transmission Texas	2012	Electric Depreciation Study
Texas	Texas Public Utility Commission	40604	Cross Texas Transmission	2012	Electric Depreciation Study
Minnesota	Minnesota Public Utilities Commission	12-858	Northern States Power Company - Minnesota	2012	Electric, Gas and Common Transmission, Distribution and General
Texas	Railroad Commission of Texas	10170	Atmos Mid-Tex	2012	Gas Depreciation Study
Texas	Railroad Commission of Texas	10174	Atmos West Texas	2012	Gas Depreciation Study
Texas	Railroad Commission of Texas	10182	CenterPoint Beaumont/ East Texas	2012	Gas Depreciation Study
Kansas	Kansas Corporation Commission	12-KCPE-764-RTS	Kansas City Power and Light	2012	Electric Depreciation Study
Nevada	Public Utility Commission of Nevada	12-04005	Southwest Gas	2012	Gas Depreciation Study
Texas	Railroad Commission of Texas	10147, 10170	Atmos Mid-Tex	2012	Gas Depreciation Study
Kansas	Kansas Corporation Commission	12-ATMG-564-RTS	Atmos Kansas	2012	Gas Depreciation Study
Texas	Texas Public Utility Commission	40020	Lone Star Transmission	2012	Electric Depreciation Study
Michigan	Michigan Public Service Commission	U-16938	Consumers Energy Company	2011	Gas Depreciation Study

**Dane Watson Testimony Experience**

<b>Asset Location</b>	<b>Commission</b>	<b>Docket (If Applicable)</b>	<b>Company</b>	<b>Year</b>	<b>Description</b>
Colorado	Public Utilities Commission of Colorado	11AL-947E	Public Service of Colorado	2011	Electric Depreciation Study
Texas	Texas Public Utility Commission	39896	Entergy Texas	2011	Electric Depreciation Study
MultiState	FERC	ER12-212	American Transmission Company	2011	Electric Depreciation Study
California	California Public Utilities Commission	A1011015	Southern California Edison	2011	Electric Depreciation Study
Mississippi	Mississippi Public Service Commission	2011-UN-184	Atmos Energy	2011	Gas Depreciation Study
Michigan	Michigan Public Service Commission	U-16536	Consumers Energy Company	2011	Wind Depreciation Rate Study
Texas	Public Utility Commission of Texas	38929	Oncor	2011	Electric Depreciation Study
Texas	Railroad Commission of Texas	10038	CenterPoint South TX	2010	Gas Depreciation Study
Alaska	Regulatory Commission of Alaska	U-10-070	Inside Passage Electric Cooperative	2010	Electric Depreciation Study
Texas	Public Utility Commission of Texas	36633	City Public Service of San Antonio	2010	Electric Depreciation Study
Texas	Texas Railroad Commission	10000	Atmos Pipeline Texas	2010	Gas Depreciation Study
Multi State – SE US	FERC	RP10-21-000	Florida Gas Transmission	2010	Gas Depreciation Study
Maine/ New Hampshire	FERC	10-896	Granite State Gas Transmission	2010	Gas Depreciation Study
Texas	Public Utility Commission of Texas	38480	Texas New Mexico Power	2010	Electric Depreciation Study
Texas	Public Utility Commission of Texas	38339	CenterPoint Electric	2010	Electric Depreciation Study
Texas	Texas Railroad Commission	10041	Atmos Amarillo	2010	Gas Depreciation Study
Georgia	Georgia Public Service Commission	31647	Atlanta Gas Light	2010	Gas Depreciation Study
Texas	Public Utility Commission of Texas	38147	Southwestern Public Service	2010	Electric Technical Update
Alaska	Regulatory Commission of Alaska	U-09-015	Alaska Electric Light and Power	2009-2010	Electric Depreciation Study
Alaska	Regulatory Commission of Alaska	U-10-043	Utility Services of Alaska	2009-2010	Water Depreciation Study
Michigan	Michigan Public Service Commission	U-16055	Consumers Energy/DTE Energy	2009-2010	Ludington Pumped Storage Depreciation Study
Michigan	Michigan Public Service Commission	U-16054	Consumers Energy	2009-2010	Electric Depreciation Study
Michigan	Michigan Public Service Commission	U-15963	Michigan Gas Utilities Corporation	2009	Gas Depreciation Study

**Dane Watson Testimony Experience**

<b>Asset Location</b>	<b>Commission</b>	<b>Docket (If Applicable)</b>	<b>Company</b>	<b>Year</b>	<b>Description</b>
Michigan	Michigan Public Service Commission	U-15989	Upper Peninsula Power Company	2009	Electric Depreciation Study
Texas	Railroad Commission of Texas	9869	Atmos Energy	2009	Shared Services Depreciation Study
Mississippi	Mississippi Public Service Commission	09-UN-334	CenterPoint Energy Mississippi	2009	Gas Depreciation Study
Texas	Railroad Commission of Texas	9902	CenterPoint Energy Houston	2009	Gas Depreciation Study
Colorado	Colorado Public Utilities Commission	09AL-299E	Public Service Company of Colorado	2009	Electric Depreciation Study
Louisiana	Louisiana Public Service Commission	U-30689	Cleco	2008	Electric Depreciation Study
Texas	Public Utility Commission of Texas	35763	Southwestern Public Service Company	2008	Electric Production, Transmission, Distribution and General Plant Depreciation Study
Wisconsin	Wisconsin	05-DU-101	WE Energies	2008	Electric, Gas, Steam and Common Depreciation Studies
North Dakota	North Dakota Public Service Commission	PU-07-776	Northern States Power Company - Minnesota	2008	Net Salvage
New Mexico	New Mexico Public Regulation Commission	07-00319-UT	Southwestern Public Service Company	2008	Testimony – Depreciation
Multiple States	Railroad Commission of Texas	9762	Atmos Energy	2007-2008	Shared Services Depreciation Study
Minnesota	Minnesota Public Utilities Commission	E015/D-08-422	Minnesota Power	2007-2008	Electric Depreciation Study
Texas	Public Utility Commission of Texas	35717	Oncor	2008	Electric Depreciation Study
Texas	Public Utility Commission of Texas	34040	Oncor	2007	Electric Depreciation Study
Michigan	Michigan Public Service Commission	U-15629	Consumers Energy	2006-2009	Gas Depreciation Study
Colorado	Colorado Public Utilities Commission	06-234-EG	Public Service Company of Colorado	2006	Electric Depreciation Study
Arkansas	Arkansas Public Service Commission	06-161-U	CenterPoint Energy – Arkla Gas	2006	Gas Distribution Depreciation Study and Removal Cost Study
Texas, New Mexico	Public Utility Commission of Texas	32766	Southwestern Public Service Company	2005-2006	Electric Production, Transmission, Distribution and General Plant Depreciation Study
Texas	Railroad Commission of Texas	9670/9676	Atmos Energy Corp	2005-2006	Gas Distribution Depreciation Study
Texas	Railroad Commission of Texas	9400	TXU Gas	2003-2004	Gas Distribution Depreciation Study
Texas	Railroad Commission of Texas	9313	TXU Gas	2002	Gas Distribution Depreciation Study

**Dane Watson Testimony Experience**

<b>Asset Location</b>	<b>Commission</b>	<b>Docket (If Applicable)</b>	<b>Company</b>	<b>Year</b>	<b>Description</b>
Texas	Railroad Commission of Texas	9225	TXU Gas	2002	Gas Distribution Depreciation Study
Texas	Public Utility Commission of Texas	24060	TXU	2001	Line Losses
Texas	Public Utility Commission of Texas	23640	TXU	2001	Line Losses
Texas	Railroad Commission of Texas	9145-9148	TXU Gas	2000-2001	Gas Distribution Depreciation Study
Texas	Public Utility Commission of Texas	22350	TXU	2000-2001	Electric Depreciation Study, Unbundling
Texas	Railroad Commission of Texas	8976	TXU Pipeline	1999	Pipeline Depreciation Study
Texas	Public Utility Commission of Texas	20285	TXU	1999	Fuel Company Depreciation Study
Texas	Public Utility Commission of Texas	18490	TXU	1998	Transition to Competition
Texas	Public Utility Commission of Texas	16650	TXU	1997	Customer Complaint
Texas	Public Utility Commission of Texas	15195	TXU	1996	Mining Company Depreciation Study
Texas	Public Utility Commission of Texas	12160	TXU	1993	Fuel Company Depreciation Study
Texas	Public Utility Commission of Texas	11735	TXU	1993	Electric Depreciation Study

# **SOUTHWEST GAS CORPORATION**

## **SOUTHERN NEVADA DEPRECIATION RATE STUDY AT DECEMBER 31, 2022**

**September 5, 2023**



<http://www.utilityalliance.com>

**SOUTHWEST GAS CORPORATION**  
**SOUTHERN NEVADA**  
**DEPRECIATION RATE STUDY**  
**EXECUTIVE SUMMARY**

Southwest Gas Corporation (“Southwest Gas” or “Company”) engaged Alliance Consulting Group to conduct a depreciation study of the Company’s Southern Nevada utility plant depreciable assets as of December 31, 2022.

This study was conducted under the traditional depreciation study approach. The net salvage analysis in this study is consistent with the approach previously used by Southwest Gas in its most recent case, Docket No. 18-05031.

Life and net salvage characteristics show little change. Many accounts retained the same life: seven accounts have life increases, five accounts have life decreases, and 16 accounts remained the same. Two accounts showed an increase in net salvage, nine accounts showed a decrease (more negative) in net salvage, and 17 accounts remained the same.

Most of the accounts in general property continue to be amortized under Accounting Release 15 (“AR-15”) issued by the Federal Energy Regulatory Commission (“FERC”). Schedule B demonstrates those computations in depreciation expense.

This study recommends an overall increase of approximately \$6.7 million in annual depreciation expense compared to the depreciation rates currently in effect. Schedule A demonstrates the change in depreciation expense for the various accounts.

**Index for Statements A, B & C**

**Statement A (1) (a) see Schedule C on page 53.**

**Statement A (1) (b) see Schedule A on page 47.**

**Statement A (1) (c) see Schedule A on page 47 and Schedule C on page 53.**

**Statement A (1) (d) see Schedule A on page 47.**

**Statement B see pages 3 through 9.**

**Statement C see pages 14 through 47.**



**SOUTHWEST GAS CORPORATION  
SOUTHERN NEVADA  
DEPRECIATION RATE STUDY  
AT DECEMBER 31, 2022  
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## PURPOSE

The purpose of this study is to develop depreciation rates for the depreciable property as recorded on Southwest Gas' books at December 31, 2022 for Southern Nevada. The account-based depreciation rates were designed to recover the total remaining undepreciated investment, adjusted for net salvage, over the remaining life of Southern Nevada's property on a straight-line basis. Non-depreciable property and certain property that is amortized, such as intangible software, were excluded from this study.

The Southern Nevada Division of Southwest Gas provides local gas distribution service to municipalities in Southern Nevada. Southwest Gas owns transmission mains, distribution mains, and various other plant assets. Southwest Gas' assets consist of a system of transmission, high pressure distribution, and intermediate and low pressure distribution networks located across the service area. There are a number of receipt points throughout the system where gas is delivered by the transmission system. Once gas is metered into individual cities, the pressure is reduced through regulators to meet system requirements as determined by pressure and volume needs. Gas is then delivered to customers for burner tip consumption.

## STUDY RESULTS

Overall depreciation rates for Southwest Gas' Southern Nevada depreciable property are shown in Schedule A. These rates translate into an annual depreciation accrual of \$66.5 million based on Southwest Gas' depreciable investment at December 31, 2022. The annual equivalent depreciation expense calculated by the same method using the approved rates was approximately \$59.8 million. Schedule A presents a comparison of approved rates versus proposed rates by account. Schedule B demonstrates the development of the annual depreciation rates and accruals. Schedule C presents a comparison of approved and proposed mortality and net salvage estimates by account.

Consistent with FERC Rule AR-15 and prior approval by the Public Utilities Commission of Nevada ("PUCN"), this depreciation study continues to develop depreciation expense for Vintage Group Amortization in Accounts 391.00-398.00. This process provides for the amortization of general plant over the same life as recommended in this study. At the end of the amortized life, property will be retired from the books. This approach provides for the timely retirement of assets and the simplification of accounting for general property.

The Company anticipates implementing several RNG projects in the near future. Since the projects are not yet well defined in terms of assets, a general discussion with Company personnel indicated if the assets are owned a life around 30 years was a reasonable expectation and 20 years if tied to a contract (which assumes a 20-year contract). The resulting rates 3.33% and 5.00% are included in the study for approval.

## GENERAL DISCUSSION

### Definition

The term "depreciation" as used in this study is considered in the accounting sense, that is, a system of accounting that distributes the cost of assets, less net salvage (if any), over the estimated useful life of the assets in a systematic and rational manner. It is a process of allocation, not valuation. This expense is systematically allocated to accounting periods over the life of the properties. The amount allocated to any one accounting period does not necessarily represent the loss or decrease in value that will occur during that particular period. The Company accrues depreciation on the basis of the original cost of all depreciable property included in each functional property group. On retirement the full cost of depreciable property, less the net salvage value, is charged to the depreciation reserve.

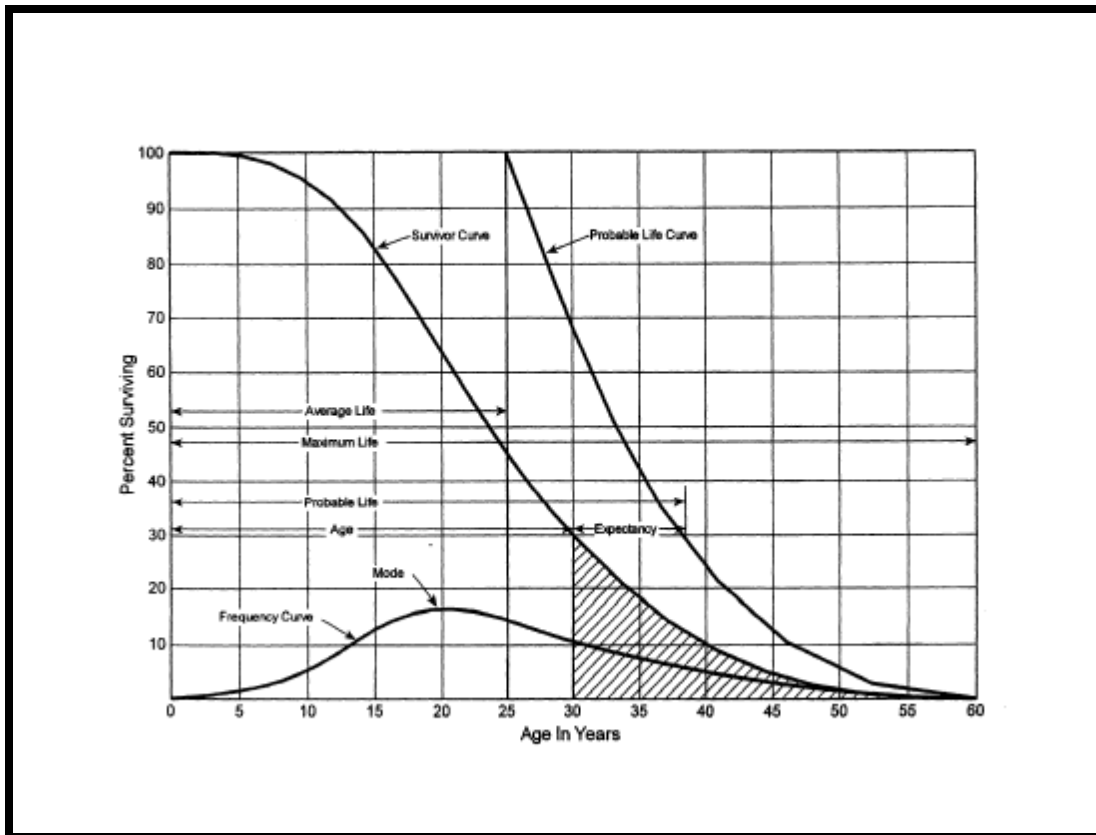
### Basis of Depreciation Estimates

The straight-line, broad (average) life group, remaining-life depreciation system was employed to calculate annual and accrued depreciation in this study. In this system, the annual depreciation expense for each group is computed by dividing the original cost of the asset less depreciation reserve less estimated net salvage by its respective average life group remaining life. The resulting annual accrual amounts of all depreciable property within a function were accumulated, and the total was divided by the original cost of all functional depreciable property to determine the depreciation rate. The calculated remaining lives and annual depreciation accrual rates were based on attained ages of plant in service and the estimated service life and salvage characteristics of each depreciable group. The computations of the annual functional depreciation rates are shown in Schedule A and remaining life calculations are shown in Schedule B.

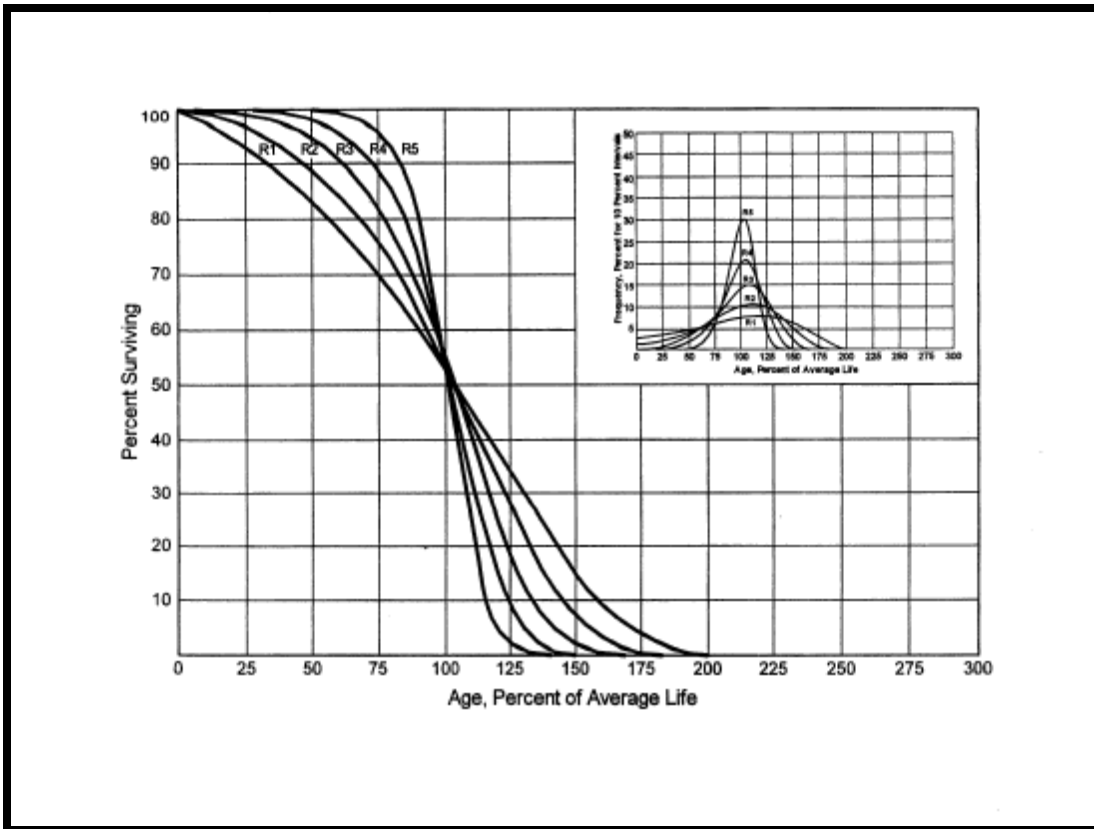
Actuarial analysis was used with each account within a function where sufficient data was available, and judgment was used to some degree on all accounts.

## Survivor Curves

To fully understand depreciation projections in a regulated utility setting, there must be a basic understanding of survivor curves. Individual property units within a group do not normally have identical lives or investment amounts. The average life of a group can be determined by first constructing a survivor curve which is plotted as a percentage of the units surviving at each age. A survivor curve represents the percentage of property remaining in service at various age intervals. The Iowa Curves are the result of an extensive investigation of life characteristics of physical property made at Iowa State College Engineering Experiment Station in the first half of the prior century. Through common usage, revalidation and regulatory acceptance, these curves have become a descriptive standard for the life characteristics of industrial property. An example of an Iowa Curve is shown below.



There are four families in the Iowa Curves that are distinguished by the relation of the age at the retirement mode (largest annual retirement frequency) and the average life. For distributions with the mode age greater than the average life, an "R" designation (i.e., Right modal) is used. The family of "R" moded curves is shown below.



Similarly, an "S" designation (i.e., Symmetric modal) is used for the family whose mode age is symmetric about the average life. An "L" designation (i.e., Left modal) is used for the family whose mode age is less than the average life. A special case of left modal dispersion is the "O" or origin modal curve family. Within each curve family, numerical designations are used to describe the relative magnitude of the retirement frequencies at the mode. A "6" indicates that the retirements are not greatly dispersed from the mode (i.e., high mode frequency) while a "1" indicates a large dispersion about the mode (i.e., low

mode frequency). For example, a curve with an average life of 30 years and an "L3" dispersion is a moderately dispersed, left modal curve that can be designated as a 30 L3 Curve. An SQ, or square, survivor curve occurs where no dispersion is present (i.e., units of common age retire simultaneously).

Most property groups can be closely fitted to one Iowa Curve with a unique average service life. The blending of judgment concerning current conditions and future trends along with the matching of historical data permits the depreciation analyst to make an informed selection of an account's average life and retirement dispersion pattern.

### **Actuarial Analysis**

Actuarial analysis (retirement rate method) was used in evaluating historical asset retirement experience where vintage data were available and sufficient retirement activity was present. In actuarial analysis, interval exposures (total property subject to retirement at the beginning of the age interval, regardless of vintage) and age interval retirements are calculated. The complement of the ratio of interval retirements to interval exposures establishes a survivor ratio. The survivor ratio is the fraction of property surviving to the end of the selected age interval, given that it has survived to the beginning of that age interval. Survivor ratios for all of the available age intervals were chained by successive multiplications to establish a series of survivor factors, collectively known as an observed life table. The observed life table shows the experienced mortality characteristic of the account and may be compared to standard mortality curves such as the Iowa Curves. Where data was available, accounts were analyzed using this method. Placement bands were used to illustrate the composite history over a specific era, and experience bands were used to focus on retirement history for all vintages during a set period. The results from these analyses for those accounts which had data sufficient to be analyzed using this method are shown in the Life Analysis section of this report.

## **Judgment**

Any depreciation study requires informed judgment by the analyst conducting the study. A knowledge of the property being studied, company policies and procedures, general trends in technology and industry practice, and a sound basis of understanding depreciation theory are needed to apply this informed judgment. Judgment was used in areas such as survivor curve modeling and selection, depreciation method selection, simulated plant record method analysis, and actuarial analysis.

Judgment is not as influential in cases where there are specific, significant pieces of information that impact the choice of a life or curve. Those cases would primarily involve a reflection of specific facts into the analysis. Where there are multiple factors, activities, actions, property characteristics, statistical inconsistencies, implications of applying certain curves, property mix in accounts or a multitude of other considerations that impact the analysis (potentially in various directions), judgment is used to take all of these factors and synthesize them into a general direction or understanding of the characteristics of the property. Individually, no one factor in these cases may have a substantial impact on the analysis, but overall, may shed light on the utilization and characteristics of assets. Judgment may also be defined as deduction, inference, wisdom, common sense, or the ability to make sensible decisions. There is no single correct result from statistical analysis; hence, there is no answer absent judgment. At the very least for example, any analysis requires choosing which bands to place more emphasis.

The establishment of appropriate average service lives and retirement dispersions for the Transmission, Distribution and General Plant accounts requires judgment to incorporate the understanding of the operation of the system with the available accounting information analyzed using the Retirement Rate actuarial methods. The appropriateness of lives and curves depends not only on statistical analyses, but also on how well future retirement patterns will match past retirements.



Current applications and trends in use of the equipment also need to be factored into life and survivor curve choices for appropriate mortality characteristics to be chosen.

### **Average Life Group Depreciation**

Southwest Gas was last authorized to use the average life group (“ALG”) depreciation procedure in Nevada Docket No. 18-05031. At the request of Southwest Gas, this study continues to use the ALG depreciation procedure to group the assets within each account. After an average service life and dispersion were selected for each account, those parameters were used to estimate what portion of the surviving investment of each vintage was expected to retire. The depreciation of the group continues until all investment in the vintage group is retired. ALG groups are defined by their respective account dispersion, life, and salvage estimates. A straight-line rate for each ALG group is calculated by computing a composite remaining life for each group across all vintages within the group, dividing the remaining investment to be recovered by the remaining life to find the annual depreciation expense and dividing the annual depreciation expense by the surviving investment. The resultant rate for each ALG group is designed to recover all retirements less net salvage when the last unit retires. The ALG procedure recovers net book cost over the life of each account by averaging many components.

### **Theoretical Depreciation Reserve**

The book depreciation reserves are maintained at an individual account basis. This study used a reserve model that relied on a prospective concept relating future retirement and accrual patterns for property, given current life and salvage estimates. The theoretical reserve of a group is developed from the estimated remaining life, total life of the property group, and estimated net salvage. The theoretical reserve represents the portion of the group cost that would have been accrued if current forecasts were used throughout the life of the group for future depreciation accruals. The computation involves multiplying the vintage balances within the group by the theoretical reserve ratio for each vintage. The average life group method requires an estimate of dispersion and service life to establish how much of each vintage is expected to be retired in each year until all property within the group is retired. Estimated average service lives and dispersion determine the amount within each average life group. The straight-line remaining-life theoretical reserve ratio at any given age (RR) is calculated as:

$$RR = 1 - \frac{(Average\ Remaining\ Life)}{(Average\ Service\ Life)} * (1 - Net\ Salvage\ Ratio)$$

## DETAILED DISCUSSION

### Depreciation Study Process

This depreciation study encompassed four distinct phases. The first phase involved data collection and field interviews. The second phase was where the initial data analysis occurred. The third phase was where the information and analysis was evaluated. Once the first three stages were complete, the fourth phase began. This phase involved the calculation of depreciation rates and documenting the corresponding recommendations.

During the Phase 1 data collection process, historical data was compiled from continuing property records and general ledger systems. Data was validated for accuracy by extracting and comparing to multiple financial system sources. Audit of this data was validated against historical data from prior periods, historical general ledger sources, and field personnel discussions. This data was reviewed extensively to put in the proper format for a depreciation study. Further discussion on data review and adjustment is found in the Salvage Considerations Section of this study. Also as part of the Phase 1 data collection process, numerous discussions were conducted with engineers and field operations personnel to obtain information that would assist in formulating life and salvage recommendations in this study. One of the most important elements of performing a proper depreciation study is to understand how the Company utilizes assets and the environment of those assets. Interviews with engineering and operations personnel are important ways to allow the analyst to obtain information that is beneficial when evaluating the output from the life and net salvage programs in relation to the Company's actual asset utilization and environment. Information that was gleaned in these discussions is found both in the Detailed Discussion of this study in the life analysis and salvage analysis sections and also in workpapers.

Phase 2 is where the actuarial analysis is performed. Phase 2 and 3 overlap to a significant degree. The detailed property records information is used in Phase 2 to develop observed life tables for life analysis. These tables are visually compared to industry standard tables to determine historical life characteristics. It is possible that the analyst would cycle back to this phase based on the evaluation process performed in Phase 3. Net salvage analysis consists of compiling historical salvage and removal data by functional group to determine values and trends in gross salvage and removal cost. This information is then carried forward into Phase 3 for the evaluation process.

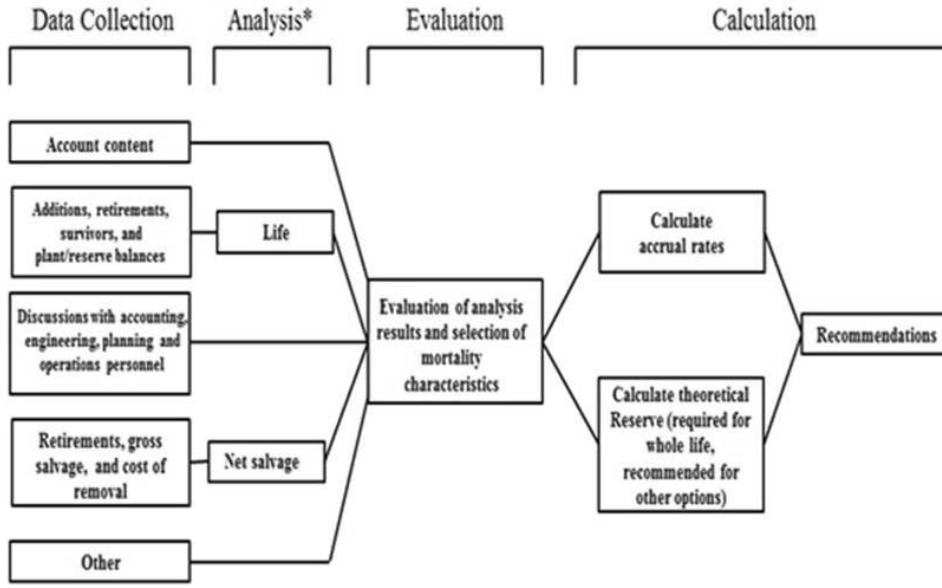
Phase 3 is the evaluation process which synthesizes analysis, interviews, and operational characteristics into a final selection of asset lives and net salvage parameters. The historical analysis from Phase 2 is further enhanced by the incorporation of recent or future changes in the characteristics or operations of assets that were revealed in Phase 1. Phases 2 and 3 allow the depreciation analyst to validate the asset characteristics as seen in the accounting transactions with actual Company operational experience.

Finally, Phase 4 involves calculating accrual rates, making recommendations, and documenting the conclusions in a final report. The calculation of accrual rates is found in Schedule A. Recommendations for the various accounts are contained within the Detailed Discussion of this report. The depreciation study flow diagram shown as Figure 1<sup>1</sup> documents the steps used in conducting this study. Depreciation Systems, page 289 documents the same basic processes in performing a depreciation study which are: statistical analysis, evaluation of statistical analysis, discussions with management, forecast assumptions, write logic supporting forecasts and estimation, and write final report.

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<sup>1</sup> Introduction to Depreciation for Public Utilities and Other Industries, AGA EEI, 2013, p. 49.

### Book Depreciation Study Flow Diagram



Source: Introduction to Depreciation for Public Utilities and Other Industries, AGA EEI, 2013.

\*Although not specifically noted, the mathematical analysis may need some level of input from other sources (for example, to determine analysis bands for life and adjustments to data used in all analysis).

Figure 1

## **SOUTHWEST GAS DEPRECIATION STUDY PROCESS**

**Depreciation Rate Calculation**

Annual depreciation expense amounts for the depreciable accounts of Southwest Gas were calculated by the straight line, average life group, and remaining life procedure.

In a whole life representation, the annual accrual rate is computed by the following equation,

$$AnnualAccrualRate = \frac{(100\% - NetSalvagePercent)}{AverageServiceLife}$$

Use of the remaining life depreciation system adds a self-correcting mechanism, which accounts for any differences between theoretical and book depreciation reserve over the remaining life of the group. With the straight line, remaining life, average life group system using Iowa Curves, composite remaining lives were calculated according to standard broad group expectancy techniques, noted in the formula below:

$$Composite\ RemainingLife = \frac{\sum OriginalCost - Theoretical\ Reserve}{\sum WholeLifeAnnualAccrual}$$

For each plant account, the difference between the surviving investment, adjusted for estimated net salvage, and the book depreciation reserve, was divided by the composite remaining life to yield the annual depreciation expense as noted in this equation.

$$AnnualDepreciationExpense = \frac{OriginalCost - Book\ Reserve - (OriginalCost) * (1 - NetSalvage\%) }{Composite\ RemainingLife}$$

where the *Net Salvage%* represents future net salvage.

Within a group, the sum of the group annual depreciation expense amounts, as a percentage of the depreciable original cost investment summed, gives the annual depreciation rate as shown below:

$$AnnualDepreciationRate = \frac{\sum AnnualDepreciationExpense}{\sum OriginalCost}$$

These calculations are shown in Schedule A. The calculations of the theoretical depreciation reserve values and the corresponding remaining life calculations are shown in workpapers. Theoretical reserve computations were used to compute a composite remaining life for each account.

**Remaining Life Calculation**

The establishment of appropriate average service lives and retirement dispersions for each account within a functional group was based on engineering judgment that incorporated available accounting information analyzed using the Retirement Rate actuarial methods. After establishment of appropriate average service lives and retirement dispersion, remaining life was computed for each account. Theoretical depreciation reserve with zero net salvage was calculated using theoretical reserve ratios as defined in the theoretical reserve portion of the General Discussion section. The difference between plant balance and theoretical reserve was then spread over the ALG depreciation accruals. Remaining life computations are found for each account in Schedule B.

**LIFE ANALYSIS**

The retirement rate actuarial analysis method was applied to all accounts for Southwest Gas. For each account, an actuarial retirement rate analysis was made with placement and experience bands of varying width. The historical observed life table was plotted and compared with various Iowa Survivor Curves to obtain the most appropriate match. A selected curve for each account is

shown in the Life Analysis Section of this report. The observed life tables for all analyzed placement and experience bands are provided in workpapers.

For each account on the overall band (i.e., placement from earliest vintage year, which varied for each account, through 2022), survivor curves approved in Nevada Docket No. 18-05031 were used as a starting point. Then using the same average life, various dispersion curves were plotted. Frequently, visual matching would confirm one specific dispersion pattern (i.e., L, S, or R) as an obviously better match than others. The next step would be to determine the most appropriate life using that dispersion pattern. Then, after looking at the overall experience band, different experience bands were plotted and analyzed: in increments of approximately ten years, for instance 1983-2022, 1993-2022, 2003-2022, etc. Next placement bands of varying width were plotted with each experience band discussed above. Repeated matching usually pointed to a focus on one dispersion family and small range of service lives. The goal of visual matching was to minimize the differential between the observed life table and Iowa curve in top and mid-range of the plots. These results are used in conjunction with all other factors that may influence asset lives.

## **RENEWABLE NATURAL GAS PLANT**

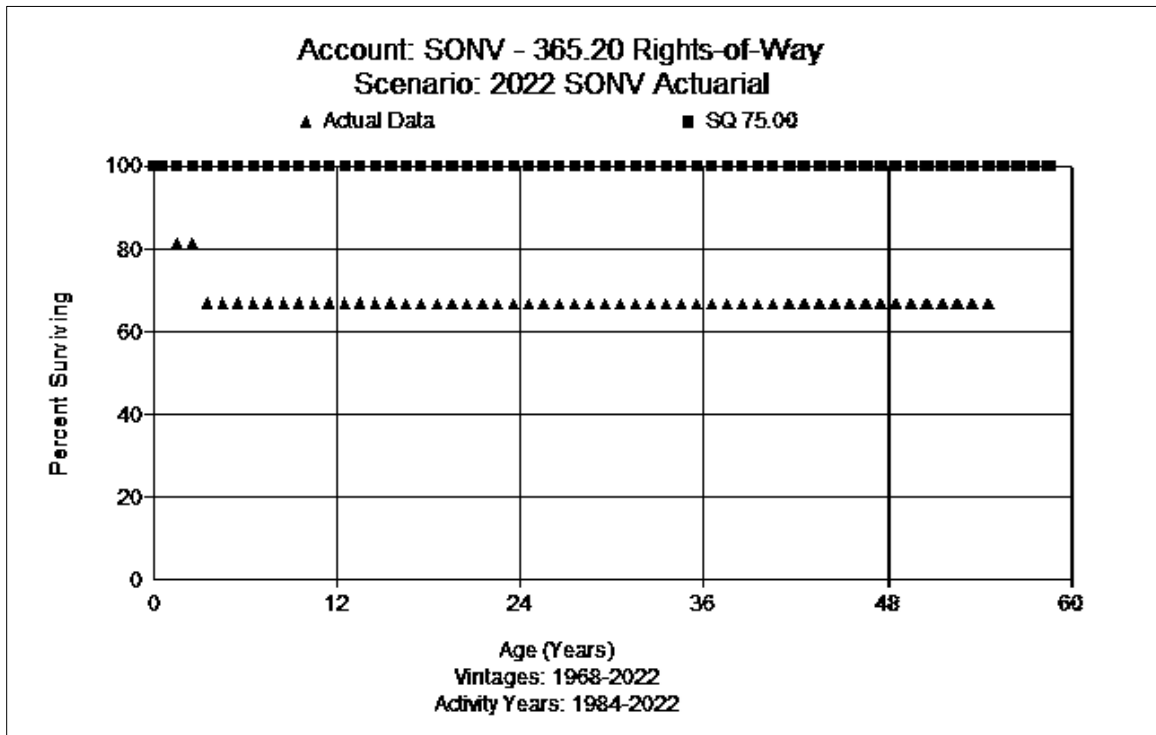
During the study interviews, Company personnel indicated the Company's plan for eventual in-service of one or more Renewable Natural Gas ("RNG") Projects on its Nevada system. The discussions indicated that there were two potential options on how the project would be recorded, owned and contract. To accommodate a potential addition of one or both of these, we propose the assets be recorded in Account 342. For the owned assets we propose a 30 year life, resulting in a 3.33% rate. For the contract based assets, we propose a 20 year life, resulting in a 5.00% rate.



**TRANSMISSION PLANT**

**Account 365.20 Rights of Way (75 SQ)**

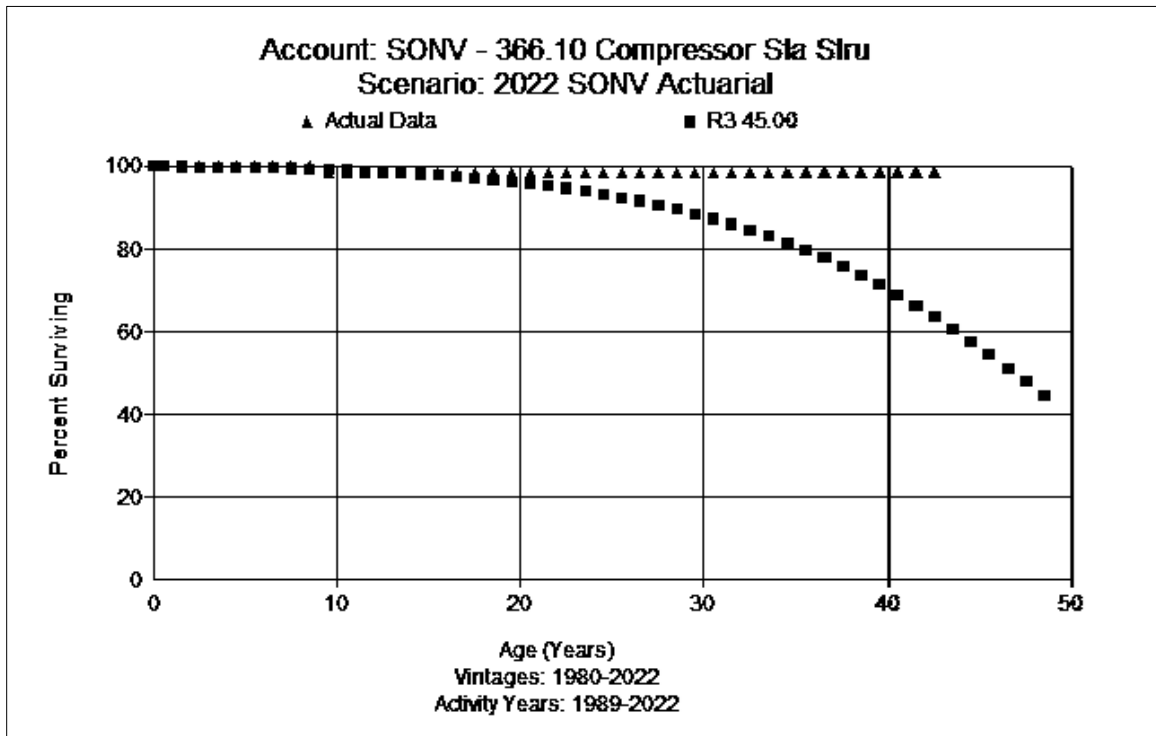
This account includes the cost of land rights used in connection with transmission operations. There is approximately \$442 thousand in this account. Currently, the approved life for this account is 75 years with an SQ dispersion. There have been few retirements in this account. This study recommends retaining the 75-year life and SQ dispersion. An observed life table with the study proposed parameter is shown in the graph below.



**Account 366.10 Structures - Compressor Stations (45 R3)**

This account includes the cost of buildings, fences, catwalks (primarily at Davis Dam) and other miscellaneous structures used in connection with compressor station operations. There is approximately \$648 thousand in this account.

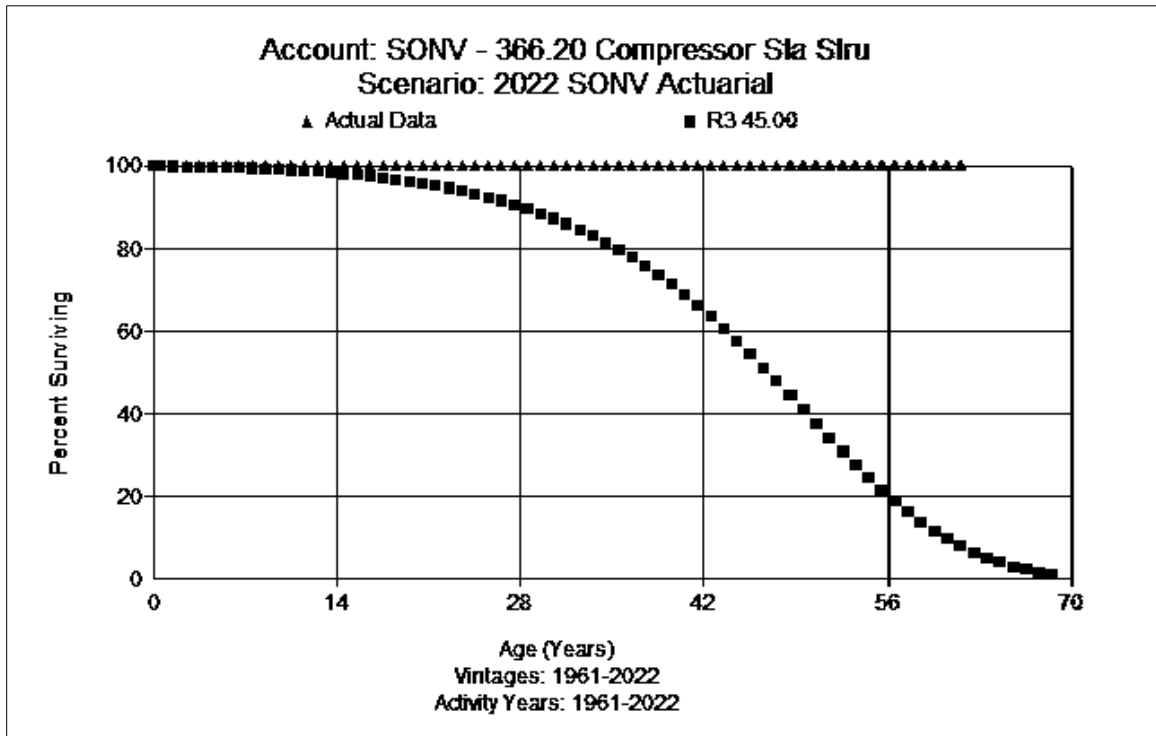
There has been only one retirement recorded in this account. The average age of the investment is 36 years. Currently, the approved life for this account is 45 years with the R3 dispersion, and with limited historical retirement activity, this life is retained. An observed life table with the study proposed parameter is shown in the graph below.



**Account 366.20 Structures – General (45 R3)**

This account includes the cost of buildings for tap, telemetry, odorant, and SCADA equipment, yard lighting, fencing, and meter station buildings used in connection with transmission operations. There is approximately \$1.3 million in this account. Currently, the approved life for this account is 45 years with the R3 dispersion.

There are no retirements recorded, so no analysis was performed. This study recommends retaining the 45-year life and R3 dispersion. An observed life table with the study proposed parameter is shown in the graph below.

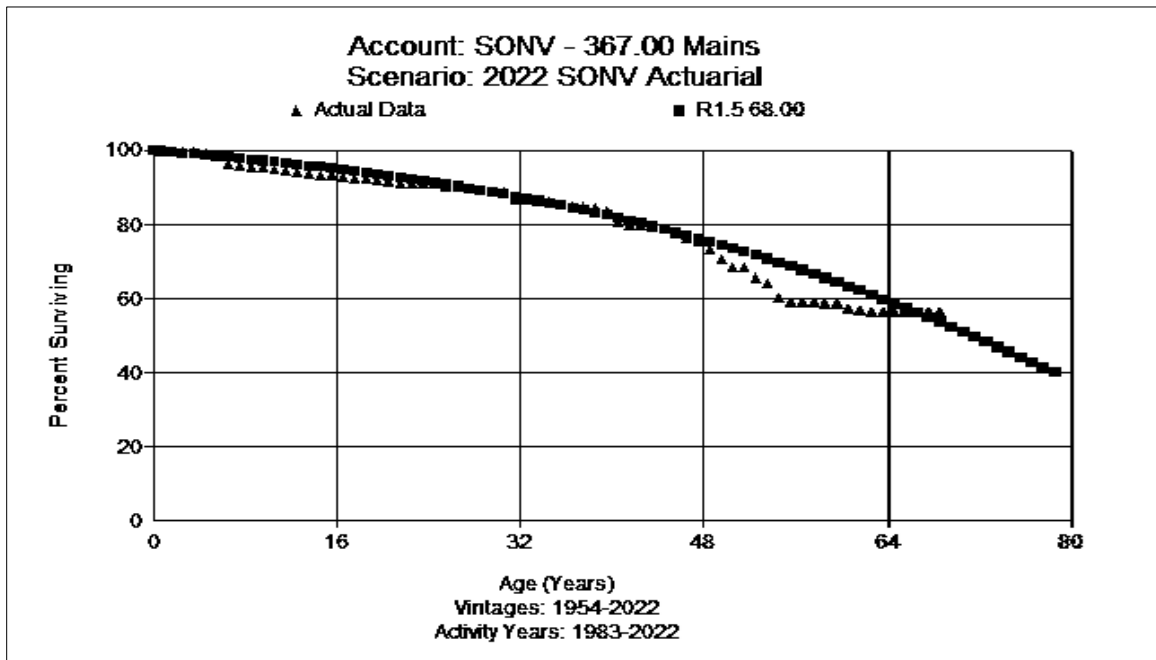


**Account 367.00 Transmission Mains (68 R1.5)**

This account includes the cost of transmission mains, primarily 16"-24" coated and wrapped steel although there are smaller sizes and there may also be a few bare steel lines in place. The approved life for this account is 68 R1.5. There is approximately \$107.3 million in plant. Current average age of surviving balance is 25.10 years, and the average age of retirements is 23.29 years.

Discussions with Company personnel indicated that all pre-1970 pipe, of 1950s vintage, has been abandoned. Most of the pipe now is in the 1963 to 1968 vintages and there is approximately 140 miles. Originally three lines (O line, R line, and L line) were in service, but the O line was retired several years ago. All of the transmission mains are steel. They are subject to greater oversight under the statutes and protection afforded those facilities. The Company believes the current life, 68 years, remains a reasonable estimate.

The life analysis supports the Company's expectations with no change. Based on the analysis and discussions with Company personnel, this study recommends retaining the 68-year life and R1.5 dispersion. An observed life table with the study proposed parameter is shown in the graph below.

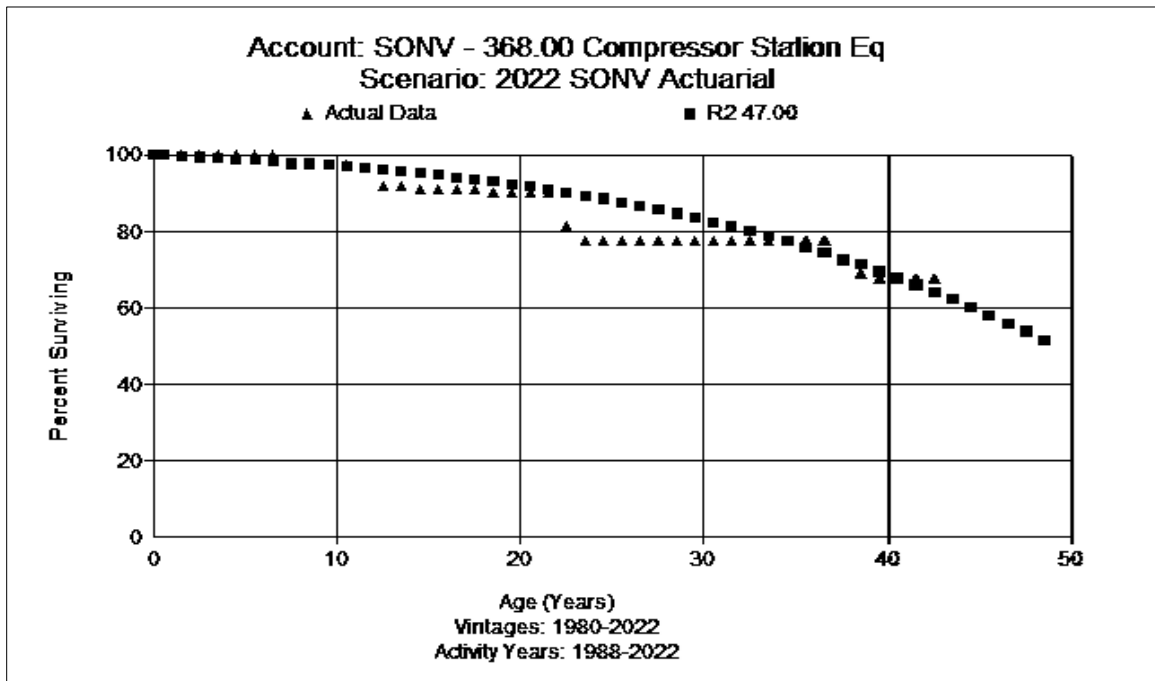


**Account 368.00 Compressor Station Equipment (47 R2)**

This account includes the cost of compressor sets, compressor station control equipment, recirculation equipment, stand-by generator, valves, and other station equipment used in connection with transmission compressor station operations. There is approximately \$7.1 million in this account. Currently, the approved life for this account is 47 years with the R2 dispersion. Current average age of surviving balances is 22.49 years, and the average age of retirements is 23.21 years.

Discussions with Company personnel indicated that there is one compressor station built in 1980, with two turbine compressors. There is no “fired-hour” agreement. Over the last couple years, they have redone controls and Programmable Logic Controllers (“PLC”), bringing it up to modern standards.

The life analysis indications are pretty consistent across the fuller bands. These fits are consistent with Company discussions and expectations. Based on the analysis and discussions with Company personnel, this study recommends retaining the 47 years and R2 dispersion. An observed life table with the study proposed parameter is shown in the graph below.

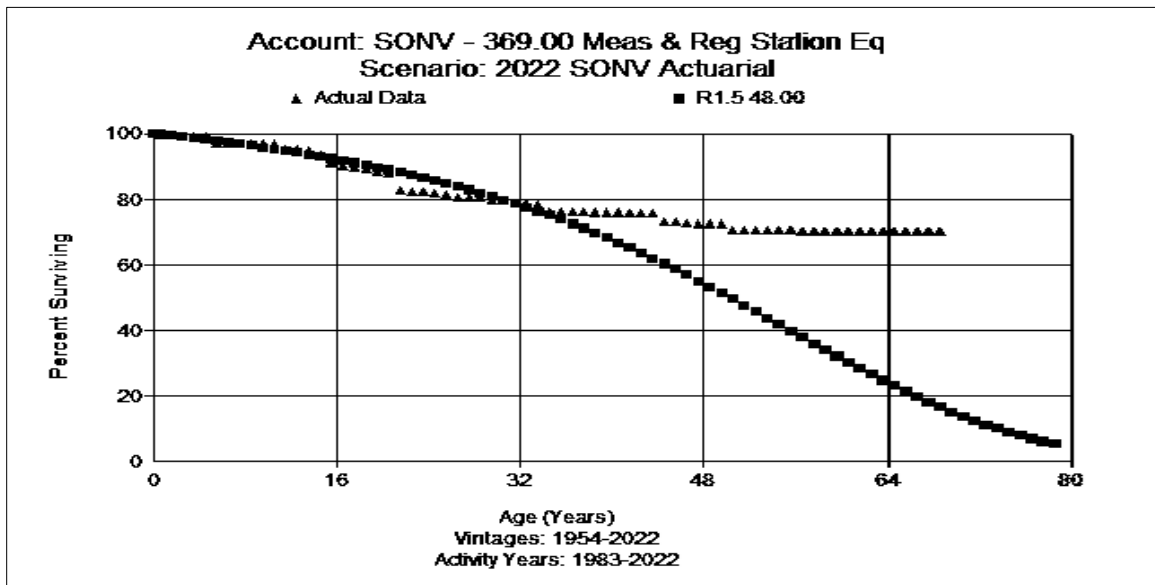


**Account 369.00 Measuring and Regulating Station Equipment (48 R1.5)**

This account includes the cost of tap assemblies, regulator stations, 16” flow meters, valves over 4”, filters and separators, and other measuring and regulating station equipment used in connection with transmission operations. There is approximately \$25.7 million in this account. Currently, the approved life for this account is 42 years with the R1 dispersion. Current average age of surviving balance is 16.00 years and average age of retirements is 14.92 years.

Discussions with Company personnel indicated that these are very large stations that provide gas to large areas. There are two stations, Intersection Point and Horizon Ridge, on the transmission system. There are some components (such as electronics, PLCs, control valves, and pressure transmitters) that would have a short life, probably replaced every 20-25 years. The station and piping itself would last much longer.

The life analysis is somewhat limited but indicates that the life is increasing. There is a range of fits and dispersions. The better fits move to a slightly steeper dispersion and longer life. Based on those indications and type of equipment in the account, this study recommends moving from the 42 R1 to a 48 R1.5. An observed life table with the study proposed parameter is shown in the graph below.

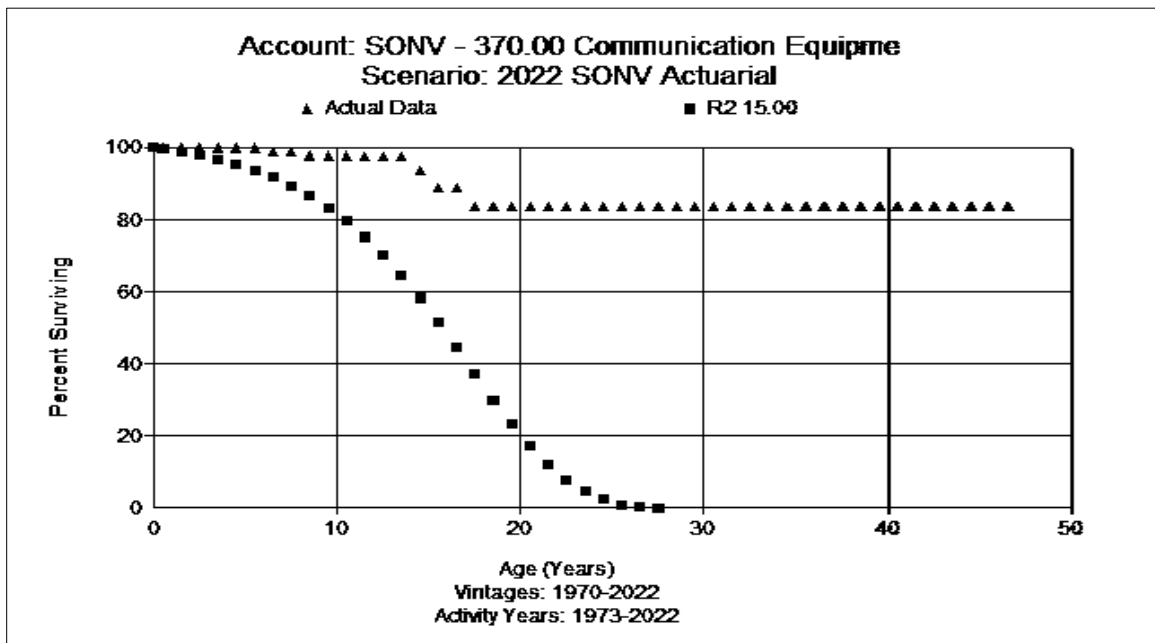


**Account 370.00 Communication Equipment (15 R2)**

This account includes the cost of telemetry, SCADA, press transmitter, telemetering equipment, microwave equipment and other communication equipment used in connection with transmission operations. There is approximately \$678 thousand in this account. Currently, the approved life for this account is 20 years with the R4 dispersion. Current average age of surviving assets is 13.78 years, and the average age of retirements is 14.43 years.

Discussions with Company personnel indicated most of the equipment is SCADA. There is a new requirement to update security (cyber security requirements from TSA) that will continually replace assets on a shorter basis. There may be some equipment installed 10 years ago that would need to be replaced. Company personnel believe moving to 15 years at this point would be reasonable.

The analysis is very limited but has some indication that some assets are retiring prior to 20 years and some assets that are lasting a little longer. The best limited visual fit is the R4 22 but with the new requirement and expectations for replacement, the study recommendation is to move to 15 R2. An observed life table with the study proposed parameter is shown in the graph below.



**Account 371.00 Other Equipment (25)**

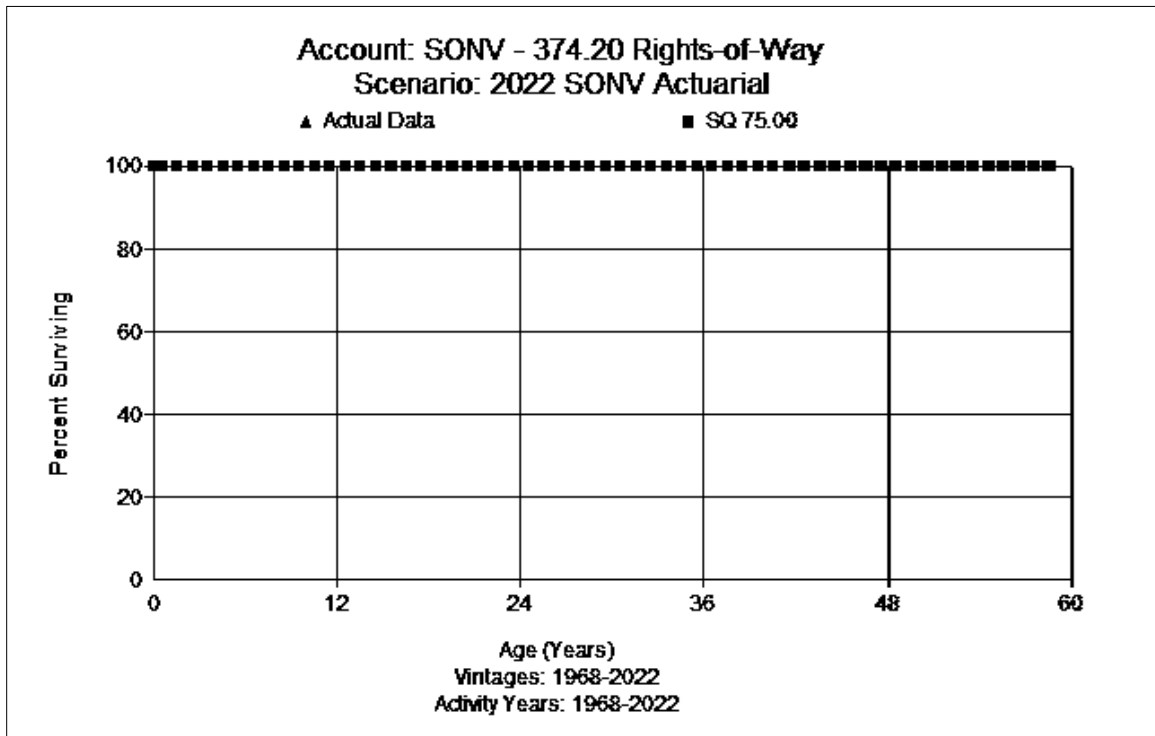
This account includes the cost of telemetry, SCADA, press transmitter, telemetering equipment, microwave equipment, and other communication equipment used in connection with transmission operations. This account is fully accrued. A life of 25 years and a whole life rate of 4.00% is recommended, should new additions occur. No graph is provided.



**DISTRIBUTION PLANT**

**Account 374.20 Rights of Way (75 SQ)**

This account includes the cost of rights of way used in connection with distribution operations. There is approximately \$1.5 million in this account. Currently, the approved life for this account is 75 years with an SQ dispersion. There have been no retirements in this account. This study recommends retaining the 75 SQ at this time. An observed life table with the study proposed parameter is shown in the graph below.



**Account 375.00 Structures (45 R3)**

This account includes the cost of structures such as crossing structures, which are older assets, used in connection with distribution operations. There is currently no investment in this account. The approved life for this account is 45 years with the R3 dispersion, which is retained. Should new additions be made a whole life rate of 2.44% is proposed. No graph is provided.

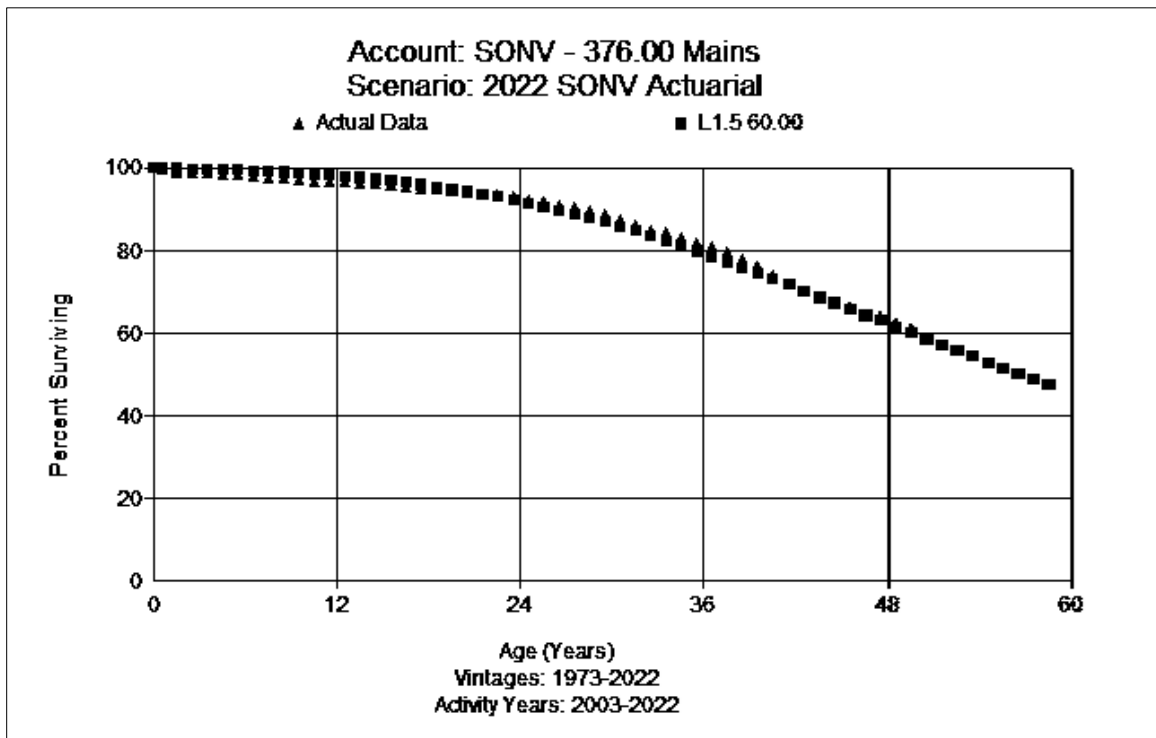
### **Account 376.00 Distribution Mains (60 L1.5)**

This account includes the cost of all types and various sizes of mains, valves, and other related equipment used in connection with distribution operations. The mains could be made of steel, plastic, or PVC. There is approximately \$1.4 billion in this account. Currently, the approved life for this account is 55 L2. The average age of the surviving balance is 11.31 years, and the average age of retirements is 17.00 years. There are approximately 6,500 total miles of distribution mains in the South.

Discussions with Company personnel indicated that there are many types of distribution main. The population of steel to plastic is lower in distribution than in transmission. PVC and Aldyl-A are actively being replaced. Drisco pipe (M7000 and M8000, installed in the early 1980s to late 1990s) is a problem in the South. The M8100 (started in the later 1990s) is expected to last longer, but there is not the experience to prove that. Installation methods are better now and are moving to fusing pipe (new pipe should be fully fused by the end of this year). Non-conforming Drisco Pipe (NCDP) is being removed (starting with inactive service and stubs) primarily in conjunction with the Company's Distribution Integrity Management Program. A number of miles of M7000/M8000 main and services will be replaced per year. The total M7000/M8000 pipe on the system is nearly 2,700 miles, which is approximately 1/3 of the system.

The Company has several programs to replace various type of pipe: Early Vintage Plastic Pipe (EVPP), which the Company/Commission had a goal to replace all known EVPP; there was the accelerated replacement of Vintage Steel Pipe (VSP) which focused on replacement of pre-code (pre-1970) high-pressure steel pipe; and the Company plans to finish retirement and replacement of all PVC/HD mains, which will leave only PE and steel pipe. Close Interval Survey and Direct Current Voltage Gradient programs may provide for a slightly longer life but could trigger some early retirements. Ground temperatures are higher in Nevada, and extreme heat can cause degradation of the pipe, causing plastic to have slightly shorter life than other areas.

The analysis produces great fits with a life below the existing and some above it, depending on the band. This is consistent with Company discussions that the various replacement programs could be impacting the life. The expectation is that the new pipe will eventually lead to a longer life. Considering the analysis and information from Company personnel, this study recommends moving to a 60 year-life with the L1.5 dispersion at this time. An observed life table with the study proposed parameter is shown in the graph below.

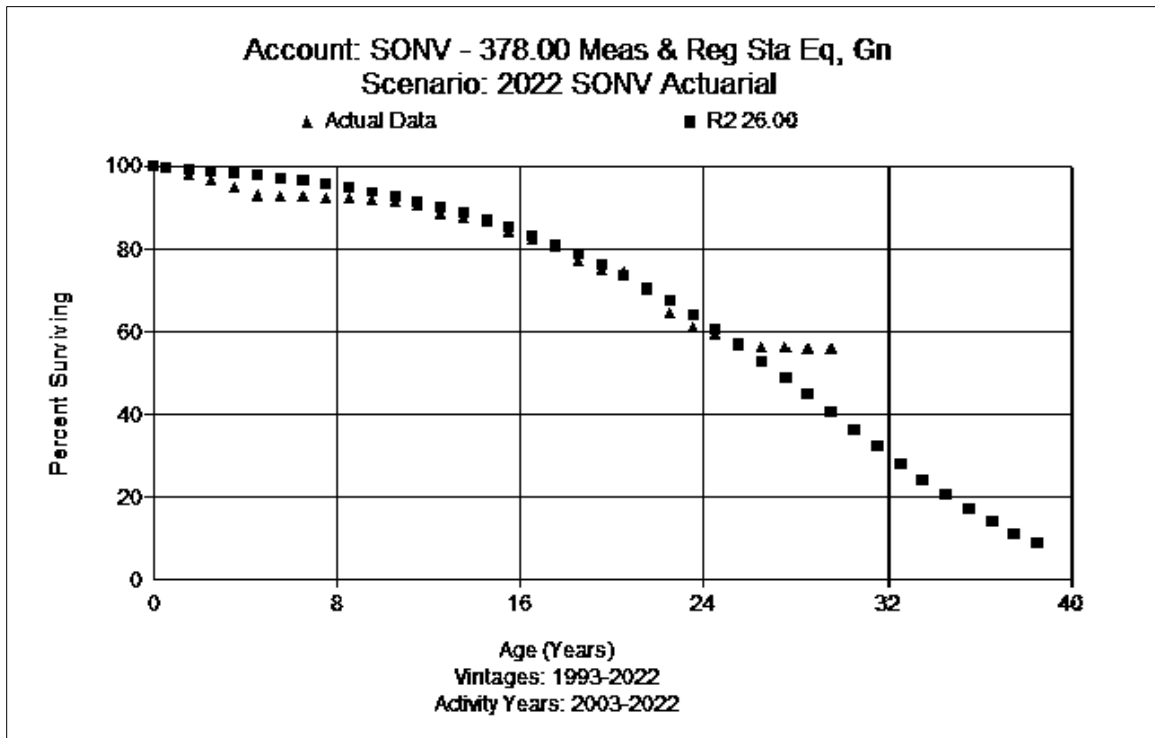


### **Account 378.00 Measuring and Regulating Station Equipment (26 R2)**

This account consists of costs associated with tap assemblies, regulator stations, meters, ball valves, filter separator, vaults, and other equipment used in distribution measuring and regulating operations. There is approximately \$26.3 million of investment in this account. The average age of the surviving balance is 10.75 years, and the average age of retirements is 15.33 years. The currently approved curve for this account is the 22 R2.5.

Discussions with Company personnel indicated that there have been a number of DRS replacements due to the need to replace cluster valves. There has been a Sulphur infestation that also drives some replacements. There has also been some abandonment of regulator stations due to the growth of the system. Further, there are many road improvements that may require movement of the DRS. The Company is also discontinuing some lower pressure stations. Similar to the North, the South has the same replacement program (replacing 3 per year). Matrix weights are obsolete, and the Company is using a strainer instead of filter (or none), Location, regulator sizing, inlet/outlet piping standards and capacity needs are all forces of retirement. Operationally, Company personnel expect around 25 years as a reasonable estimate of life, but believe 30 years would be too long.

Very consistent good fits and life indications between 22-24 years are found across most of the bands analyzed. In the more recent bands, some fits are around 25-28 years, which is consistent with Company expectations. Based upon the analysis and discussions with Company personnel, this study recommends moving from the existing 22 R2.5 to a 26 R2. An observed life table with the study proposed parameter is shown in the graph below.



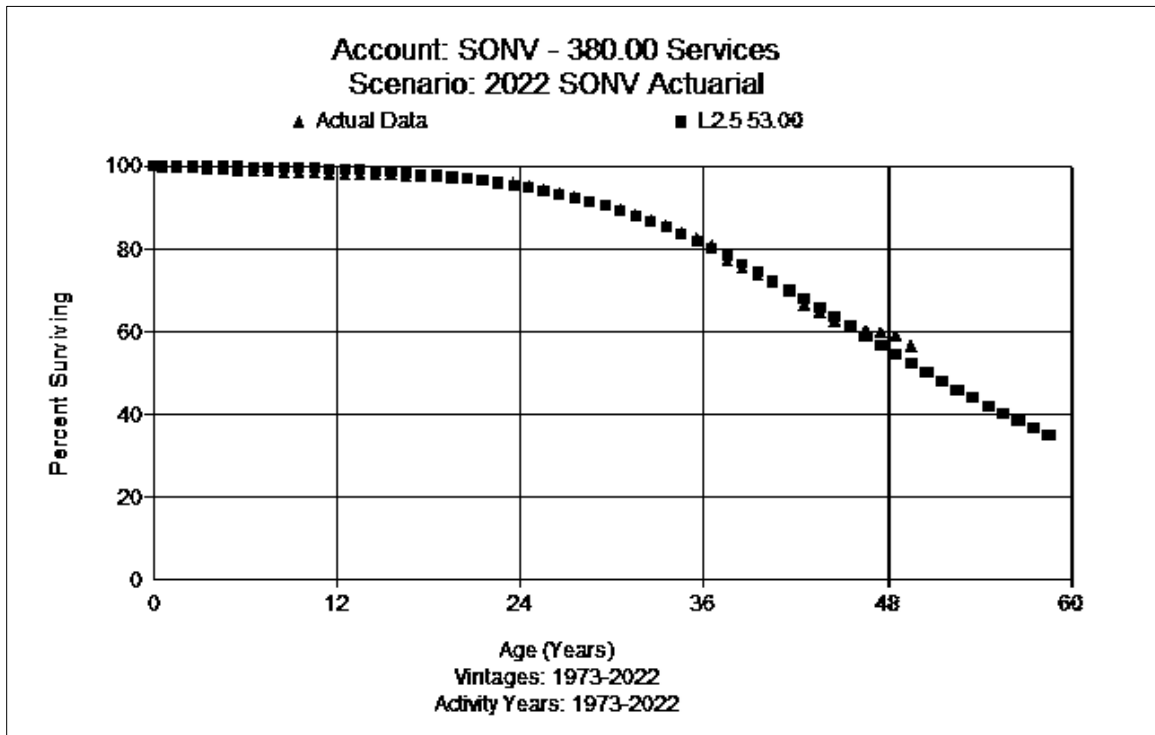
**Account 380.00 Services (53 L2.5)**

This account consists of services used in distribution operations. The material could be plastic, steel, or PVC. There is approximately \$591.6 million of investment in this account. The average age of the surviving balance is 14.20 years, and the average age of retirements is 24.76 years. The currently approved curve for this account is the 50 L2.

Discussions with Company personnel indicated that if gas has not been flowing in the M777/M8000 pipe at some point in the past, the risk of degradation is much higher. All of the targeted services are in the M7000/M8000 family and are planned to be removed from service over the next 5 years (ISSAP – Inactive Service Stub Abandonment Program). The first part was removing stubs that are inactive. They are actively continuing that program, with around 2,000 more targeted for this year. There is a focus on inactive services, which will continue

at the same level for a few years. There are some indications in the analysis that the life is decreasing but the Company does not believe that over the long-term, services lives would exhibit a shorter life. All services installed have been plastic since the 1970s. Similar to plastic mains, the high ground temperatures would decrease overall life expectancy for services when compared to other areas.

Very consistent and excellent fits are found across the bands with life indications from 46 to 48 years. There are some fits with a life of 50-53 years. In the 1973 placement and 1973 experience band, we see an excellent fit to the entire OLT below 60% surviving. Considering the various replacement programs, Company input, and the life analysis indications, this study recommends moving longer to 53 years and moving to a slightly steeper L2.5 dispersion for this account. An observed life table with the study proposed parameter is shown in the graph below.

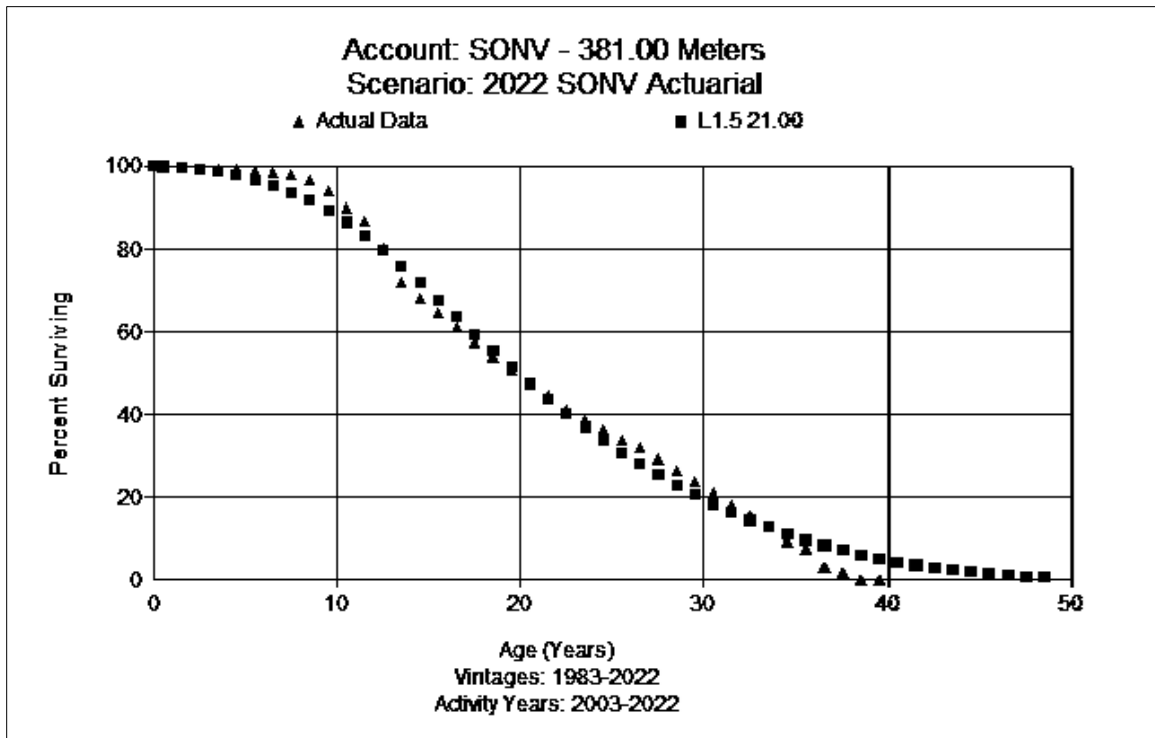


### **Account 381.00 Meters (21 L1.5)**

This account includes the cost of meters used in measuring gas to customers. There is approximately \$237.0 million in plant in this account. The current approved life of the meter account is 29 L1.5. The average age of the surviving balance is 8.96 years, and the average age of retirements is 18.10 years.

Discussions with Company personnel indicated that there is a new meter that was recently introduced in the system. The ERT is integrated into the meter and the meter is electronic. They have purchased around 30k so far. The life would be 20 years. The ERTs on older style meters would have a 20 year battery life. The policy is if a meter comes to meter shop with 40G ERT, the ERT will be replaced with a newer generation ERT. In the past they have had some significant families of meters that have failed. Until recently, ERTs were 40G and would not be reused and may have a life shorter than the battery life. If a meter with a 100G ERT fails, they would reuse (but most failures have 40G ERTs on them). If a meter is pulled (not part of a family failure), it will be tested and reused if it passes. Any time a meter is pulled that has a 40G ERT, they would retire the ERT. The Company will retire meters when sent to the manufacturer for refurbishment. Repairs at the meter shop have been drastically reduced in recent years. ERTs are generally expected to have a manufacturing life of about 20 years, but the summer heat could shorten the life.

The life analysis indicates lives below 25 years and is generally between 20-22 years, especially in more recent bands. These indications are consistent with Company discussions and expectations. Meter technology electronics and battery life are driving forces to overall life expectations. This study recommends moving to a 21 year-life with an L1.5 curve, which is a consistent excellent fit across the recent bands. An observed life table with the study proposed parameter is shown in the graph below.



**Account 385.00 Industrial M&R Station Equipment (43 R3)**

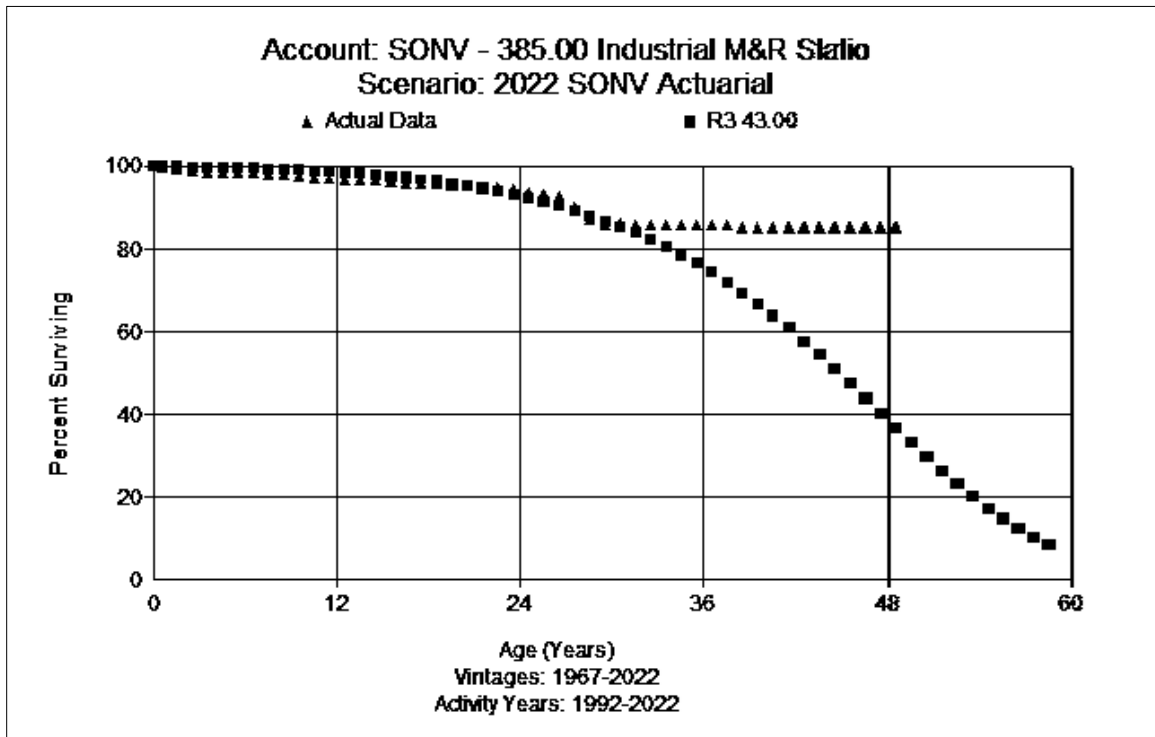
This account includes the cost of 2” and larger regulators, oil separators, electric meter correct devices, 4” valves and other industrial measuring and regulator station equipment. There is approximately \$10.6 million in plant in this account. The currently approved life for this account is 39 R3. The average age of the surviving balance is 15.53 years, and the average age of retirements is 13.49 years.

Discussions with Company personnel indicated that, depending on the issue with the industrial meter, if it can be fixed in the field they will do so. If it has to be pulled, they will retire the old meter and install a new one. If a turbine meter fails, it would be replaced by an ultrasonic meter (that may require rebuilding the station). According to the manufacturer, the ultrasonic meter should last longer than turbine meters due to the lack of moving parts. A small



increase in life would not be unexpected from an operational perspective. The Company believes a life around 35-40 years is a reasonable estimate.

The limited life analysis indicates the life is increasing when compared to the existing 34 years. The current study fits are in the range of 39-45 years, with the R3 43 being a pretty good visual fit. Considering the analysis, Company discussions, and judgment, the study recommends moving to 43 years and the R3 dispersion at this time. An observed life table with the study proposed parameter is shown in the graph below.



**Account 387.00 Other Equipment (25)**

This account includes the cost of miscellaneous equipment used in connection with distribution operations. This account currently has no investment. A life of 25 years and a whole life rate of 4.00% is recommended, should new additions occur. No graph is provided.

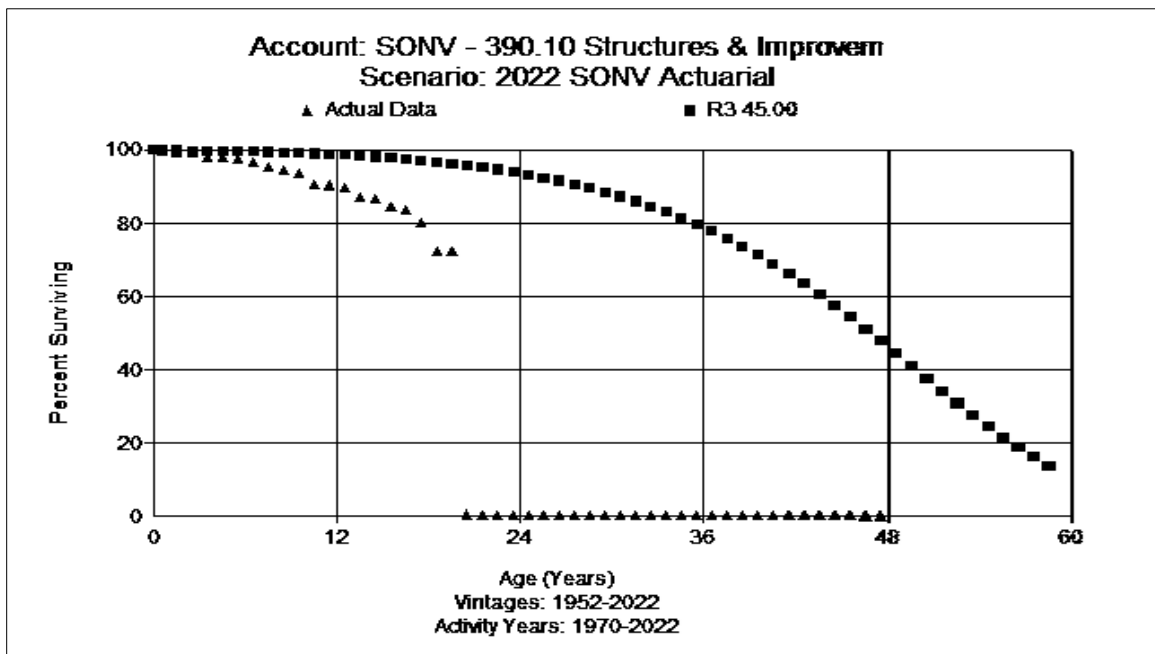
**GENERAL PLANT DEPRECIATED**

**Account 390.10 Structures – Owned (45 R3)**

This account includes the cost of new office and warehouse for the north and south operations parking lots, HVAC, control systems, security systems, and other general structures and improvements used to support utility service. There is approximately \$42.4 million in this account. The current life for this account is a 45 R3. The average age of the surviving balance is 12.63 years, and the average age of retirements is 15.45 years.

Discussions with Company personnel indicated In 2009, they constructed two new operations centers, in which they have replaced a boiler and chiller as well as extensive remodeling and upgrades for technology.

The life analysis indicates a much shorter life than is currently approved and expected. Looking at the mix of assets and lives, the largest investment dollars are in buildings, which carry a longer life expectation. Considering all the information, this study recommends retaining the existing 45 R3 at this time. An observed life table with the study proposed parameter is shown in the graph below.



## **GENERAL PLANT AMORTIZED**

Under Vintage Group Amortization, each account has a fixed life that has been reviewed and validated with Company personnel during this study. In most cases, the existing life is retained. For rate calculation purposes, each amortizable account will utilize the SQ dispersion. No graphs are provided.

### **Account 391.00 Office Furniture and Equipment (15 SQ)**

This account consists of miscellaneous office furniture such as desks, chairs, filing cabinets, and tables used for general utility service. There is approximately \$2.8 million in this account. This account currently has a fixed life for amortization of 20 SQ. Based on discussions with Company personnel, modular furniture, chairs, and other office furnishing would have a shorter life. Additionally, moving to 15 years provides consistency between South and North. This study recommends moving to 15 SQ.

### **Account 391.10 Computer Equipment (5 SQ)**

This account consists of computer equipment used for general utility service. There is approximately \$1.6 million in this account. This account currently has a fixed life for amortization of 5 SQ, which is retained in this study.

### **Account 392.11 Transportation Equipment – Light (8 SQ)**

This account consists of light transportation equipment used for general utility service. There is approximately \$10.3 million in this account. This account currently has a fixed life for amortization of 8 SQ, which is retained in this study.

### **Account 392.12 Transportation Equipment – Heavy (15 SQ)**

This account consists of heavy transportation equipment used for general utility service. There is approximately \$9.3 million in this account. This account currently has a fixed life for amortization of 15 SQ, which is retained in this study.

**Account 393.00 Stores Equipment (20 SQ)**

This account consists of stores equipment used for general utility service. There is approximately \$645 thousand in this account. This account currently has a fixed life for amortization of 25 SQ. Discussions with Company personnel indicate that they believe moving to 20 SQ is a better estimate of life for this account given the types of assets in the account, and a 20 SQ is the recommendation in this study.

**Account 394.00 Tools, Shop, and Garage Equipment (15 SQ)**

This account consists of various items or tools used in shop and garages such as air compressors, grinders, mixers, hoists, and cranes. There is approximately \$10.3 million in this account. This account currently has a fixed life for amortization of 15 SQ, which is retained in this study.

**Account 395.00 Laboratory Equipment (15 SQ)**

This account consists of laboratory equipment used in general utility service. There is approximately \$138 thousand in this account. This account currently has a fixed life for amortization of 20 SQ. Discussions with Company personnel indicated that some of the lab equipment is digital and technology driven, requiring replacement before the existing 20 year life. This study recommends decreasing the life to 15 SQ.

**Account 396.00 Power Operated Equipment (15 SQ)**

This account consists of bulldozers, forklifts, trenchers, and other power operated equipment that cannot be licensed on roadways. There is approximately \$4.0 million in this account. This account currently has a fixed life for amortization of 15 SQ, which is retained in this study.

**Account 397.00 Communication Equipment (15 SQ)**

This account consists of miscellaneous communication equipment used in general utility service. There is approximately \$2.6 million in this account. This account currently has a fixed life for amortization of 15 SQ, which is retained in this study.

**Account 397.20 Telemetry Equipment (15 SQ)**

This account consists of telemetry equipment used in general utility service. There is approximately \$5 thousand in this account. This account currently has a fixed life for amortization of 15 SQ, which is retained in this study.

**Account 398.00 Miscellaneous Equipment (15 SQ)**

This account consists of miscellaneous equipment used in general utility service. There is approximately \$2.1 million in this account. This account currently has a fixed life for amortization of 15 SQ, which is retained in this study.

## SALVAGE ANALYSIS

When a capital asset is retired, physically removed from service and finally disposed of, terminal retirement is said to have occurred. The residual value of a terminal retirement is called gross salvage. Net salvage is the difference between the gross salvage (what the asset was sold for) and the removal cost (cost to remove and dispose of the asset). Salvage and removal cost percentages are calculated by dividing the current cost of salvage or removal by the original installed cost of the asset. Some plant assets can experience significant negative removal cost percentages due to the timing of the original addition versus the retirement. For example, a Distribution asset in FERC Account 376 with a current installed cost of \$500 (2022) would have had an installed cost of \$24.98<sup>2</sup> in 1962. A removal cost of \$50 for the asset calculated (incorrectly) on current installed cost would only have a negative 10 percent removal cost ( $\$50/\$500$ ). However, a correct removal cost calculation would show a negative 200 percent removal cost for that asset ( $\$50/\$24.98$ ). Inflation from the time of installation of the asset until the time of its removal must be taken into account in the calculation of the removal cost percentage because the depreciation rate, which includes the removal cost percentage, will be applied to the original installed cost of assets.

The net salvage analysis uses the history of the individual accounts to estimate the future net salvage that Southwest Gas can expect in its operations. As a result, the analysis not only looks at the historical experience of Southwest Gas, but also takes into account recent and expected changes in operations that could reasonably lead to different future expectations for net salvage than were experienced in the past. Recent experience is more heavily weighted in making net salvage recommendations than experience several years in the past.

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<sup>2</sup> Using the Handy-Whitman Bulletin No. 197, G-5, line 44;  $\$24.98 = \$500 \times 63/1261$ .

## **Salvage Characteristics**

For each function, data for retirements, gross salvage, and cost of removal for each functional group adjusted (as discussed above) was generally derived from 1985-2022. Moving averages, which remove timing differences between retirement and salvage and removal cost, were analyzed over periods varying from one to 10 years.

## **TRANSMISSION PLANT**

### **Account 365.20 Rights of Way (0%)**

This account includes any salvage and removal cost related to land rights used in connection with transmission operations. Generally, little or no removal cost is incurred, and no salvage is received at the retirement of land rights. The existing net salvage is 0 percent, which is retained in this study.

### **Account 366.10 Structures – Compressor Stations (Negative 5%)**

This account includes any salvage and removal cost related to structures at compressor stations used in connection with transmission operations. The existing net salvage is a negative 5 percent net salvage. The expectation is that cost of removal will exceed any salvage at retirement. There is no current activity to support a change at this time. This study recommends retaining the approved negative 5 percent net salvage for this account.

### **Account 366.20 Structures – General (Negative 5%)**

This account includes any salvage and removal cost related to structures in general used in connection with transmission operations. The existing net salvage is a negative 5 percent net salvage. The expectation is that cost of removal will exceed any salvage at retirement. There is no current activity to support a change at this time, so the existing negative 5 percent net salvage is retained for this account.

**Account 367.00 Transmission Mains (Negative 30%)**

This account includes any salvage and removal cost related to mains used in connection with transmission operations. The existing net salvage is a negative 25 percent. The current historical data indicates cost of removal is increasing and negative net salvage exceeds the existing net salvage in most of the 10-year moving averages back to 2012. The most recent 5 and 10 year moving averages are negative 75 and negative 59 percent, respectively. Based on consistent indications across the bands, this study recommends moving from the approved negative 25 percent net salvage toward the indications with a negative 30 percent net salvage for this account.

**Account 368.00 Compressor Station Equipment (Negative 2%)**

This account includes any salvage and removal cost related to compressor station equipment used in connection with transmission operations. The current approved net salvage for this account is negative 1 percent net salvage. In the analysis, which is from 1988-2022, there has been no salvage recorded but some cost of removal has been recorded. The most recent 5 and 10 year moving averages are negative 5 and negative 2 percent, respectively. Salvage has been exceeded by cost of removal when retirements occur. Based on the most recent 10-year moving average, this study recommends moving to a negative 2 percent net salvage at this time.

**Account 369.00 Measuring/Regulator Station Equipment (Negative 5%)**

This account includes any salvage and removal cost related to measuring and regulator station equipment used in connection with transmission operations. The current approved net salvage for this account is negative 3 percent. Historical data shows no salvage has been recorded in over 10 years. Cost of removal is consistently being recorded. The most recent 5 and 10 year moving



averages are negative 18 percent and negative 17 percent net salvage, respectively. This study recommends moving to a negative 5 percent net salvage at this time.

**Account 370.00 Communication Equipment (0%)**

This account includes any salvage and removal cost related to communication equipment used in connection with transmission operations. The existing net salvage is 0 percent, which is supported by the historical data for this account and is retained.

**Account 371.00 Other Equipment (0%)**

This account includes any salvage and removal cost related to communication equipment used in connection with transmission operations. The account is fully depreciated. The existing net salvage is 0 percent, which is retained.

**DISTRIBUTION PLANT**

**Account 374.20 Rights of Way (0%)**

This account includes any salvage and removal cost related to land rights used in connection with distribution operations. Generally, little or no removal cost is incurred, and no salvage is received at the retirement of land rights. The existing net salvage is 0 percent, which is supported by the historical data and is retained in this study.

**Account 375.00 Structures (Negative 10%)**

This account consists of any salvage and removal cost related to small structures and associated assets on the distribution system. The approved net salvage is a negative 10 percent. There has been no salvage or cost of removal recorded in the 2008-2022 timeline of the analysis. The expectation is that some

cost of removal work will be incurred for certain assets at retirement and will exceed any salvage. The account currently has a zero balance. The study proposes to retain the approved negative 10 percent at this time.

**Account 376.00 Distribution Mains (Negative 25%)**

This account consists of any salvage and removal cost related to Mains of all material types. The authorized net salvage rate for this account is negative 15 percent. Most recent moving averages for the 2 to 10-year averages are much more negative than the existing negative 15 percent. The most recent 5-year is negative 73 percent, and the 10-year is negative 49 percent. This study conservatively recommends moving toward the indications with a negative 25 percent rate at this time.

**Account 378.00 Measuring & Regulating Station Equipment (Negative 20%)**

This account includes any salvage and removal cost related to installed equipment used in regulating gas at entry points to the distribution system. The currently authorized net salvage is negative 15 percent. The most recent moving 5- and 10-year averages are negative 56 and negative 24 percent, respectively. Based on these indications and giving consideration to timing differences that occur, this study recommends moving to negative 20 percent net salvage for this account.

**Account 380.00 Services (Negative 35%)**

This account includes any salvage and removal cost related to services related to distribution operations. Service lines are the pipes and accessories leading from the main to the customers' premises. The authorized net salvage rate for this account is negative 25 percent. Generally, pipe is abandoned in place. However, removal cost is still incurred even when abandoning the pipe in place. For pipe that is being replaced, activities such as isolating, cutting, purging or foaming, and capping the old pipe are charged as removal costs.

When the pipe is not being replaced, in addition to the above activities, dispatching a crew, uncovering the pipe, recovering the hole, and repairing the surface are additional activities charged to removal cost. The cost of removal began increasing in 2016. There has also been an increase in retirements. The most recent 5- and 10-year moving averages are negative 301 and negative 204 percent. There is indication of timing differences, but considering the analysis tempered by the fact recent activity is due to the Company's replacement activities and using gradualism, this study recommends moving to a negative 35 percent net salvage for this account.

#### **Account 381.00 Meters (0%)**

This account includes any salvage and removal cost related to meters used in measuring gas to residential customers. The currently authorized net salvage rate is 0 percent. The transaction activity in the analysis for 2011 to 2013 is related to the "family" of meter failures that occurred and are credits received from the manufacturer. These are not typical or expected to continue. The most recent 5- and 10-year moving averages are negative 0.01 and positive 0.23 percent. Based on the information and analysis, this study recommends retention of the existing 0 percent net salvage for this account.

#### **Account 385.00 Industrial M&R Station Equipment (Negative 5%)**

This account includes any salvage and removal cost related to industrial measuring and regulating station equipment used in measuring gas to customers. The currently authorized net salvage rate is negative 2 percent. The most recent 5- and 10-year moving averages indicate negative 10 percent and negative 7 percent net salvage, respectively. Activity in 2017 and 2022 is impacting analysis but some increase in cost of removal is evident. No salvage has been recorded in the 1992-2022 analysis period. Considering the indications

in the analysis, but tempering for timing differences, this study recommends moving from the approved negative 2 percent net salvage to a negative 5 percent net salvage for this account.

**Account 387.00 Other Equipment (0%)**

This account includes any salvage and removal cost related to miscellaneous equipment used to support distribution operations. The account currently has no investment. The currently authorized net salvage rate is 0 percent and is retained should the account record investment.

**GENERAL PLANT DEPRECIATED**

The accounts within the general plant have been split into two categories, depreciated and amortized. For amortized accounts (391.00 – 398.00), the majority of the accounts will have a 0 percent net salvage factor. Individual net salvage analysis for each account is found in Schedule D.

**Account 390.10 Structures-Owned (Negative 4%)**

This account includes any salvage and removal cost related to structures used for general utility operations. The currently authorized net salvage rate for this account is 0 percent. The current analysis indicates cost of removal will exceed salvage. The most recent 5- and 10-year moving averages is negative 4 percent. This study recommends moving to a negative 4 percent net salvage at this time.

## **GENERAL PLANT AMORTIZED**

### **Account 391.00 Office Furniture and Equipment (0%)**

This account includes any salvage and removal cost related to miscellaneous office furniture such as desks, chairs, filing cabinets, and tables. The currently authorized net salvage rate for this account is 0 percent, which is retained.

### **Account 391.10 Computer Equipment (0%)**

This account includes any salvage and removal cost related to computer equipment used in general operations. The currently authorized net salvage rate for this account is positive 1 percent. The overall 10-year moving average indicates a small negative, less than negative 1 percent. Based on the overall analysis, expectations, and judgment, this study recommends moving to 0 percent.

### **Account 392.11 Transportation Equipment – Light (15%)**

This account includes any salvage and removal cost related to light transportation equipment used in general operations. The currently authorized net salvage rate for this account is positive 11 percent. The analysis indicates there is an increase in salvage. Current market conditions and discussions with Company personnel show that expectations are for higher salvage for the near future. The 5- and 10-year moving averages are 17 and 12 percent, respectively. Considering the Company expectations, market conditions, the analysis, and judgment, moving to a positive 15 percent net salvage is recommended for this account.

### **Account 392.12 Transportation Equipment – Heavy (15%)**

This account includes any salvage and removal cost related to heavy transportation equipment used in general operations. The currently authorized net salvage rate for this account is positive 15 percent. Discussions with

Company personnel indicated that salvage in 2016 and 2017 were related to retirements around 2012-2013 timeframe. The market conditions continue to keep salvage high, even though some of the equipment is being held longer due to supply chain issues in getting new equipment. The analysis continues to show timing differences are occurring as well, which moved net salvage in some years above 200%, which is not reasonable. Timing differences are known to occur, which is why moving averages are evaluated. Considering the analysis, type, and projected age of assets at retirement, information from Company personnel, and judgment, this study recommends retaining the positive 15 percent net salvage for this account.

**Account 393.00 Stores Equipment (0%)**

This account includes any salvage and removal cost related to stores equipment. The currently authorized net salvage rate for this account is 0 percent. Some salvage was recorded in 2020 and 2022, but there are no retirements recorded yet. Expectations for this account are for 0 net salvage at time of retirement. This study recommends retaining 0 percent.

**Account 394.00 Tools, Shop, and Garage Equipment (0%)**

This account includes any salvage and removal cost related to various items or tools used in shop and garages such as air compressors, grinders, mixers, hoists, and cranes. The currently authorized net salvage rate for this account is 0 percent. Some salvage and cost of removal has been and can be recorded, but the result is less than 1 percent. Based on the overall analysis, expectations and judgment, retention of 0 percent net salvage is recommended.

**Account 395.00 Laboratory Equipment (0%)**

This account includes any salvage and removal cost related to laboratory equipment. The currently authorized net salvage rate for this account is 0 percent, which is retained.

**Account 396.00 Power Operated Equipment (20%)**

This account includes any salvage and removal cost related to bulldozers, forklifts, trenchers, and other power operated equipment that cannot be licensed on roadways. The currently authorized net salvage rate for this account is positive 15 percent. The analysis indicates salvage has held around 16-20 percent from 2018-2022. The most recent 5-and 10-year moving averages are 20 percent and 17 percent, respectively. Based on the overall analysis, expectations, and judgment, a move to a positive 20 percent is recommended for this account.

**Account 397.00 Communication Equipment (0%)**

This account includes any salvage and removal cost related to miscellaneous communication equipment. No salvage or cost of removal has been recorded in the last 10 years. The currently authorized net salvage rate for this account is 0 percent, which is retained in this study.

**Account 397.20 Telemetering Equipment (0%)**

This account includes any salvage and removal cost related to telemetering equipment. No salvage or cost of removal has been recorded in the last 10 years. The currently authorized net salvage rate for this account is 0 percent, which is retained in this study.

**Account 398.00 Miscellaneous Equipment (0)**

This account includes any salvage and removal cost related to miscellaneous equipment. The currently authorized net salvage rate for this account is 0 percent. No salvage or cost of removal has been recorded and none is expected for these assets at the end of their life. Based on the overall analysis, expectations, and judgment, the existing 0 percent net salvage is retained in this study.

**SCHEDULE A**  
**Comparison of Depreciation Accrual Rates**



**Southwest Gas Corporation**  
**Southern Nevada Division**  
**Computation of Depreciation Accrual Rates**  
**As of December 31, 2022**

Account	Description	Original Cost at 12/31/22	Approved		Proposed		Difference
			Rate %	Annual Accrual Amount	Rate %	Annual Accrual Amount	
<b>Transmission Plant</b>							
365.20	Rights-of-Way	\$ 442,098	1.31%	\$ 5,791	1.96%	\$ 8,665	\$ 2,874
366.10	Structures-Compressor Stations	647,857	1.16%	7,515	0.93%	6,003	(1,512)
366.20	Structures-General	1,275,555	2.19%	27,935	2.31%	29,417	1,482
367.00	Transmission Mains	107,316,010	1.72%	1,845,835	1.85%	1,981,712	135,877
368.00	Compressor Station Equipment	7,105,673	1.81%	128,613	2.01%	142,808	14,195
369.00	Meas/Reg Station Equipment	25,690,124	2.45%	629,408	2.13%	546,587	(82,821)
370.00	Communication Equipment	677,562	2.30%	15,584	7.12%	48,220	32,636
	<b>Total Transmission</b>	<b>143,154,880</b>	<b>1.86%</b>	<b>2,660,681</b>	<b>1.93%</b>	<b>2,763,413</b>	<b>102,732</b>
<b>Distribution Plant</b>							
374.20	Rights-of-Way	1,546,772	1.33%	20,572	1.33%	20,524	(48)
375.00	Structures	0	0.45%	0	2.44%	0	0
376.00	Distribution Mains	1,378,298,061	2.04%	28,117,280	2.06%	28,351,032	233,751
378.00	Meas/Reg Station Equipment	26,332,997	3.62%	953,254	3.93%	1,034,140	80,886
380.00	Services	591,605,547	2.40%	14,198,533	2.63%	15,578,642	1,380,108
381.00	Meters	237,024,497	3.92%	9,291,360	5.95%	14,107,124	4,815,763
385.00	Industrial Meas/Reg Station Equip	10,582,156	2.31%	244,448	2.14%	226,331	(18,117)
	<b>Total Distribution</b>	<b>2,245,390,030</b>	<b>2.35%</b>	<b>52,825,448</b>	<b>2.64%</b>	<b>59,317,793</b>	<b>6,492,345</b>
<b>General Plant Depreciated</b>							
390.10	Structures-Owned	42,410,142	2.20%	933,023	2.39%	1,012,153	79,130
	<b>Total General Depreciated</b>	<b>42,410,142</b>	<b>2.20%</b>	<b>933,023</b>	<b>2.39%</b>	<b>1,012,153</b>	<b>79,130</b>
<b>General Plant Amortized</b>							
391.00	Office Furniture & Equipment	2,786,667	5.00%	139,333	6.67%	185,871	46,537
391.10	Computer Equipment	1,637,615	19.80%	324,248	20.00%	327,523	3,275

**Southwest Gas Corporation**  
**Southern Nevada Division**  
**Computation of Depreciation Accrual Rates**  
**As of December 31, 2022**

Account	Description	Original Cost at 12/31/22	Approved		Proposed		Difference
			Rate %	Annual Accrual Amount	Rate %	Annual Accrual Amount	
392.11	Transportation Equipment-Light	10,271,690	11.13%	1,143,239	10.63%	1,091,881	(51,358)
392.12	Transportation Equipment-Heavy	9,281,113	5.67%	526,239	5.67%	526,239	0
393.00	Stores Equipment	644,913	4.00%	25,797	5.00%	32,246	6,449
394.00	Tools, Shop, & Garage Equipment	10,256,484	6.67%	684,107	6.67%	684,107	0
395.00	Laboratory Equipment	137,727	5.00%	6,886	6.67%	9,186	2,300
396.00	Power Operated Equipment	3,996,867	5.67%	226,622	5.33%	213,033	(13,589)
397.00	Communication Equipment	2,578,996	6.67%	172,019	6.67%	172,019	0
397.20	Telemetry Equipment	4,755	6.67%	317	6.67%	317	0
398.00	Miscellaneous Equipment	2,067,249	6.67%	137,886	6.67%	137,886	0
	<b>Total General Plant Amortized</b>	<b>43,664,077</b>	<b>7.76%</b>	<b>3,386,694</b>	<b>7.74%</b>	<b>3,380,308</b>	<b>(6,386)</b>
	<b>Total Depreciable &amp; Amortized</b>	<b>\$ 2,474,619,129</b>	<b>2.42%</b>	<b>\$ 59,805,846</b>	<b>2.69%</b>	<b>\$ 66,473,667</b>	<b>\$ 6,667,821</b>

**RENEWABLE NATURAL GAS PROJECTS**

342.00	Renewable Natural Gas Owned				3.33%		
342.00	Renewable Natural Gas Contract				5.00%		

\*Account 375 has no balance. If future additions are recorded, the existing parameters (45 year life and -10% net salvage) is proposed, which results in a proposed rate of 2.44%.

Notes: Accounts 371 and 387 are fully accrued. If future additions are recorded a 25 year life is recommended and a whole life rate of 4.00%.

**SCHEDULE B**  
**Computation of Depreciation Accrual Rate**

**Southwest Gas Corporation**  
**Southern Nevada Division**  
**Computation of Depreciation and Amortization Accrual Rates**  
**As of December 31, 2022**

**Schedule B**  
**Page 1 of 2**

Account	Description	Plant Balance at 12/31/22	Book Reserve at 12/31/22	Net Salvage %	Net Salvage Amount	Unrecovered Investment	Remaining Life	Annual Accrual Amount	Rate %
<b>Transmission Plant</b>									
365.20	Rights-of-Way	\$ 442,098	\$ (43,673)	0%	\$ -	\$ 485,771	56.06	\$ 8,665	1.96%
366.10	Structures-Compressor Stations	647,857	613,069	-5%	(32,393)	67,180	11.19	6,003	0.93%
366.20	Structures-General	1,275,555	282,283	-5%	(63,778)	1,057,050	35.93	29,417	2.31%
367.00	Transmission Mains	107,316,010	42,859,237	-30%	(32,194,803)	96,651,576	48.77	1,981,712	1.85%
368.00	Compressor Station Equipment	7,105,673	3,029,406	-2%	(142,113)	4,218,381	29.54	142,808	2.01%
369.00	Meas/Reg Station Equipment	25,690,124	7,396,939	-5%	(1,284,506)	19,577,691	35.82	546,587	2.13%
370.00	Communication Equipment	677,562	347,984	0%	-	329,578	6.83	48,220	7.12%
	<b>Total Transmission</b>	<b>143,154,880</b>	<b>54,485,245</b>		<b>(33,717,593)</b>	<b>122,387,228</b>		<b>2,763,413</b>	<b>1.93%</b>
<b>Distribution Plant</b>									
374.20	Rights-of-Way	1,546,772	401,550	0%	-	1,145,222	55.80	20,524	1.33%
375.00	Structures	-	-	-10%	-	-	0.00	-	0.00%
376.00	Distribution Mains	1,378,298,061	296,663,052	-25%	(344,574,515)	1,426,209,525	50.31	28,351,032	2.06%
378.00	M&R Station Equipment	26,332,997	13,592,005	-20%	(5,266,599)	18,007,591	17.41	1,034,140	3.93%
380.00	Services	591,605,547	174,472,006	-35%	(207,061,941)	624,195,482	40.07	15,578,642	2.63%
381.00	Meters	237,024,497	28,462,112	0%	-	208,562,385	14.78	14,107,124	5.95%
385.00	Industrial M&R Station Equipment	10,582,156	4,602,081	-5%	(529,108)	6,509,183	28.76	226,331	2.14%
	<b>Total Distribution</b>	<b>2,245,390,030</b>	<b>518,192,806</b>		<b>(557,432,164)</b>	<b>2,284,629,388</b>		<b>59,317,793</b>	<b>2.64%</b>
<b>General Plant Depreciated</b>									
390.10	Structures-Owned	42,410,142	10,802,855	-4%	(1,696,406)	33,303,693	32.90	1,012,153	2.39%
	<b>Total General Depreciated</b>	<b>42,410,142</b>	<b>10,802,855</b>		<b>(1,696,406)</b>	<b>33,303,693</b>		<b>1,012,153</b>	<b>2.39%</b>

**Southwest Gas Corporation**  
**Southern Nevada Division**  
**Computation of Depreciation and Amortization Accrual Rates**  
**As of December 31, 2022**

Schedule B  
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		Plant Balance at 12/31/22	Book Reserve at 12/31/22	Theoretical Reserve at 12/31/22	Reserve Difference	Assets > ASL
<b>General Plant Amortized before Retirements</b>						
391.00	Office Furniture & Equipment	3,163,364	1,556,733	2,077,208	(520,475)	376,697
391.10	Computer Equipment	1,637,615	130,185	406,769	(276,584)	-
392.11	Transportation Equipment-Light	10,271,690	3,941,660	4,827,642	(885,982)	-
392.12	Transportation Equipment-Heavy	9,281,113	5,336,818	3,870,634	1,466,184	-
393.00	Stores Equipment	644,913	300,837	359,214	(58,377)	-
394.00	Tools, Shop, & Garage Equipment	10,256,484	3,092,428	3,404,655	(312,227)	-
395.00	Laboratory Equipment	301,928	169,670	223,602	(53,932)	164,201
396.00	Power Operated Equipment	3,996,867	1,764,369	1,825,841	(61,472)	-
397.00	Communication Equipment	2,578,996	1,441,342	1,486,606	(45,264)	-
397.20	Telemetering Equipment	4,755	(1,784)	2,060	(3,844)	-
398.00	Miscellaneous Equipment	2,067,249	813,394	885,089	(71,695)	-
<b>Total General Plant Amortized</b>		<b>44,204,975</b>	<b>18,545,652</b>	<b>19,369,320</b>	<b>(823,668)</b>	<b>540,898</b>

		Plant Balance at 12/31/22	Book Reserve at 12/31/22	Amortization Life	Annual Amortization	Annual Amortization Rate %
<b>General Plant Amortized-After Retirements</b>						
391.00	Office Furniture & Equipment	2,786,667	1,556,733	15	185,778	6.67%
391.10	Computer Equipment	1,637,615	130,185	5	327,523	20.00%
392.11	Transportation Equipment-Light	10,271,690	3,941,660	8	1,091,367	10.63%
392.12	Transportation Equipment-Heavy	9,281,113	5,336,818	15	525,930	5.67%
393.00	Stores Equipment	644,913	300,837	20	32,246	5.00%
394.00	Tools, Shop, & Garage Equipment	10,256,484	3,092,428	15	683,766	6.67%
395.00	Laboratory Equipment	137,727	169,670	15	9,182	6.67%
396.00	Power Operated Equipment	3,996,867	1,764,369	15	213,166	5.33%
397.00	Communication Equipment	2,578,996	1,441,342	15	171,933	6.67%
397.20	Telemetering Equipment	4,755	(1,784)	15	317	6.67%
398.00	Miscellaneous Equipment	2,067,249	813,394	15	137,817	6.67%
<b>Total Genral Plant Amortized</b>		<b>43,664,077</b>	<b>18,545,652</b>		<b>3,379,024</b>	<b>7.74%</b>

**Total Depreciated & Amortized**    **\$ 2,474,619,129**    **\$ 602,026,558**

371 Fully accrued	18,823	20,150
387 No balance or reserve		
Assets > ASL Retirements	540,897.65	540,897.65

**SCHEDULE C**  
**Current Commission Approved Rates and**  
**Parameter Comparison**

**Southwest Gas Corporation  
Plant Account Summary and Depreciation Parameters  
Southern Nevada Rate Jurisdiction  
as of December 31, 2022**

Schedule C  
Page 1 of 2

Account	Description	Plant Balance	Reserve Balance	Existing			Proposed			
				Depreciation Rate	ASL	Curve	Net Salvage Parameters	ASL	Curve	NS %
<b>Transmission Plant</b>										
365.20	Rights-of-Way	442,098	(43,673)	1.31%	75	SQ	0%	75	SQ	0%
366.10	Structures - Compressor Station	647,857	613,069	1.16%	45	R3	-5%	45	R3	-5%
366.20	Structures - General	1,275,555	282,283	2.19%	45	R3	-5%	45	R3	-5%
367.00	Transmission Mains	107,316,010	42,859,237	1.72%	68	R1.5	-25%	68	R1.5	-30%
368.00	Compressor Station Equipment	7,105,674	3,029,406	1.81%	47	R2	-1%	47	R2	-2%
369.00	M&R Station Equipment	25,690,124	7,396,939	2.45%	42	R1	-3%	48	R1.5	-5%
370.00	Communication Equipment	677,562	347,984	2.30%	20	R4	0%	15	R2	0%
371.00	Other Equipment *	18,823	20,150	0.00%	10	R4	0%	25	L4	0%
	<b>Total Transmission</b>	<b>143,173,703</b>	<b>54,505,395</b>							
<b>Distribution Plant</b>										
374.20	Rights-of-Way	1,546,772	401,550	1.33%	75	SQ	0%	75	SQ	0%
375.00	Structures & Improvement *	0	0	0.45%	45	R3	-10%	45	R3	-10%
376.00	Distribution Mains	1,378,298,061	296,663,052	2.04%	55	L2	-15%	60	L1.5	-25%
378.00	M&R Station Equipment	26,332,997	13,592,005	3.62%	22	R2.5	-15%	26	R2	-20%
380.00	Services	591,605,547	174,472,006	2.40%	50	L2	-25%	53	L2.5	-35%
381.00	Meters	237,024,497	28,462,112	3.92%	29	L1.5	0%	21	L1.5	0%
385.00	Industrial M&R Station Equipment	10,582,156	4,602,081	2.31%	39	R3	-2%	43	R3	-5%
387.00	Other Equipment *	0	0	0.00%	16	R3	0%	25	R3	0%
	<b>Total Distribution</b>	<b>2,245,390,030</b>	<b>518,192,806</b>							
<b>General Plant</b>										
390.10	Structures & Improvement	42,410,142	10,802,855	2.20%	45	R3	0%	45	R3	-4%
391.00	Office Furniture & Equipment	3,163,364	1,556,733	5.00%	20	SQ	0%	15	SQ	0%
391.10	Computer Equipment	1,637,615	130,185	19.80%	5	SQ	1%	5	SQ	0%
392.11	Transportation - Light	10,271,690	3,941,660	11.13%	8	SQ	11%	8	SQ	15%

**Southwest Gas Corporation**  
**Plant Account Summary and Depreciation Parameters**  
**Southern Nevada Rate Jurisdiction**  
**as of December 31, 2022**

**Schedule C**  
**Page 2 of 2**

Account	Description	Plant Balance	Reserve Balance	Existing			Proposed			
				Depreciation Rate	ASL	Curve	Net Salvage Parameters	ASL	Curve	NS %
392.12	Transportation - Heavy	9,281,113	5,336,818	5.67%	15	SQ	15%	15	SQ	15%
393.00	Stores Equipment	644,914	300,837	4.00%	25	SQ	0%	20	SQ	0%
394.00	Tools, Shop, & Garage Equipment	10,256,484	3,092,428	6.67%	15	SQ	0%	15	SQ	0%
395.00	Laboratory Equipment	301,928	169,670	5.00%	20	SQ	0%	15	SQ	0%
396.00	Power Operated Equipment	3,996,867	1,764,369	5.67%	15	SQ	15%	15	SQ	20%
397.00	Communication Equipment	2,578,996	1,441,342	6.67%	15	SQ	0%	15	SQ	0%
397.20	Telemetering Equipment	4,755	(1,784)	6.67%	15	SQ	0%	15	SQ	0%
398.00	Miscellaneous Equipment	2,067,249	813,394	6.67%	15	SQ	0%	15	SQ	0%
<b>Total General</b>		<b>86,615,117</b>	<b>29,348,507</b>							
<b>RENEWABLE NATURAL GAS PROJECTS</b>										
Renewable Natural Gas Owned - Account 342								30		0%
Renewable Natural Gas Contract - Account 342								20		0%

\*Notes: Accounts have no balance and/or are fully accrued. Proposed life and net salvage parameters and rates are provided for future additions.



**Schedule D**  
**Net Salvage**

SOUTHWEST GAS CORPORATION  
SOUTHERN NEVADA - NET SALVAGE ANALYSIS  
Depreciation Study as of December 31, 2022

FERC	Activity	Year	Retirements	Salvage	Removal Cost	Net Salvage	Net Salv. %	2-yr Net Salv. %	3-yr Net Salv. %	4-yr Net Salv. %	5-yr Net Salv. %	6-yr Net Salv. %	7-yr Net Salv. %	8-yr Net Salv. %	9-yr Net Salv. %	10-yr Net Salv. %
<b>365.2 Rights-of-Way</b>																
365.2	2008	0	0	0	0	0	NA									
365.2	2009	0	0	0	0	0	NA	NA								
365.2	2010	0	0	0	0	0	NA	NA	NA							
365.2	2011	0	0	0	0	0	NA	NA	NA	NA						
365.2	2012	0	0	0	0	0	NA	NA	NA	NA	NA					
365.2	2013	0	0	0	0	0	NA	NA	NA	NA	NA	NA				
365.2	2014	0	0	0	0	0	NA	NA	NA	NA	NA	NA	NA			
365.2	2015	0	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA		
365.2	2016	0	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	
365.2	2017	165,126.32	0	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
365.2	2018	0	0	0	0	0	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
365.2	2019	0	0	0	0	0	NA	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
365.2	2020	0	0	0	0	0	NA	NA	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
365.2	2021	0	0	0	0	0	NA	NA	NA	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
365.2	2022	0	0	0	0	0	NA	NA	NA	NA	NA	0.00%	0.00%	0.00%	0.00%	0.00%
<b>366.1 Compressor Station Structures</b>																
366.1	1989	10,000	213	1,049	(836)	-8.36%										
366.1	1990	0	0	0	0	NA	-8.36%									
366.1	1991	0	0	0	0	NA	NA	-8.36%								
366.1	1992	0	0	0	0	NA	NA	NA	-8.36%							
366.1	1993	0	0	0	0	NA	NA	NA	NA	-8.36%						
366.1	1994	0	0	0	0	NA	NA	NA	NA	NA	-8.36%					
366.1	1995	0	0	0	0	NA	NA	NA	NA	NA	NA	-8.36%				
366.1	1996	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	-8.36%			
366.1	1997	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	-8.36%		
366.1	1998	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	-8.36%	
366.1	1999	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	-8.36%
366.1	2000	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
366.1	2001	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
366.1	2002	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
366.1	2003	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
366.1	2004	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
366.1	2005	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
366.1	2006	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
366.1	2007	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
366.1	2008	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
366.1	2009	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA

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366.1	2010	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
366.1	2011	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
366.1	2012	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
366.1	2013	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
366.1	2014	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
366.1	2015	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
366.1	2016	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
366.1	2017	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
366.1	2018	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
366.1	2019	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
366.1	2020	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
366.1	2021	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
366.1	2022	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
<b>366.2 Structures - General</b>															
366.2	1993	0	0	0	0	NA									
366.2	1994	0	0	0	0	NA	NA								
366.2	1995	0	0	0	0	NA	NA	NA							
366.2	1996	0	0	0	0	NA	NA	NA	NA						
366.2	1997	0	0	0	0	NA	NA	NA	NA	NA					
366.2	1998	0	0	0	0	NA	NA	NA	NA	NA	NA				
366.2	1999	0	0	0	0	NA	NA	NA	NA	NA	NA	NA			
366.2	2000	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA		
366.2	2001	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	
366.2	2002	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
366.2	2003	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
366.2	2004	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
366.2	2005	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
366.2	2006	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
366.2	2007	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
366.2	2008	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
366.2	2009	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
366.2	2010	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
366.2	2011	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
366.2	2012	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
366.2	2013	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
366.2	2014	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
366.2	2015	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
366.2	2016	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA

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366.2	2017	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
366.2	2018	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
366.2	2019	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
366.2	2020	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
366.2	2021	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
366.2	2022	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
<b>367 Mains</b>															
367	1985	24,938	0	6,109	(6,109)	-24.50%									
367	1986	111,338	249	551	(302)	-0.27%	-4.70%								
367	1987	42,443	0	21,700	(21,700)	-51.13%	-14.31%	-15.73%							
367	1988	11,658	0	40	(40)	-0.34%	-40.18%	-13.32%	-14.79%						
367	1989	39,237	0	10,400	(10,400)	-26.51%	-20.51%	-34.43%	-15.85%	-16.79%					
367	1990	68,714	0	(217)	217	0.32%	-9.43%	-8.55%	-19.70%	-11.79%	-12.85%				
367	1991	13,789	300	1,116	(816)	-5.92%	-0.73%	-9.03%	-8.28%	-18.62%	-11.51%	-12.54%			
367	1992	320,958	0	5,353	(5,353)	-1.67%	-1.84%	-1.48%	-3.69%	-3.61%	-7.67%	-6.31%	-7.03%		
367	1993	28,942	0	6,398	(6,398)	-22.11%	-3.36%	-3.46%	-2.86%	-4.82%	-4.72%	-8.46%	-7.03%	-7.69%	
367	1994	27,103	0	6,785	(6,785)	-25.03%	-23.52%	-4.92%	-4.95%	-4.16%	-5.92%	-5.79%	-9.27%	-7.77%	-8.37%
367	1995	146,460	0	1,612	(1,612)	-1.10%	-4.84%	-7.31%	-3.85%	-3.90%	-3.42%	-4.83%	-4.75%	-7.56%	-6.56%
367	1996	1,101,828	0	9,149	(9,149)	-0.83%	-0.86%	-1.38%	-1.84%	-1.80%	-1.84%	-1.75%	-2.31%	-2.29%	-3.44%
367	1997	1,874,394	0	90,395	(90,395)	-4.82%	-3.34%	-3.24%	-3.43%	-3.60%	-3.42%	-3.43%	-3.36%	-3.61%	-3.60%
367	1998	174,042	0	8,982	(8,982)	-5.16%	-4.85%	-3.44%	-3.34%	-3.52%	-3.68%	-3.50%	-3.51%	-3.44%	-3.68%
367	1999	273,355	0	36,896	(36,896)	-13.50%	-10.25%	-5.87%	-4.25%	-4.12%	-4.28%	-4.42%	-4.19%	-4.20%	-4.12%
367	2000	538,107	0	27,325	(27,325)	-5.08%	-7.91%	-7.43%	-5.72%	-4.36%	-4.24%	-4.38%	-4.50%	-4.30%	-4.31%
367	2001	64,683	0	2,772	(2,772)	-4.28%	-4.99%	-7.65%	-7.23%	-5.69%	-4.36%	-4.24%	-4.38%	-4.50%	-4.30%
367	2002	75,965	0	22,554	(22,554)	-29.69%	-18.01%	-7.76%	-9.40%	-8.75%	-6.30%	-4.83%	-4.70%	-4.83%	-4.94%
367	2003	819,992	0	199,382	(199,382)	-24.32%	-24.77%	-23.39%	-16.82%	-16.30%	-15.31%	-10.16%	-8.07%	-7.87%	-7.96%
367	2004	563,051	575	28,482	(27,907)	-4.96%	-16.43%	-17.12%	-16.58%	-13.58%	-13.57%	-12.98%	-9.49%	-7.75%	-7.58%
367	2005	100,953	0	84,380	(84,380)	-83.58%	-16.91%	-21.00%	-21.43%	-20.74%	-16.85%	-16.47%	-15.72%	-11.16%	-9.12%
367	2006	126,349	0	17,850	(17,850)	-14.13%	-44.98%	-16.47%	-20.46%	-20.88%	-20.27%	-16.70%	-16.35%	-15.64%	-11.24%
367	2007	92,433	0	18,251	(18,251)	-19.75%	-16.50%	-37.68%	-16.81%	-20.42%	-20.82%	-20.24%	-16.81%	-16.47%	-15.78%
367	2008	30,471	0	154,713	(154,713)	-507.73%	-140.73%	-76.55%	-78.58%	-33.19%	-28.99%	-29.02%	-28.17%	-23.02%	-22.05%
367	2009	737,296	0	4,351	(4,351)	-0.59%	-20.72%	-20.61%	-19.78%	-25.71%	-18.63%	-20.52%	-20.79%	-20.38%	-17.77%
367	2010	767,392	0	48,916	(48,916)	-6.37%	-3.54%	-13.55%	-13.90%	-13.92%	-17.71%	-14.74%	-17.16%	-17.45%	-17.20%
367	2011	2,262,944	0	831,688	(831,688)	-36.75%	-29.06%	-23.49%	-27.37%	-27.19%	-26.78%	-28.17%	-25.38%	-25.22%	-25.28%
367	2012	65,261	4,757	79,771	(75,014)	-114.95%	-38.94%	-30.87%	-25.05%	-28.85%	-28.64%	-28.19%	-29.53%	-26.61%	-26.27%
367	2013	288,023	0	106,927	(106,927)	-37.12%	-51.50%	-38.74%	-31.40%	-25.89%	-29.43%	-29.22%	-28.78%	-30.02%	-27.21%
367	2014	2,378	0	119,767	(119,767)	-5035.43%	-78.06%	-84.83%	-43.28%	-34.92%	-28.78%	-32.29%	-32.02%	-31.50%	-32.68%
367	2015	11,893	0	3,526	(3,526)	-29.65%	-863.93%	-76.16%	-83.04%	-43.22%	-34.90%	-28.78%	-32.29%	-32.01%	-31.50%

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367	2016	708,323	0	58,955	(58,955)	-8.32%	-8.68%	-25.22%	-28.61%	-33.85%	-35.82%	-30.31%	-25.79%	-28.80%	-28.63%
367	2017	1,152,977	0	653,685	(653,685)	-56.70%	-38.29%	-38.23%	-44.57%	-43.58%	-45.67%	-41.18%	-36.10%	-31.73%	-34.14%
367	2018	166,740	0	1,220,608	(1,220,608)	-732.04%	-142.02%	-95.33%	-94.94%	-100.70%	-92.84%	-93.44%	-65.90%	-57.48%	-50.68%
367	2019	1,005,060	0	3,074	(3,074)	-0.31%	-104.43%	-80.75%	-63.84%	-63.71%	-67.59%	-64.96%	-65.92%	-54.26%	-48.55%
367	2020	875,836	0	44	(44)	0.00%	-0.17%	-59.76%	-58.66%	-49.54%	-49.48%	-52.50%	-51.45%	-52.42%	-47.00%
367	2021	5,077	0	321,532	(321,532)	-6332.74%	-36.50%	-17.21%	-75.28%	-68.60%	-57.69%	-57.60%	-60.62%	-59.01%	-59.86%
367	2022	0	0	0	0	NA	-6332.74%	-36.50%	-17.21%	-75.28%	-68.60%	-57.69%	-57.60%	-60.62%	-59.01%

**367.2 Mains, Bridge**

367.2	2008	0	0	0	0	NA									
367.2	2009	0	0	0	0	NA	NA								
367.2	2010	0	0	0	0	NA	NA	NA							
367.2	2011	0	0	0	0	NA	NA	NA	NA						
367.2	2012	0	0	0	0	NA	NA	NA	NA	NA					
367.2	2013	0	0	0	0	NA	NA	NA	NA	NA	NA				
367.2	2014	0	0	0	0	NA	NA	NA	NA	NA	NA	NA			
367.2	2015	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA		
367.2	2016	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	
367.2	2017	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
367.2	2018	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
367.2	2019	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
367.2	2020	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
367.2	2021	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
367.2	2022	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA

**368 Compressor Station Equipment**

368	1988	99,804	0	0	0	0.00%									
368	1989	0	0	0	0	NA	0.00%								
368	1990	0	0	0	0	NA	NA	0.00%							
368	1991	0	0	0	0	NA	NA	NA	0.00%						
368	1992	0	0	0	0	NA	NA	NA	NA	0.00%					
368	1993	193,916	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%				
368	1994	112,825	0	7,448	(7,448)	-6.60%	-2.43%	-2.43%	-2.43%	-2.43%	-2.43%	-1.83%			
368	1995	0	0	0	0	NA	-6.60%	-2.43%	-2.43%	-2.43%	-2.43%	-2.43%	-1.83%		
368	1996	0	0	0	0	NA	NA	-6.60%	-2.43%	-2.43%	-2.43%	-2.43%	-2.43%	-1.83%	
368	1997	7,737	0	29	(29)	-0.37%	-0.37%	-0.37%	-6.20%	-2.38%	-2.38%	-2.38%	-2.38%	-2.38%	-1.80%
368	1998	4,500	0	0	0	0.00%	-0.24%	-0.24%	-0.24%	-5.98%	-2.34%	-2.34%	-2.34%	-2.34%	-2.34%

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368	1999	1,401	0	0	0	0.00%	0.00%	-0.21%	-0.21%	-0.21%	-5.91%	-2.33%	-2.33%	-2.33%	-2.33%
368	2000	0	0	0	0	NA	0.00%	0.00%	-0.21%	-0.21%	-0.21%	-5.91%	-2.33%	-2.33%	-2.33%
368	2001	0	0	0	0	NA	NA	0.00%	0.00%	-0.21%	-0.21%	-0.21%	-5.91%	-2.33%	-2.33%
368	2002	0	0	0	0	NA	NA	NA	0.00%	0.00%	-0.21%	-0.21%	-0.21%	-5.91%	-2.33%
368	2003	0	0	0	0	NA	NA	NA	NA	0.00%	0.00%	-0.21%	-0.21%	-0.21%	-5.91%
368	2004	0	0	0	0	NA	NA	NA	NA	NA	0.00%	0.00%	-0.21%	-0.21%	-0.21%
368	2005	0	0	0	0	NA	NA	NA	NA	NA	NA	0.00%	0.00%	-0.21%	-0.21%
368	2006	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	0.00%	0.00%	-0.21%
368	2007	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	0.00%	0.00%
368	2008	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	0.00%
368	2009	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
368	2010	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
368	2011	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	0.00%
368	2012	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
368	2013	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
368	2014	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
368	2015	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
368	2016	463,455	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
368	2017	177,808	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
368	2018	202,593	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
368	2019	153,503	0	6,048	(6,048)	-3.94%	-1.70%	-1.13%	-0.61%	-0.61%	-0.61%	-0.61%	-0.61%	-0.61%	-0.61%
368	2020	49,218	0	3,544	(3,544)	-7.20%	-4.73%	-2.37%	-1.65%	-0.92%	-0.92%	-0.92%	-0.92%	-0.92%	-0.92%
368	2021	0	0	12,260	(12,260)	NA	-32.11%	-10.78%	-5.39%	-3.75%	-2.09%	-2.09%	-2.09%	-2.09%	-2.09%
368	2022	0	0	0	0	NA	NA	-32.11%	-10.78%	-5.39%	-3.75%	-2.09%	-2.09%	-2.09%	-2.09%
<b>369 M&amp;R Station Equipment</b>															
369	1985	1,722	847	439	408	23.69%									
369	1986	11,922	0	866	(866)	-7.26%	-3.36%								
369	1987	3,420	994	339	655	19.15%	-1.38%	1.15%							
369	1988	0	0	0	0	NA	19.15%	-1.38%	1.15%						
369	1989	15,500	0	4,687	(4,687)	-30.24%	-30.24%	-21.31%	-15.88%	-13.79%					
369	1990	3,091	0	2,832	(2,832)	-91.62%	-40.44%	-40.44%	-31.18%	-22.78%	-20.54%				
369	1991	369	0	531	(531)	-143.90%	-97.20%	-42.46%	-42.46%	-33.04%	-24.08%	-21.80%			
369	1992	0	0	0	0	NA	-143.90%	-97.20%	-42.46%	-42.46%	-33.04%	-24.08%	-21.80%		
369	1993	46,141	0	2,059	(2,059)	-4.46%	-4.46%	-5.57%	-10.93%	-15.53%	-15.53%	-13.80%	-12.83%	-12.06%	
369	1994	0	0	0	0	NA	-4.46%	-4.46%	-5.57%	-10.93%	-15.53%	-15.53%	-13.80%	-12.83%	-12.06%
369	1995	19,627	0	60	(60)	-0.31%	-0.31%	-3.22%	-3.22%	-4.01%	-7.92%	-12.00%	-12.00%	-10.79%	-10.37%
369	1996	1,983	0	2,913	(2,913)	-146.90%	-13.76%	-13.76%	-7.43%	-7.43%	-8.17%	-11.79%	-15.09%	-15.09%	-13.79%
369	1997	0	0	0	0	NA	-146.90%	-13.76%	-13.76%	-7.43%	-7.43%	-8.17%	-11.79%	-15.09%	-15.09%

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369	1998	108,372	0	2,085	(2,085)	-1.92%	-1.92%	-4.53%	-3.89%	-3.89%	-4.04%	-4.04%	-4.33%	-5.84%	-7.77%
369	1999	36,836	20,000	2,822	17,178	46.63%	10.39%	10.39%	8.27%	7.27%	7.27%	4.72%	4.72%	4.47%	3.09%
369	2000	0	0	0	0	NA	46.63%	10.39%	10.39%	8.27%	7.27%	7.27%	4.72%	4.72%	4.47%
369	2001	41,350	0	1,346	(1,346)	-3.25%	-3.25%	20.25%	7.37%	7.37%	5.75%	5.18%	5.18%	3.43%	3.43%
369	2002	0	0	0	0	NA	-3.25%	-3.25%	20.25%	7.37%	7.37%	5.75%	5.18%	5.18%	3.43%
369	2003	0	0	463	(463)	NA	NA	-4.37%	-4.37%	19.66%	7.12%	7.12%	5.50%	4.95%	4.95%
369	2004	6,000	0	0	0	0.00%	-7.72%	-7.72%	-3.82%	-3.82%	18.26%	6.90%	6.90%	5.33%	4.81%
369	2005	32,011	0	711	(711)	-2.22%	-1.87%	-3.09%	-3.09%	-3.17%	-3.17%	12.62%	5.60%	5.60%	4.26%
369	2006	11,922	0	0	0	0.00%	-1.62%	-1.42%	-2.35%	-2.35%	-2.76%	-2.76%	11.44%	5.32%	5.32%
369	2007	529,768	0	0	0	0.00%	0.00%	-0.12%	-0.12%	-0.20%	-0.20%	-0.41%	-0.41%	2.23%	1.64%
369	2008	11,724	0	28,065	(28,065)	-239.37%	-5.18%	-4.92%	-4.87%	-4.94%	-4.83%	-2.00%	-1.99%	-2.36%	-2.31%
369	2009	609,896	0	673	(673)	-0.11%	-4.62%	-2.50%	-2.46%	-2.45%	-2.49%	-2.52%	-1.10%	-1.16%	-1.37%
369	2010	48,080	0	1,766	(1,766)	-3.67%	-0.37%	-4.55%	-2.54%	-2.51%	-2.50%	-2.54%	-2.56%	-1.19%	-1.25%
369	2011	29,075	0	2,675	(2,675)	-9.20%	-5.76%	-0.74%	-4.75%	-2.70%	-2.66%	-2.65%	-2.69%	-2.70%	-1.37%
369	2012	95,514	0	9	(9)	-0.01%	-2.15%	-2.58%	-0.65%	-4.18%	-2.51%	-2.48%	-2.48%	-2.47%	-2.50%
369	2013	69,401	0	74,580	(74,580)	-107.46%	-45.23%	-39.83%	-32.65%	-9.36%	-12.48%	-7.73%	-7.67%	-7.55%	-7.52%
369	2014	71,691	0	(2)	2	0.00%	-52.86%	-31.52%	-29.08%	-25.19%	-8.63%	-11.52%	-7.36%	-7.30%	-7.19%
369	2015	0	0	1,067	(1,067)	NA	-1.49%	-53.61%	-31.97%	-29.48%	-25.53%	-8.74%	-11.64%	-7.43%	-7.37%
369	2016	321,004	0	77	(77)	-0.02%	-0.36%	-0.29%	-16.39%	-13.58%	-13.36%	-12.63%	-6.50%	-8.67%	-6.10%
369	2017	53,114	0	5,055	(5,055)	-9.52%	-1.37%	-1.66%	-1.39%	-15.68%	-13.23%	-13.04%	-12.39%	-6.62%	-8.70%
369	2018	370,990	0	52,365	(52,365)	-14.11%	-13.54%	-7.72%	-7.86%	-7.17%	-15.02%	-13.56%	-13.44%	-12.99%	-8.29%
369	2019	49,968	0	0	0	0.00%	-12.44%	-12.11%	-7.23%	-7.37%	-6.76%	-14.22%	-12.91%	-12.80%	-12.41%
369	2020	17,608	0	25,089	(25,089)	-142.49%	-37.13%	-17.66%	-16.78%	-10.16%	-10.29%	-9.46%	-16.59%	-15.08%	-14.92%
369	2021	0	0	2,785	(2,785)	NA	-158.31%	-41.25%	-18.30%	-17.35%	-10.50%	-10.64%	-9.77%	-16.88%	-15.35%
369	2022	0	0	0	0	NA	NA	-158.31%	-41.25%	-18.30%	-17.35%	-10.50%	-10.64%	-9.77%	-16.88%
<b>370 Communication Equipment</b>															
370	1987	45,207	0	0	0	0.00%									
370	1988	0	0	0	0	NA	0.00%								
370	1989	0	0	0	0	NA	NA	0.00%							
370	1990	0	0	0	0	NA	NA	NA	0.00%						
370	1991	0	0	0	0	NA	NA	NA	NA	0.00%					
370	1992	0	0	0	0	NA	NA	NA	NA	NA	0.00%				
370	1993	0	0	0	0	NA	NA	NA	NA	NA	NA	0.00%			
370	1994	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	0.00%		
370	1995	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	0.00%	
370	1996	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	0.00%
370	1997	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
370	1998	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA

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370	1999	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
370	2000	3,533	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
370	2001	0	0	0	0	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
370	2002	0	0	0	0	NA	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
370	2003	0	0	0	0	NA	NA	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
370	2004	0	0	0	0	NA	NA	NA	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
370	2005	0	0	0	0	NA	NA	NA	NA	NA	0.00%	0.00%	0.00%	0.00%	0.00%
370	2006	0	0	0	0	NA	NA	NA	NA	NA	NA	0.00%	0.00%	0.00%	0.00%
370	2007	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	0.00%	0.00%	0.00%
370	2008	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	0.00%	0.00%
370	2009	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	0.00%
370	2010	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	0.00%	0.00%	0.00%
370	2011	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	0.00%	0.00%	0.00%
370	2012	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
370	2013	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
370	2014	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
370	2015	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
370	2016	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
370	2017	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
370	2018	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
370	2019	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
370	2020	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
370	2021	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
370	2022	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
<b>371 Other Equipment</b>															
371	1996	7,049	0	0	0	0.00%									
371	1997	0	0	0	0	NA	0.00%								
371	1998	0	0	0	0	NA	NA	0.00%							
371	1999	98,000	98,000	0	98,000	100.00%	100.00%	100.00%	93.29%						
371	2000	0	0	0	0	NA	100.00%	100.00%	100.00%	93.29%					
371	2001	0	0	0	0	NA	NA	100.00%	100.00%	100.00%	93.29%				
371	2002	0	0	0	0	NA	NA	NA	100.00%	100.00%	100.00%	93.29%			
371	2003	0	0	0	0	NA	NA	NA	NA	100.00%	100.00%	100.00%	93.29%		
371	2004	0	0	0	0	NA	NA	NA	NA	NA	100.00%	100.00%	100.00%	93.29%	
371	2005	0	0	0	0	NA	NA	NA	NA	NA	100.00%	100.00%	100.00%	100.00%	93.29%
371	2006	0	0	0	0	NA	NA	NA	NA	NA	NA	100.00%	100.00%	100.00%	100.00%
371	2007	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	100.00%	100.00%	100.00%
371	2008	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	100.00%



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371	2009	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
371	2010	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
371	2011	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
371	2012	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
371	2013	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
371	2014	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
371	2015	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
371	2016	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
371	2017	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
371	2018	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
371	2019	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
371	2020	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
371	2021	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
371	2022	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
<b>374.2 Rights-of-Way</b>															
374.2	2008	0	0	0	0	NA									
374.2	2009	0	0	0	0	NA	NA								
374.2	2010	0	0	0	0	NA	NA	NA							
374.2	2011	0	0	0	0	NA	NA	NA	NA						
374.2	2012	0	0	0	0	NA	NA	NA	NA	NA					
374.2	2013	0	0	0	0	NA	NA	NA	NA	NA	NA				
374.2	2014	0	0	0	0	NA	NA	NA	NA	NA	NA	NA			
374.2	2015	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA		
374.2	2016	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	
374.2	2017	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
374.2	2018	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
374.2	2019	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
374.2	2020	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
374.2	2021	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
374.2	2022	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
<b>375 Structures &amp; Improvement</b>															
375	2008	0	0	0	0	NA									
375	2009	0	0	0	0	NA	NA								
375	2010	0	0	0	0	NA	NA	NA							
375	2011	0	0	0	0	NA	NA	NA	NA						

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375	2012	0	0	0	0	NA	NA	NA	NA	NA					
375	2013	0	0	0	0	NA	NA	NA	NA	NA	NA				
375	2014	0	0	0	0	NA	NA	NA	NA	NA	NA	NA			
375	2015	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA		
375	2016	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	
375	2017	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
375	2018	1,959	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
375	2019	0	0	0	0	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
375	2020	0	0	0	0	NA	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
375	2021	0	0	0	0	NA	NA	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
375	2022	0	0	0	0	NA	NA	NA	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>376 Mains</b>															
376	1985	59,972	1,036	13,864	(12,828)	-21.39%									
376	1986	111,149	1,460	51,134	(49,674)	-44.69%	-36.53%								
376	1987	98,687	2,967	77,401	(74,434)	-75.42%	-59.15%	-50.75%							
376	1988	99,673	1	36,710	(36,709)	-36.83%	-56.03%	-51.96%	-47.00%						
376	1989	91,523	370	29,170	(28,800)	-31.47%	-34.26%	-48.28%	-47.28%	-43.91%					
376	1990	288,312	0	13,511	(13,511)	-4.69%	-11.14%	-16.48%	-26.54%	-29.47%	-28.82%				
376	1991	253,369	0	31,358	(31,358)	-12.38%	-8.28%	-11.63%	-15.06%	-22.22%	-24.87%	-24.67%			
376	1992	152,611	0	22,912	(22,912)	-15.01%	-13.37%	-9.76%	-12.29%	-15.05%	-21.11%	-23.50%	-23.39%		
376	1993	983,407	0	32,587	(32,587)	-3.31%	-4.89%	-6.25%	-5.98%	-7.30%	-8.88%	-12.21%	-13.95%	-14.16%	
376	1994	1,326,926	0	35,388	(35,388)	-2.67%	-2.94%	-3.69%	-4.50%	-4.52%	-5.31%	-6.30%	-8.37%	-9.55%	-9.76%
376	1995	169,046	0	44,180	(44,180)	-26.13%	-5.32%	-4.52%	-5.13%	-5.77%	-5.67%	-6.39%	-7.29%	-9.24%	-10.34%
376	1996	1,370,260	0	177,366	(177,366)	-12.94%	-14.39%	-8.96%	-7.52%	-7.81%	-8.08%	-7.86%	-8.33%	-8.93%	-10.29%
376	1997	702,508	0	121,315	(121,315)	-17.27%	-14.41%	-15.29%	-10.60%	-9.03%	-9.22%	-9.38%	-9.12%	-9.51%	-10.01%
376	1998	917,843	0	42,691	(42,691)	-4.65%	-10.12%	-11.41%	-12.20%	-9.38%	-8.29%	-8.47%	-8.64%	-8.46%	-8.79%
376	1999	1,171,375	0	90,697	(90,697)	-7.74%	-6.38%	-9.12%	-10.38%	-11.00%	-9.04%	-8.19%	-8.35%	-8.49%	-8.34%
376	2000	1,264,265	0	33,034	(33,034)	-2.61%	-5.08%	-4.96%	-7.09%	-8.57%	-9.10%	-7.87%	-7.30%	-7.45%	-7.60%
376	2001	1,171,977	0	157,663	(157,663)	-13.45%	-7.83%	-7.80%	-7.16%	-8.52%	-9.44%	-9.86%	-8.68%	-8.10%	-8.21%
376	2002	708,495	0	183,865	(183,865)	-25.95%	-18.16%	-11.91%	-10.78%	-9.70%	-10.60%	-11.04%	-11.38%	-10.07%	-9.39%
376	2003	701,404	0	133,639	(133,639)	-19.05%	-22.52%	-18.40%	-13.21%	-11.94%	-10.81%	-11.49%	-11.74%	-12.04%	-10.73%
376	2004	1,335,978	162	143,655	(143,493)	-10.74%	-13.60%	-16.79%	-15.79%	-12.58%	-11.68%	-10.80%	-11.37%	-11.60%	-11.86%
376	2005	938,926	0	61,782	(61,782)	-6.58%	-9.02%	-11.39%	-14.19%	-14.01%	-11.66%	-11.03%	-10.31%	-10.86%	-11.14%
376	2006	1,220,357	0	206,217	(206,217)	-16.90%	-12.41%	-11.77%	-12.99%	-14.86%	-14.59%	-12.53%	-11.87%	-11.17%	-11.59%
376	2007	1,057,959	0	145,266	(145,266)	-13.73%	-15.43%	-12.85%	-12.23%	-13.14%	-14.66%	-14.46%	-12.68%	-12.07%	-11.43%
376	2008	3,241,375	0	271,270	(271,270)	-8.37%	-9.69%	-11.28%	-10.60%	-10.62%	-11.32%	-12.45%	-12.56%	-11.48%	-11.14%
376	2009	3,111,104	0	93,793	(93,793)	-3.01%	-5.75%	-6.89%	-8.30%	-8.13%	-8.45%	-9.09%	-10.06%	-10.36%	-9.69%
376	2010	1,579,567	0	147,876	(147,876)	-9.36%	-5.15%	-6.47%	-7.32%	-8.47%	-8.31%	-8.57%	-9.13%	-9.98%	-10.25%

**SOUTHWEST GAS CORPORATION**  
**SOUTHERN NEVADA - NET SALVAGE ANALYSIS**  
**Depreciation Study as of December 31, 2022**

FERC	Activity Year	Retirements	Salvage	Removal Cost	Net Salvage	Net Salv. %	2- yr Net Salv. %	3- yr Net Salv. %	4- yr Net Salv. %	5- yr Net Salv. %	6- yr Net Salv. %	7- yr Net Salv. %	8- yr Net Salv. %	9- yr Net Salv. %	10- yr Net Salv. %
376	2011	1,599,349	0	115,684	(115,684)	-7.23%	-8.29%	-5.68%	-6.60%	-7.31%	-8.30%	-8.17%	-8.42%	-8.92%	-9.70%
376	2012	1,610,494	0	356,385	(356,385)	-22.13%	-14.71%	-12.94%	-9.03%	-8.84%	-9.26%	-9.96%	-9.74%	-9.82%	-10.22%
376	2013	1,578,218	0	314,138	(314,138)	-19.90%	-21.03%	-16.42%	-14.67%	-10.84%	-10.21%	-10.48%	-11.01%	-10.74%	-10.74%
376	2014	2,272,410	0	397,851	(397,851)	-17.51%	-18.49%	-19.56%	-16.77%	-15.42%	-12.13%	-11.32%	-11.48%	-11.86%	-11.59%
376	2015	2,373,787	0	670,160	(670,160)	-28.23%	-22.99%	-22.21%	-22.19%	-19.65%	-18.18%	-14.84%	-13.63%	-13.64%	-13.84%
376	2016	5,709,412	0	3,351,031	(3,351,031)	-58.69%	-49.75%	-42.67%	-39.66%	-37.58%	-34.37%	-32.01%	-27.46%	-24.78%	-24.30%
376	2017	11,414,038	0	2,978,087	(2,978,087)	-26.09%	-36.96%	-35.90%	-33.98%	-33.03%	-32.32%	-30.81%	-29.61%	-26.96%	-25.21%
376	2018	7,060,887	0	7,483,834	(7,483,834)	-105.99%	-56.63%	-57.12%	-54.53%	-51.62%	-49.97%	-48.57%	-46.60%	-44.93%	-41.53%
376	2019	2,418,930	0	769,432	(769,432)	-31.81%	-87.06%	-53.75%	-54.81%	-52.64%	-50.08%	-48.63%	-47.39%	-45.61%	-44.09%
376	2020	2,148,697	0	751,940	(751,940)	-35.00%	-33.31%	-77.44%	-52.01%	-53.33%	-51.42%	-49.11%	-47.79%	-46.66%	-45.01%
376	2021	3,192,182	0	1,454,944	(1,454,944)	-45.58%	-41.32%	-38.36%	-70.58%	-51.22%	-52.56%	-50.88%	-48.80%	-47.61%	-46.58%
376	2022	538,345	0	771,164	(771,164)	-143.25%	-59.67%	-50.65%	-45.16%	-73.13%	-53.07%	-54.06%	-52.30%	-50.17%	-48.94%
<b>378 M&amp;R Station Equipment</b>															
378	1985	37,593	232	2,792	(2,560)	-6.81%									
378	1986	9,557	823	8,192	(7,369)	-77.11%	-21.06%								
378	1987	23,884	0	2,270	(2,270)	-9.50%	-28.82%	-17.17%							
378	1988	11,125	427	4,855	(4,428)	-39.80%	-19.13%	-31.56%	-20.24%						
378	1989	0	0	0	0	NA	-39.80%	-19.13%	-31.56%	-20.24%					
378	1990	6,793	0	4,298	(4,298)	-63.27%	-63.27%	-48.70%	-26.30%	-35.76%	-23.52%				
378	1991	22,065	0	18,178	(18,178)	-82.38%	-77.88%	-77.88%	-67.29%	-45.68%	-49.77%	-35.22%			
378	1992	26,290	0	22,045	(22,045)	-83.85%	-83.18%	-80.73%	-80.73%	-73.86%	-56.81%	-58.76%	-44.53%		
378	1993	133,208	0	30,140	(30,140)	-22.63%	-32.72%	-38.75%	-39.64%	-39.64%	-39.65%	-36.42%	-38.09%	-33.75%	
378	1994	153,871	0	27,496	(27,496)	-17.87%	-20.08%	-25.43%	-29.17%	-29.85%	-29.85%	-30.16%	-28.86%	-30.05%	-27.99%
378	1995	476,127	0	56,940	(56,940)	-11.96%	-13.40%	-15.01%	-17.30%	-19.07%	-19.44%	-19.44%	-19.71%	-19.43%	-20.07%
378	1996	347,017	0	45,054	(45,054)	-12.98%	-12.39%	-13.25%	-14.38%	-15.99%	-17.25%	-17.52%	-17.52%	-17.73%	-17.57%
378	1997	55,237	0	83,253	(83,253)	-150.72%	-31.90%	-21.09%	-20.61%	-20.84%	-22.23%	-23.32%	-23.55%	-23.55%	-23.69%
378	1998	86,989	0	13,885	(13,885)	-15.96%	-68.30%	-29.06%	-20.63%	-20.25%	-20.50%	-21.80%	-22.83%	-23.04%	-23.04%
378	1999	16,679	0	43,463	(43,463)	-260.58%	-55.32%	-88.48%	-36.70%	-24.70%	-23.78%	-23.66%	-24.88%	-25.84%	-26.03%
378	2000	58,076	0	17,039	(17,039)	-29.34%	-80.93%	-45.99%	-72.65%	-35.94%	-24.96%	-24.05%	-23.91%	-25.07%	-25.99%
378	2001	101,063	0	25,844	(25,844)	-25.57%	-26.95%	-49.11%	-38.14%	-57.69%	-34.36%	-25.02%	-24.17%	-24.02%	-25.10%
378	2002	19,320	0	3,011	(3,011)	-15.58%	-23.97%	-25.72%	-45.79%	-36.59%	-55.28%	-33.83%	-24.86%	-24.04%	-23.91%
378	2003	19,497	0	7,294	(7,294)	-37.41%	-26.55%	-25.84%	-26.87%	-45.03%	-36.65%	-54.30%	-33.93%	-25.07%	-24.24%
378	2004	17,090	0	1,516	(1,516)	-8.87%	-24.08%	-21.14%	-24.00%	-25.44%	-42.36%	-35.16%	-52.23%	-33.34%	-24.83%
378	2005	158,859	0	65,309	(65,309)	-41.11%	-37.98%	-37.92%	-35.91%	-32.60%	-32.10%	-41.85%	-37.14%	-48.91%	-34.74%
378	2006	144,494	0	0	0	0.00%	-21.53%	-20.85%	-21.80%	-21.47%	-22.37%	-23.15%	-30.55%	-28.51%	-38.48%
378	2007	123,706	0	20,264	(20,264)	-16.38%	-7.56%	-20.04%	-19.61%	-20.36%	-20.17%	-21.10%	-21.85%	-27.89%	-26.50%
378	2008	250,529	0	40,788	(40,788)	-16.28%	-16.31%	-11.77%	-18.65%	-18.41%	-18.93%	-18.84%	-19.65%	-20.28%	-24.69%

**SOUTHWEST GAS CORPORATION**  
**SOUTHERN NEVADA - NET SALVAGE ANALYSIS**  
**Depreciation Study as of December 31, 2022**

FERC	Activity Year	Retirements	Salvage	Removal Cost	Net Salvage	Net Salv. %	2-yr Net Salv. %	3-yr Net Salv. %	4-yr Net Salv. %	5-yr Net Salv. %	6-yr Net Salv. %	7-yr Net Salv. %	8-yr Net Salv. %	9-yr Net Salv. %	10-yr Net Salv. %
378	2009	712,114	0	(1,217)	1,217	0.17%	-4.11%	-5.51%	-4.86%	-9.01%	-9.00%	-9.39%	-9.47%	-10.53%	-11.21%
378	2010	990,412	0	89,920	(89,920)	-9.08%	-5.21%	-6.63%	-7.21%	-6.74%	-9.04%	-9.03%	-9.26%	-9.31%	-9.96%
378	2011	1,257,116	0	114,965	(114,965)	-9.15%	-9.12%	-6.88%	-7.62%	-7.94%	-7.61%	-9.07%	-9.07%	-9.22%	-9.26%
378	2012	74,234	0	128,251	(128,251)	-172.77%	-18.27%	-14.35%	-10.94%	-11.35%	-11.53%	-11.06%	-12.35%	-12.33%	-12.46%
378	2013	114,081	0	0	0	0.00%	-68.10%	-16.83%	-13.68%	-10.54%	-10.97%	-11.16%	-10.72%	-11.98%	-11.97%
378	2014	80,267	0	0	0	0.00%	0.00%	-47.75%	-15.94%	-13.24%	-10.28%	-10.71%	-10.91%	-10.49%	-11.73%
378	2015	12,267	0	1,005	(1,005)	-8.20%	-1.09%	-0.49%	-46.02%	-15.88%	-13.22%	-10.27%	-10.70%	-10.90%	-10.48%
378	2016	571,795	0	19,362	(19,362)	-3.39%	-3.49%	-3.07%	-2.62%	-17.43%	-12.49%	-11.40%	-9.24%	-9.67%	-9.87%
378	2017	919,036	0	108,899	(108,899)	-11.85%	-8.60%	-8.60%	-8.16%	-7.62%	-14.54%	-12.30%	-11.50%	-9.75%	-10.08%
378	2018	215,249	0	116,046	(116,046)	-53.91%	-19.83%	-14.32%	-14.28%	-13.64%	-12.83%	-18.80%	-15.06%	-13.66%	-11.67%
378	2019	123,396	0	160,649	(160,649)	-130.19%	-81.71%	-30.66%	-22.14%	-22.04%	-21.12%	-19.94%	-25.31%	-19.28%	-16.96%
378	2020	445,826	0	36,056	(36,056)	-8.09%	-34.56%	-39.87%	-24.75%	-19.38%	-19.32%	-18.67%	-17.81%	-22.31%	-17.97%
378	2021	99,733	0	151,148	(151,148)	-151.55%	-34.31%	-52.00%	-52.47%	-31.77%	-24.93%	-24.85%	-24.04%	-22.98%	-27.16%
378	2022	0	0	31,731	(31,731)	NA	-183.37%	-40.13%	-56.74%	-56.05%	-33.52%	-26.27%	-26.18%	-25.32%	-24.21%
<b>380 Services</b>															
380	1985	76,749	0	42,617	(42,617)	-55.53%									
380	1986	95,897	1,870	25,172	(23,302)	-24.30%	-38.18%								
380	1987	119,112	218	48,871	(48,653)	-40.85%	-33.47%	-39.27%							
380	1988	103,897	148	43,077	(42,929)	-41.32%	-41.07%	-36.02%	-39.81%						
380	1989	131,915	449	42,178	(41,729)	-31.63%	-35.90%	-37.56%	-34.74%	-37.76%					
380	1990	92,040	0	25,871	(25,871)	-28.11%	-30.18%	-33.71%	-35.61%	-33.62%	-36.33%				
380	1991	157,628	0	35,506	(35,506)	-22.53%	-24.58%	-27.02%	-30.08%	-32.20%	-31.12%	-33.53%			
380	1992	60,532	0	41,837	(41,837)	-69.12%	-35.45%	-33.27%	-32.78%	-34.41%	-35.56%	-34.14%	-36.10%		
380	1993	80,128	0	20,333	(20,333)	-25.38%	-44.20%	-32.75%	-31.65%	-31.65%	-33.25%	-34.47%	-33.31%	-35.16%	
380	1994	154,934	0	49,105	(49,105)	-31.69%	-29.54%	-37.64%	-32.39%	-31.66%	-31.66%	-32.94%	-33.99%	-33.06%	-34.66%
380	1995	355,019	0	27,281	(27,281)	-7.68%	-14.98%	-16.39%	-21.30%	-21.54%	-22.21%	-23.41%	-25.05%	-26.55%	-26.39%
380	1996	352,013	0	84,606	(84,606)	-24.03%	-15.82%	-18.68%	-19.25%	-22.26%	-22.29%	-22.72%	-23.57%	-24.81%	-26.00%
380	1997	291,724	0	48,735	(48,735)	-16.71%	-20.71%	-16.08%	-18.18%	-18.65%	-21.01%	-21.17%	-21.58%	-22.38%	-23.48%
380	1998	340,044	0	64,939	(64,939)	-19.10%	-17.99%	-20.15%	-16.85%	-18.39%	-18.74%	-20.61%	-20.78%	-21.14%	-21.82%
380	1999	618,247	0	73,718	(73,718)	-11.92%	-14.47%	-14.99%	-16.98%	-15.29%	-16.50%	-16.82%	-18.23%	-18.51%	-18.86%
380	2000	769,348	0	57,356	(57,356)	-7.46%	-9.45%	-11.35%	-12.12%	-13.89%	-13.08%	-14.08%	-14.39%	-15.48%	-15.83%
380	2001	841,075	0	65,308	(65,308)	-7.76%	-7.62%	-8.81%	-10.17%	-10.84%	-12.29%	-11.83%	-12.65%	-12.92%	-13.80%
380	2002	480,922	0	55,806	(55,806)	-11.60%	-9.16%	-8.53%	-9.31%	-10.40%	-10.95%	-12.20%	-11.80%	-12.53%	-12.77%
380	2003	502,538	0	225,072	(225,072)	-44.79%	-28.56%	-18.97%	-15.56%	-14.86%	-15.26%	-15.37%	-16.10%	-15.44%	-15.98%
380	2004	747,464	0	192,037	(192,037)	-25.69%	-33.37%	-27.32%	-20.93%	-17.82%	-16.90%	-17.08%	-17.05%	-17.55%	-16.89%
380	2005	582,587	0	301,862	(301,862)	-51.81%	-37.13%	-39.23%	-33.49%	-26.63%	-22.87%	-21.38%	-21.22%	-20.97%	-21.16%
380	2006	1,003,748	0	365,121	(365,121)	-36.38%	-42.05%	-36.81%	-38.22%	-34.36%	-28.98%	-25.62%	-24.09%	-23.81%	-23.47%
380	2007	565,573	0	221,145	(221,145)	-39.10%	-37.36%	-41.27%	-37.26%	-38.37%	-35.05%	-30.19%	-27.01%	-25.48%	-25.15%

**SOUTHWEST GAS CORPORATION**  
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**Depreciation Study as of December 31, 2022**

FERC	Activity Year	Retirements	Salvage	Removal Cost	Net Salvage	Net Salv. %	2- yr Net Salv. %	3- yr Net Salv. %	4- yr Net Salv. %	5- yr Net Salv. %	6- yr Net Salv. %	7- yr Net Salv. %	8- yr Net Salv. %	9- yr Net Salv. %	10- yr Net Salv. %
380	2008	1,034,647	0	154,271	(154,271)	-14.91%	-23.46%	-28.44%	-32.71%	-31.38%	-32.90%	-30.81%	-27.45%	-25.09%	-23.95%
380	2009	1,454,522	0	185,481	(185,481)	-12.75%	-13.65%	-18.36%	-22.82%	-26.46%	-26.35%	-27.92%	-26.69%	-24.48%	-22.84%
380	2010	614,465	0	157,900	(157,900)	-25.70%	-16.60%	-16.03%	-19.59%	-23.20%	-26.37%	-26.28%	-27.71%	-26.60%	-24.58%
380	2011	477,800	0	8,139	(8,139)	-1.70%	-15.20%	-13.80%	-14.12%	-17.53%	-21.20%	-24.31%	-24.47%	-25.93%	-25.01%
380	2012	996,904	0	115,116	(115,116)	-11.55%	-8.36%	-13.46%	-13.17%	-13.56%	-16.37%	-19.64%	-22.42%	-22.75%	-24.14%
380	2013	1,083,867	0	183,354	(183,354)	-16.92%	-14.34%	-11.98%	-14.64%	-14.05%	-14.20%	-16.47%	-19.23%	-21.66%	-22.01%
380	2014	992,307	0	154,418	(154,418)	-15.56%	-16.27%	-14.74%	-12.98%	-14.86%	-14.31%	-14.41%	-16.34%	-18.79%	-20.97%
380	2015	949,358	0	734,890	(734,890)	-77.41%	-45.80%	-35.45%	-29.53%	-26.57%	-26.47%	-23.43%	-22.27%	-23.44%	-24.85%
380	2016	1,339,085	0	5,963,059	(5,963,059)	-445.31%	-292.69%	-208.87%	-161.20%	-133.37%	-122.60%	-113.37%	-94.87%	-85.62%	-82.85%
380	2017	4,370,279	0	2,075,410	(2,075,410)	-47.49%	-140.79%	-131.76%	-116.69%	-104.31%	-94.81%	-90.45%	-86.77%	-78.00%	-73.10%
380	2018	2,062,772	0	19,595,305	(19,595,305)	-949.95%	-336.87%	-355.55%	-325.27%	-293.63%	-265.86%	-244.36%	-234.92%	-224.94%	-203.42%
380	2019	1,477,853	0	2,430,691	(2,430,691)	-164.47%	-622.09%	-304.66%	-325.02%	-301.97%	-276.58%	-253.65%	-235.47%	-227.34%	-218.72%
380	2020	3,243,635	0	2,235,528	(2,235,528)	-68.92%	-98.83%	-357.61%	-236.11%	-258.53%	-245.74%	-229.92%	-215.04%	-202.76%	-197.11%
380	2021	1,052,253	0	1,388,418	(1,388,418)	-131.95%	-84.36%	-104.87%	-327.31%	-227.13%	-248.70%	-237.48%	-223.26%	-209.77%	-198.52%
380	2022	1,093,540	0	1,188,123	(1,188,123)	-108.65%	-120.07%	-89.29%	-105.47%	-300.54%	-217.39%	-238.24%	-228.44%	-215.70%	-203.51%
<b>381 Meters</b>															
381	1985	57,943	3,646	13,608	(9,962)	-17.19%									
381	1986	72,379	5,646	7,807	(2,161)	-2.99%	-9.30%								
381	1987	104,161	110	7,228	(7,118)	-6.83%	-5.26%	-8.21%							
381	1988	61,990	338	3,979	(3,641)	-5.87%	-6.48%	-5.42%	-7.72%						
381	1989	121,909	215	5,515	(5,300)	-4.35%	-4.86%	-5.57%	-5.05%	-6.74%					
381	1990	28,823	0	3,140	(3,140)	-10.89%	-5.60%	-5.68%	-6.06%	-5.49%	-7.00%				
381	1991	21,569	0	8,588	(8,588)	-39.82%	-23.27%	-9.88%	-8.82%	-8.21%	-7.29%	-8.51%			
381	1992	38,064	0	13,609	(13,609)	-35.75%	-37.22%	-28.64%	-14.56%	-12.59%	-10.99%	-9.70%	-10.56%		
381	1993	91,610	8,058	14,008	(5,950)	-6.49%	-15.08%	-18.61%	-17.38%	-12.12%	-11.05%	-10.11%	-9.16%	-9.94%	
381	1994	49,234	0	12,315	(12,315)	-25.01%	-12.97%	-17.82%	-20.18%	-19.02%	-13.92%	-12.72%	-11.53%	-10.48%	-11.08%
381	1995	69,653	0	3,609	(3,609)	-5.18%	-13.39%	-10.39%	-14.28%	-16.31%	-15.79%	-12.48%	-11.63%	-10.78%	-9.92%
381	1996	371,655	0	14,490	(14,490)	-3.90%	-4.10%	-6.20%	-6.25%	-8.06%	-9.12%	-9.20%	-8.45%	-8.27%	-8.11%
381	1997	139,669	0	4,425	(4,425)	-3.17%	-3.70%	-3.88%	-5.53%	-5.65%	-7.16%	-8.06%	-8.16%	-7.66%	-7.55%
381	1998	299,544	0	10,049	(10,049)	-3.35%	-3.30%	-3.57%	-3.70%	-4.83%	-4.98%	-6.08%	-6.76%	-6.86%	-6.61%
381	1999	390,321	0	6,609	(6,609)	-1.69%	-2.41%	-2.54%	-2.96%	-3.08%	-3.90%	-4.07%	-4.90%	-5.41%	-5.52%
381	2000	37,389	0	3,497	(3,497)	-9.35%	-2.36%	-2.77%	-2.84%	-3.15%	-3.26%	-4.05%	-4.21%	-5.01%	-5.51%
381	2001	463,358	0	21,536	(21,536)	-4.65%	-5.00%	-3.55%	-3.50%	-3.47%	-3.56%	-3.62%	-4.20%	-4.31%	-4.93%
381	2002	838,306	0	3,696	(3,696)	-0.44%	-1.94%	-2.15%	-2.04%	-2.24%	-2.30%	-2.53%	-2.60%	-3.02%	-3.13%
381	2003	924,263	0	2,064	(2,064)	-0.22%	-0.33%	-1.23%	-1.36%	-1.41%	-1.61%	-1.68%	-1.92%	-1.98%	-2.30%
381	2004	860,848	0	3,582	(3,582)	-0.42%	-0.32%	-0.36%	-1.00%	-1.10%	-1.17%	-1.34%	-1.40%	-1.62%	-1.67%
381	2005	1,199,872	0	1,642	(1,642)	-0.14%	-0.25%	-0.24%	-0.29%	-0.76%	-0.83%	-0.90%	-1.05%	-1.11%	-1.30%
381	2006	859,115	0	278	(278)	-0.03%	-0.09%	-0.19%	-0.20%	-0.24%	-0.64%	-0.70%	-0.77%	-0.90%	-0.95%

**SOUTHWEST GAS CORPORATION**  
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FERC	Activity Year	Retirements	Salvage	Removal Cost	Net Salvage	Net Salv. %	2-yr Net Salv. %	3-yr Net Salv. %	4-yr Net Salv. %	5-yr Net Salv. %	6-yr Net Salv. %	7-yr Net Salv. %	8-yr Net Salv. %	9-yr Net Salv. %	10-yr Net Salv. %
381	2007	3,796,232	0	721	(721)	-0.02%	-0.02%	-0.05%	-0.09%	-0.11%	-0.14%	-0.37%	-0.41%	-0.47%	-0.56%
381	2008	1,800,708	0	614	(614)	-0.03%	-0.02%	-0.02%	-0.04%	-0.08%	-0.09%	-0.12%	-0.32%	-0.35%	-0.40%
381	2009	475,238	0	2,244	(2,244)	-0.47%	-0.13%	-0.06%	-0.06%	-0.07%	-0.10%	-0.11%	-0.14%	-0.32%	-0.35%
381	2010	680,915	0	2,022	(2,022)	-0.30%	-0.37%	-0.17%	-0.08%	-0.08%	-0.09%	-0.11%	-0.12%	-0.15%	-0.32%
381	2011	2,378,889	402,080	(30,714)	432,794	18.19%	14.08%	12.12%	8.02%	4.68%	4.27%	3.80%	3.50%	3.23%	3.01%
381	2012	2,866,142	0	(557,330)	557,330	19.45%	18.88%	16.67%	15.40%	12.01%	8.21%	7.66%	6.99%	6.56%	6.17%
381	2013	3,753,841	0	(189,384)	189,384	5.05%	11.28%	13.11%	12.16%	11.57%	9.82%	7.45%	7.07%	6.58%	6.26%
381	2014	6,057,572	0	3,181	(3,181)	-0.05%	1.90%	5.86%	7.81%	7.46%	7.23%	6.50%	5.37%	5.16%	4.90%
381	2015	7,553,867	0	877	(877)	-0.01%	-0.03%	1.07%	3.67%	5.20%	5.04%	4.93%	4.58%	3.98%	3.87%
381	2016	8,518,944	0	0	0	0.00%	-0.01%	-0.02%	0.72%	2.58%	3.78%	3.69%	3.63%	3.43%	3.09%
381	2017	14,810,876	0	0	0	0.00%	0.00%	0.00%	-0.01%	0.46%	1.70%	2.56%	2.52%	2.49%	2.39%
381	2018	10,577,851	0	2,794	(2,794)	-0.03%	-0.01%	-0.01%	-0.01%	-0.01%	0.36%	1.37%	2.07%	2.05%	2.03%
381	2019	9,465,575	0	475	(475)	-0.01%	-0.02%	-0.01%	-0.01%	-0.01%	-0.01%	0.30%	1.16%	1.78%	1.76%
381	2020	12,843,108	0	0	0	0.00%	0.00%	-0.01%	-0.01%	-0.01%	-0.01%	-0.01%	0.25%	0.97%	1.49%
381	2021	2,079,522	0	777	(777)	-0.04%	-0.01%	-0.01%	-0.01%	-0.01%	-0.01%	-0.01%	-0.01%	0.24%	0.94%
381	2022	1,356,345	0	337	(337)	-0.02%	-0.03%	-0.01%	-0.01%	-0.01%	-0.01%	-0.01%	-0.01%	-0.01%	0.23%
<b>385 Industrial M&amp;R Station</b>															
385	1992	872	0	1,978	(1,978)	-226.83%									
385	1993	27,496	0	3,289	(3,289)	-11.96%	-18.57%								
385	1994	22,436	0	0	0	0.00%	-6.59%	-10.37%							
385	1995	28,982	0	5,079	(5,079)	-17.52%	-9.88%	-10.60%	-12.97%						
385	1996	11,674	0	24,709	(24,709)	-211.66%	-73.27%	-47.21%	-36.51%	-38.33%					
385	1997	2,076	0	4,547	(4,547)	-219.03%	-212.77%	-80.35%	-52.69%	-40.60%	-42.34%				
385	1998	9,515	0	9,185	(9,185)	-96.53%	-118.47%	-165.23%	-83.30%	-58.27%	-45.81%	-47.34%			
385	1999	4,036	0	746	(746)	-18.47%	-73.28%	-92.64%	-143.54%	-78.65%	-56.23%	-44.77%	-46.25%		
385	2000	0	0	0	0	NA	-18.47%	-73.28%	-92.64%	-143.54%	-78.65%	-56.23%	-44.77%	-46.25%	
385	2001	56,498	0	5,519	(5,519)	-9.77%	-9.77%	-10.35%	-22.06%	-27.73%	-53.35%	-44.14%	-36.82%	-32.62%	-33.65%
385	2002	0	0	252	(252)	NA	-10.21%	-10.21%	-10.76%	-22.41%	-28.07%	-53.65%	-44.37%	-37.00%	-32.77%
385	2003	0	0	0	0	NA	NA	-10.21%	-10.21%	-10.76%	-22.41%	-28.07%	-53.65%	-44.37%	-37.00%
385	2004	1,029	0	0	0	0.00%	0.00%	-24.45%	-10.03%	-10.03%	-10.58%	-22.09%	-27.68%	-53.00%	-43.96%
385	2005	25,571	0	(217)	217	0.85%	0.82%	0.82%	-0.13%	-6.68%	-6.68%	-7.23%	-16.02%	-20.29%	-40.53%
385	2006	4,251	0	0	0	0.00%	0.73%	0.70%	0.70%	-0.11%	-6.36%	-6.36%	-6.89%	-15.35%	-19.45%
385	2007	0	0	0	0	NA	0.00%	0.73%	0.70%	0.70%	-0.11%	-6.36%	-6.36%	-6.89%	-15.35%
385	2008	(2,367)	0	0	0	0.00%	0.00%	0.00%	0.79%	0.76%	0.76%	-0.12%	-6.54%	-6.54%	-7.08%
385	2009	28,243	0	562	(562)	-1.99%	-2.17%	-2.17%	-1.87%	-0.62%	-0.61%	-0.61%	-1.05%	-5.40%	-5.40%
385	2010	33,097	0	201	(201)	-0.61%	-1.25%	-1.29%	-1.29%	-1.21%	-0.62%	-0.61%	-0.61%	-0.89%	-4.32%
385	2011	19,686	0	994	(994)	-5.05%	-2.27%	-2.17%	-2.23%	-2.23%	-2.12%	-1.42%	-1.41%	-1.41%	-1.64%
385	2012	1,901	0	9	(9)	-0.46%	-4.65%	-2.20%	-2.13%	-2.19%	-2.19%	-2.08%	-1.40%	-1.39%	-1.39%

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FERC	Activity	Year	Retirements	Salvage	Removal Cost	Net Salvage	Net Salv. %	2- yr Net Salv. %	3- yr Net Salv. %	4- yr Net Salv. %	5- yr Net Salv. %	6- yr Net Salv. %	7- yr Net Salv. %	8- yr Net Salv. %	9- yr Net Salv. %	10- yr Net Salv. %
385	2013	21,639	0	0	0	0.00%	-0.04%	-2.32%	-1.58%	-1.69%	-1.73%	-1.73%	-1.66%	-1.17%	-1.16%	
385	2014	16,532	0	0	0	0.00%	0.00%	-0.02%	-1.68%	-1.30%	-1.46%	-1.49%	-1.49%	-1.44%	-1.04%	
385	2015	67,670	0	1,425	(1,425)	-2.11%	-1.69%	-1.35%	-1.33%	-1.91%	-1.64%	-1.69%	-1.71%	-1.71%	-1.67%	
385	2016	34,337	0	827	(827)	-2.41%	-2.21%	-1.90%	-1.61%	-1.59%	-2.01%	-1.77%	-1.80%	-1.82%	-1.82%	
385	2017	7,523	0	7,489	(7,489)	-99.55%	-19.87%	-8.89%	-7.73%	-6.60%	-6.52%	-6.35%	-5.41%	-4.99%	-5.04%	
385	2018	43,097	0	1,841	(1,841)	-4.27%	-18.43%	-11.96%	-7.59%	-6.85%	-6.07%	-6.02%	-5.93%	-5.21%	-4.88%	
385	2019	607	0	0	0	0.00%	-4.21%	-18.21%	-11.87%	-7.56%	-6.82%	-6.05%	-6.00%	-5.91%	-5.20%	
385	2020	18,082	0	0	0	0.00%	0.00%	-2.98%	-13.46%	-9.80%	-6.76%	-6.17%	-5.53%	-5.48%	-5.45%	
385	2021	1,085	0	4,591	(4,591)	-423.20%	-23.95%	-23.22%	-10.23%	-19.78%	-14.08%	-9.38%	-8.56%	-7.68%	-7.62%	
385	2022	0	0	0	0	NA	-423.20%	-23.95%	-23.22%	-10.23%	-19.78%	-14.08%	-9.38%	-8.56%	-7.68%	
<b>387 Other Equipment</b>																
387	1989	4,567	0	0	0	0.00%										
387	1990	0	0	0	0	NA	0.00%									
387	1991	0	0	0	0	NA	NA	0.00%								
387	1992	3,265	0	0	0	0.00%	0.00%	0.00%	0.00%							
387	1993	18,687	0	28	(28)	-0.15%	-0.13%	-0.13%	-0.13%	-0.11%						
387	1994	0	0	0	0	NA	NA	-0.15%	-0.13%	-0.13%	-0.11%					
387	1995	0	0	0	0	NA	NA	-0.15%	-0.13%	-0.13%	-0.13%	-0.11%				
387	1996	0	0	0	0	NA	NA	NA	-0.15%	-0.13%	-0.13%	-0.13%	-0.11%			
387	1997	0	0	0	0	NA	NA	NA	NA	-0.15%	-0.13%	-0.13%	-0.13%	-0.11%		
387	1998	0	0	0	0	NA	NA	NA	NA	NA	-0.15%	-0.13%	-0.13%	-0.13%	-0.11%	
387	1999	0	0	0	0	NA	NA	NA	NA	NA	NA	-0.15%	-0.13%	-0.13%	-0.13%	-0.11%
387	2000	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	-0.15%	-0.13%	-0.13%	-0.11%
387	2001	(1,614)	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	-0.16%	-0.14%
387	2002	0	0	0	0	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	-0.16%
387	2003	0	0	0	0	NA	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
387	2004	0	0	0	0	NA	NA	NA	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
387	2005	0	0	0	0	NA	NA	NA	NA	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
387	2006	0	0	0	0	NA	NA	NA	NA	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
387	2007	0	0	0	0	NA	NA	NA	NA	NA	NA	0.00%	0.00%	0.00%	0.00%	0.00%
387	2008	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	0.00%	0.00%	0.00%	0.00%
387	2009	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	0.00%	0.00%	0.00%
387	2010	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	0.00%
387	2011	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
387	2012	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
387	2013	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
387	2014	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
387	2015	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA

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387	2016	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
387	2017	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
387	2018	(3,743)	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
387	2019	0	0	0	0	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
387	2020	0	0	0	0	NA	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
387	2021	0	0	0	0	NA	NA	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
387	2022	0	0	0	0	NA	NA	NA	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>390.1 Structures &amp; Improvement</b>															
390.1	1985	9,608	0	0	0	0.00%									
390.1	1986	0	0	0	0	NA	0.00%								
390.1	1987	0	0	0	0	NA	NA	0.00%							
390.1	1988	0	0	0	0	NA	NA	NA	0.00%						
390.1	1989	300	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%					
390.1	1990	44,000	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%				
390.1	1991	3,605	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%			
390.1	1992	0	0	0	0	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%		
390.1	1993	7,186	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
390.1	1994	0	0	0	0	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
390.1	1995	39,830	39,764	0	39,764	99.83%	99.83%	84.58%	84.58%	78.55%	42.02%	41.89%	41.89%	41.89%	41.89%
390.1	1996	641,881	68,648	0	68,648	10.69%	15.90%	15.90%	15.74%	15.74%	15.66%	14.72%	14.71%	14.71%	14.71%
390.1	1997	545,423	0	40,051	(40,051)	-7.34%	2.41%	5.57%	5.57%	5.54%	5.54%	5.52%	5.33%	5.33%	5.33%
390.1	1998	0	0	0	0	NA	-7.34%	2.41%	5.57%	5.57%	5.54%	5.54%	5.52%	5.33%	5.33%
390.1	1999	0	0	0	0	NA	NA	-7.34%	2.41%	5.57%	5.57%	5.54%	5.54%	5.52%	5.33%
390.1	2000	1,011,622	138,112	0	138,112	13.65%	13.65%	13.65%	6.30%	7.58%	9.22%	9.22%	9.19%	9.19%	9.18%
390.1	2001	0	0	0	0	NA	13.65%	13.65%	13.65%	6.30%	7.58%	9.22%	9.22%	9.19%	9.19%
390.1	2002	241,521	0	0	0	0.00%	0.00%	11.02%	11.02%	11.02%	5.45%	6.83%	8.32%	8.32%	8.30%
390.1	2003	0	0	0	0	NA	0.00%	0.00%	11.02%	11.02%	11.02%	5.45%	6.83%	8.32%	8.32%
390.1	2004	448,722	0	0	0	0.00%	0.00%	0.00%	0.00%	8.12%	8.12%	8.12%	4.36%	5.77%	7.05%
390.1	2005	178,659	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	7.34%	7.34%	7.34%	4.04%	5.43%
390.1	2006	0	0	0	0	NA	0.00%	0.00%	0.00%	0.00%	0.00%	7.34%	7.34%	7.34%	4.04%
390.1	2007	12,057,034	10,711,160	1,269,100	9,442,060	78.31%	78.31%	77.17%	74.44%	74.44%	73.05%	73.05%	68.74%	68.74%	68.74%
390.1	2008	0	0	0	0	NA	78.31%	77.17%	74.44%	73.05%	68.74%	65.87%	63.53%	63.62%	63.59%
390.1	2009	0	0	0	0	NA	NA	78.31%	77.17%	74.44%	73.05%	68.74%	65.87%	63.53%	63.62%
390.1	2010	0	0	0	0	NA	NA	NA	78.31%	77.17%	74.44%	73.05%	68.74%	65.87%	63.53%
390.1	2011	0	0	0	0	NA	NA	NA	NA	78.31%	77.17%	74.44%	73.05%	68.74%	65.87%
390.1	2012	28,303	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	78.13%	78.13%	76.99%	74.27%	74.27%
390.1	2013	0	0	0	0	NA	0.00%	0.00%	0.00%	0.00%	0.00%	78.13%	78.13%	76.99%	74.27%
390.1	2014	51,495	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	77.80%	77.80%	76.67%



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390.1	2015	93,390	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	77.20%	77.20%
390.1	2016	59,461	0	3,076	(3,076)	-5.17%	-2.01%	-1.51%	-1.51%	-1.32%	-1.32%	-1.32%	-1.32%	-1.32%	76.80%
390.1	2017	0	0	0	0	NA	-5.17%	-2.01%	-1.51%	-1.51%	-1.32%	-1.32%	-1.32%	-1.32%	-1.32%
390.1	2018	26,759	0	0	0	0.00%	0.00%	-3.57%	-1.71%	-1.33%	-1.33%	-1.19%	-1.19%	-1.19%	-1.19%
390.1	2019	580,889	0	11,608	(11,608)	-2.00%	-1.91%	-1.91%	-2.20%	-1.93%	-1.81%	-1.81%	-1.75%	-1.75%	-1.75%
390.1	2020	47,716	0	18,290	(18,290)	-38.33%	-4.76%	-4.56%	-4.56%	-4.61%	-4.08%	-3.84%	-3.84%	-3.71%	-3.71%
390.1	2021	333,418	0	0	0	0.00%	-4.80%	-3.11%	-3.02%	-3.02%	-3.15%	-2.89%	-2.76%	-2.76%	-2.70%
390.1	2022	507,105	0	27,595	(27,595)	-5.44%	-3.28%	-5.17%	-3.91%	-3.84%	-3.84%	-3.89%	-3.67%	-3.56%	-3.56%
<b>391 Office Furniture &amp; Equipment</b>															
391	1985	35,793	0	0	0	0.00%									
391	1986	1,966	0	0	0	0.00%	0.00%								
391	1987	27,440	0	0	0	0.00%		0.00%							
391	1988	2,877	1,812	906	906	31.49%	2.99%	2.81%	1.33%						
391	1989	3,126	0	0	0	0.00%	15.09%	2.71%		1.27%					
391	1990	890	0	0	0	0.00%	0.00%	13.14%	2.64%	2.50%	1.26%				
391	1991	365	0	0	0	0.00%	0.00%	0.00%	12.48%	2.61%	2.47%	1.25%			
391	1992	3,736	0	0	0	0.00%	0.00%	0.00%	0.00%	8.24%	2.36%	2.24%	1.19%		
391	1993	115,564	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.72%	0.59%	0.58%	0.47%	
391	1994	1,816	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.71%	0.58%	0.57%	0.47%
391	1995	4,566	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.68%	0.56%	0.56%
391	1996	1,198	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.68%	0.56%
391	1997	17,919	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.60%
391	1998	14,639	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
391	1999	138,409	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
391	2000	424,065	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
391	2001	75,440	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
391	2002	6,371	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
391	2003	96,414	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
391	2004	4,486	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
391	2005	3,731	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
391	2006	0	0	0	0	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
391	2007	19,319	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
391	2008	666,010	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
391	2009	861,856	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
391	2010	0	0	0	0	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
391	2011	2,633	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
391	2012	0	0	0	0	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
391	2013	0	0	0	0	NA	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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391	2014	0	0	0	0	NA	NA	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
391	2015	0	0	0	0	NA	NA	NA	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
391	2016	0	0	0	0	NA	NA	NA	NA	NA	0.00%	0.00%	0.00%	0.00%	0.00%
391	2017	0	0	0	0	NA	NA	NA	NA	NA	NA	0.00%	0.00%	0.00%	0.00%
391	2018	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	0.00%	0.00%	0.00%
391	2019	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	0.00%	0.00%
391	2020	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	0.00%
391	2021	2,117	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
391	2022	0	0	0	0	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>391.1 Computer Equipment</b>															
391.1	1989	850	0	0	0	0.00%									
391.1	1990	6,182	0	0	0	0.00%	0.00%								
391.1	1991	23,595	0	0	0	0.00%	0.00%	0.00%							
391.1	1992	6,416	0	0	0	0.00%	0.00%	0.00%	0.00%						
391.1	1993	7,373	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%					
391.1	1994	56,295	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%				
391.1	1995	0	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%			
391.1	1996	784	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%		
391.1	1997	843,480	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
391.1	1998	954	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
391.1	1999	2,078,394	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
391.1	2000	24,151	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
391.1	2001	1,175,362	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
391.1	2002	156,624	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
391.1	2003	182,172	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
391.1	2004	1,637	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
391.1	2005	1,360,607	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
391.1	2006	464,001	39,376	0	39,376	8.49%	2.16%	2.16%	1.96%	1.82%	1.18%	1.17%	0.72%	0.72%	0.63%
391.1	2007	58,819	0	0	0	0.00%	7.53%	2.09%	2.09%	1.90%	1.77%	1.16%	1.15%	0.72%	0.72%
391.1	2008	1,130,761	0	0	0	0.00%	0.00%	2.38%	1.31%	1.31%	1.23%	1.17%	0.87%	0.86%	0.59%
391.1	2009	1,768,696	19,882	0	19,882	1.12%	0.69%	0.67%	1.73%	1.24%	1.24%	1.19%	1.16%	0.94%	0.94%
391.1	2010	670,523	22,067	6,790	15,278	2.28%	1.44%	0.98%	0.97%	1.82%	1.37%	1.37%	1.32%	1.29%	1.07%
391.1	2011	778,411	0	0	0	0.00%	1.05%	1.09%	0.81%	0.80%	1.53%	1.20%	1.20%	1.16%	1.13%
391.1	2012	8,065	0	0	0	0.00%	0.00%	1.05%	1.09%	0.81%	0.80%	1.53%	1.19%	1.19%	1.16%
391.1	2013	1,475,707	0	0	0	0.00%	0.00%	0.00%	0.52%	0.75%	0.60%	0.60%	1.17%	0.97%	0.97%
391.1	2014	817,841	0	0	0	0.00%	0.00%	0.00%	0.00%	0.41%	0.64%	0.53%	0.52%	1.04%	0.87%
391.1	2015	199,344	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.39%	0.61%	0.51%	0.51%	1.01%
391.1	2016	233,609	50	0	50	0.02%	0.01%	0.00%	0.00%	0.00%	0.00%	0.37%	0.59%	0.50%	0.49%

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391.1	2017	1,532,087	2,237	6,679	(4,442)	-0.29%	-0.25%	-0.22%	-0.16%	-0.10%	-0.10%	-0.09%	0.19%	0.41%	0.36%
391.1	2018	144,122	0	0	0	0.00%	-0.26%	-0.23%	-0.21%	-0.15%	-0.10%	-0.10%	-0.08%	0.19%	0.40%
391.1	2019	656,901	0	0	0	0.00%	0.00%	-0.19%	-0.17%	-0.16%	-0.12%	-0.09%	-0.09%	-0.08%	0.17%
391.1	2020	295,794	0	0	0	0.00%	0.00%	0.00%	-0.17%	-0.15%	-0.14%	-0.11%	-0.08%	-0.08%	-0.07%
391.1	2021	996,603	0	0	0	0.00%	0.00%	0.00%	0.00%	-0.12%	-0.11%	-0.11%	-0.09%	-0.07%	-0.07%
391.1	2022	1,172,937	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	-0.09%	-0.09%	-0.08%	-0.07%	-0.06%
<b>392.11 Transportation Equip, Light</b>															
392.11	1986	7,998	13,813	0	13,813	172.71%									
392.11	1987	203,255	13,720	0	13,720	6.75%	13.03%								
392.11	1988	252,001	28,072	0	28,072	11.14%	9.18%	12.00%							
392.11	1989	95,898	7,503	320	7,183	7.49%	10.13%	8.89%	11.23%						
392.11	1990	163,531	(1,244)	0	(1,244)	-0.76%	2.29%	6.65%	6.68%	8.52%					
392.11	1991	171,595	27,002	0	27,002	15.74%	7.69%	7.64%	8.93%	8.43%	9.90%				
392.11	1992	107,314	0	0	0	0.00%	9.68%	5.82%	6.12%	7.72%		8.84%			
392.11	1993	319,879	25,526	0	25,526	7.98%	5.98%	8.77%	6.73%	6.81%	7.79%	7.63%	8.63%		
392.11	1994	318,606	159,652	0	159,652	50.11%	29.00%	24.83%	23.13%	19.51%	18.53%	17.23%	15.93%	16.69%	
392.11	1995	519,952	49,082	0	49,082	9.44%	24.89%	20.22%	18.51%	18.18%	16.24%	15.75%	15.15%	14.36%	14.94%
392.11	1996	204,377	9,000	0	9,000	4.40%	8.02%	20.88%	17.85%	16.55%	16.46%	14.90%	14.53%	14.13%	13.49%
392.11	1997	291,249	39,122	0	39,122	13.43%	9.71%	9.57%	19.25%	17.07%	16.03%	16.01%	14.70%	14.38%	14.05%
392.11	1998	226,523	12,602	0	12,602	5.56%	9.99%	8.41%	8.84%	17.27%	15.69%	14.84%	14.91%	13.81%	13.56%
392.11	1999	250,308	24,165	0	24,165	9.65%	7.71%	9.88%	8.73%	8.98%	16.21%	14.98%	14.26%	14.36%	13.40%
392.11	2000	1,117,294	135,627	0	135,627	12.14%	11.68%	10.81%	11.22%	10.55%	10.33%	14.66%	14.00%	13.55%	13.66%
392.11	2001	1,264,862	130,705	800	129,905	10.27%	11.15%	11.00%	10.57%	10.84%	10.45%	10.31%	13.33%	12.96%	12.65%
392.11	2002	311,443	39,684	1,227	38,458	12.35%	10.68%	11.29%	11.15%	10.75%	10.97%	10.61%	10.46%	13.27%	12.92%
392.11	2003	203,365	19,536	0	19,536	9.61%	11.27%	10.56%	11.17%	11.05%	10.68%	10.90%	10.55%	10.42%	13.11%
392.11	2004	70,374	0	0	0	0.00%	7.14%	9.91%	10.16%	10.90%	10.81%	10.46%	10.69%	10.37%	10.26%
392.11	2005	1,126,454	22,295	0	22,295	1.98%	1.86%	2.99%	4.69%	7.06%	8.45%	8.52%	8.37%	8.67%	8.50%
392.11	2006	1,605,094	306,983	0	306,983	19.13%	12.05%	11.75%	11.61%	11.68%	11.29%	11.45%	11.38%	11.17%	11.27%
392.11	2007	1,140,124	205,523	0	205,523	18.03%	18.67%	13.81%	13.57%	13.37%	13.30%	12.63%	12.55%	12.45%	12.24%
392.11	2008	1,422,437	309,824	0	309,824	21.78%	20.11%	19.73%	15.95%	15.74%	15.52%	15.35%	14.45%	14.14%	14.01%
392.11	2009	537,478	80,188	0	80,188	14.92%	19.90%	19.21%	19.18%	15.86%	15.67%	15.47%	15.32%	14.49%	14.19%
392.11	2010	515,506	64,812	0	64,812	12.57%	13.77%	18.37%	18.26%	18.53%	15.59%	15.42%	15.24%	15.11%	14.37%
392.11	2011	904,900	146,649	(7,079)	153,728	16.99%	15.39%	15.26%	18.00%	18.01%	18.30%	15.77%	15.61%	15.45%	15.33%
392.11	2012	2,252,030	266,695	(29,761)	296,456	13.16%	14.26%	14.02%	14.14%	16.07%	16.40%	16.92%	15.15%	15.04%	14.93%
392.11	2013	498,301	22,535	0	22,535	4.52%	11.60%	12.93%	12.89%	13.12%	15.13%	15.58%	16.22%	14.62%	14.52%
392.11	2014	862,606	0	0	0	0.00%	1.66%	8.83%	10.46%	10.68%	11.09%	13.26%	13.93%	14.79%	13.46%
392.11	2015	1,287,052	26,160	0	26,160	2.03%	1.22%	1.84%	7.04%	8.59%	8.92%	9.39%	11.52%	12.31%	13.30%
392.11	2016	470,259	43,435	0	43,435	9.24%	3.96%	2.66%	2.95%	7.24%	8.64%	8.94%	9.38%	11.40%	12.16%

**SOUTHWEST GAS CORPORATION**  
**SOUTHERN NEVADA - NET SALVAGE ANALYSIS**  
**Depreciation Study as of December 31, 2022**

FERC	Activity Year	Retirements	Salvage	Removal Cost	Net Salvage	Net Salv. %	2-yr Net Salv. %	3-yr Net Salv. %	4-yr Net Salv. %	5-yr Net Salv. %	6-yr Net Salv. %	7-yr Net Salv. %	8-yr Net Salv. %	9-yr Net Salv. %	10-yr Net Salv. %
392.11	2017	708,963	55,235	0	55,235	7.79%	8.37%	5.06%	3.75%	3.85%	7.30%	8.56%	8.83%	9.24%	11.13%
392.11	2018	434,606	338,469	0	338,469	77.88%	34.43%	27.09%	15.97%	12.31%	11.40%	12.01%	12.62%	12.61%	12.76%
392.11	2019	1,545,737	352,050	0	352,050	22.78%	34.87%	27.73%	24.98%	18.34%	15.36%	14.43%	14.07%	14.37%	14.27%
392.11	2020	1,095,682	93,326	0	93,326	8.52%	16.86%	25.48%	22.17%	20.74%	16.40%	14.19%	13.49%	13.41%	13.73%
392.11	2021	1,467,344	208,550	0	208,550	14.21%	11.78%	15.92%	21.84%	19.95%	19.07%	15.94%	14.19%	13.62%	13.52%
392.11	2022	1,592,277	69,150	0	69,150	4.34%	9.08%	8.93%	12.68%	17.30%	16.32%	15.86%	13.79%	12.53%	12.13%
<b>392.12 Transportation Equip, Heavy</b>															
392.12	1986		350	0	350	NA									
392.12	1987	0	0	0	0	NA	NA								
392.12	1988	26,715	3,175	0	3,175	11.88%	11.88%	13.19%							
392.12	1989	28,243	3,144	0	3,144	11.13%	11.50%	11.50%	12.13%						
392.12	1990	0	1,350	0	1,350	NA	15.91%	13.95%	13.95%	14.59%					
392.12	1991	32,007	500	0	500	1.56%	5.78%	8.29%	9.39%	9.39%	9.80%				
392.12	1992	0	0	0	0	NA	1.56%	5.78%	8.29%	9.39%		9.80%			
392.12	1993	0	2,400	0	2,400	NA	NA	9.06%	13.28%	12.27%	12.15%	12.15%	12.56%		
392.12	1994	81,752	5,010	0	5,010	6.13%	9.06%	9.06%	6.95%	8.14%	8.74%	9.23%	9.23%	9.44%	
392.12	1995	123,459	17,089	0	17,089	13.84%	10.77%	11.94%	11.94%	10.54%	11.11%	11.11%	11.18%	11.18%	11.30%
392.12	1996	0	0	0	0	NA	13.84%	10.77%	11.94%	11.94%	10.54%	11.11%	11.11%	11.18%	11.18%
392.12	1997	107,709	752	0	752	0.70%	0.70%	7.72%	7.30%	8.07%	8.07%	7.47%	7.86%	8.10%	8.36%
392.12	1998	34,310	5,282	0	5,282	15.39%	4.25%	4.25%	8.71%	8.10%	8.79%	8.79%	8.18%	8.54%	8.72%
392.12	1999	24,730	530	0	530	2.14%	9.84%	3.94%	3.94%	8.15%	7.71%	8.35%	8.35%	7.81%	8.15%
392.12	2000	322,646	2,730	0	2,730	0.85%	0.94%	2.24%	1.90%	1.90%	4.30%	4.52%	4.87%	4.87%	4.72%
392.12	2001	122,201	16,181	(800)	16,981	13.90%	4.43%	4.31%	5.07%	4.30%	4.30%	5.90%	5.92%	6.22%	6.22%
392.12	2002	58,133	1,284	0	1,284	2.21%	10.13%	4.17%	4.08%	4.77%	4.11%	4.11%	5.63%	5.68%	5.95%
392.12	2003	0	0	0	0	NA	2.21%	10.13%	4.17%	4.08%	4.77%	4.11%	4.11%	5.63%	5.68%
392.12	2004	0	0	0	0	NA	NA	2.21%	10.13%	4.17%	4.08%	4.77%	4.11%	4.11%	5.63%
392.12	2005	120,958	0	0	0	0.00%	0.00%	0.00%	0.72%	6.06%	3.36%	3.32%	3.92%	3.49%	3.49%
392.12	2006	401,251	29,746	0	29,746	7.41%	5.70%	5.70%	5.70%	5.35%	6.83%	4.95%	4.88%	5.22%	4.81%
392.12	2007	658,444	89,537	0	89,537	13.60%	11.26%	10.10%	10.10%	10.10%	9.73%	10.11%	8.33%	8.24%	8.38%
392.12	2008	276,832	36,571	0	36,571	13.21%	13.48%	11.66%	10.69%	10.69%	10.69%	10.37%	10.63%	9.02%	8.94%
392.12	2009	0	0	0	0	NA	13.21%	13.48%	11.66%	10.69%	10.69%	10.69%	10.37%	10.63%	9.02%
392.12	2010	192,780	10,783	0	10,783	5.59%	5.59%	10.08%	12.14%	10.90%	10.10%	10.10%	10.10%	9.83%	10.10%
392.12	2011	308,999	23,846	(8,856)	32,702	10.58%	8.67%	8.67%	10.28%	11.80%	10.84%	10.17%	10.17%	10.17%	9.94%
392.12	2012	223,587	9,845	(16,654)	26,499	11.85%	11.12%	9.65%	9.65%	10.63%	11.81%	10.95%	10.35%	10.35%	10.35%
392.12	2013	136,986	234,146	0	234,146	170.93%	72.29%	43.81%	35.27%	35.27%	29.91%	23.93%	20.92%	19.83%	19.83%
392.12	2014	62,179	378,570	0	378,570	608.84%	307.64%	151.20%	91.82%	73.84%	73.84%	59.87%	43.49%	37.09%	35.20%
392.12	2015	329,239	241,446	0	241,446	73.33%	158.40%	161.65%	117.11%	86.09%	73.71%	73.71%	62.77%	47.98%	41.69%
392.12	2016	63,032	9,996	0	9,996	15.86%	64.10%	138.63%	146.11%	109.28%	82.15%	70.94%	70.94%	60.91%	47.08%

**SOUTHWEST GAS CORPORATION**  
**SOUTHERN NEVADA - NET SALVAGE ANALYSIS**  
**Depreciation Study as of December 31, 2022**

FERC	Activity	Retirements	Salvage	Removal Cost	Net Salvage	Net Salv. %	2- yr Net Salv. %	3- yr Net Salv. %	4- yr Net Salv. %	5- yr Net Salv. %	6- yr Net Salv. %	7- yr Net Salv. %	8- yr Net Salv. %	9- yr Net Salv. %	10- yr Net Salv. %
392.12	2017	288,705	46,775	0	46,775	16.20%	16.14%	43.79%	91.07%	103.50%	84.93%	68.67%	61.10%	61.10%	54.05%
392.12	2018	0	336,595	0	336,595	NA	132.79%	111.84%	93.22%	136.36%	141.74%	115.43%	92.50%	82.06%	82.06%
392.12	2019	74,968	171,400	0	171,400	228.63%	677.61%	152.55%	132.36%	106.65%	144.82%	148.56%	122.63%	99.36%	88.60%
392.12	2020	606,938	14,775	0	14,775	2.43%	27.30%	76.66%	58.68%	56.07%	60.24%	84.18%	91.78%	81.77%	71.27%
392.12	2021	198,327	6,100	0	6,100	3.08%	2.59%	21.84%	60.08%	49.25%	47.54%	52.98%	74.27%	81.79%	73.91%
392.12	2022	703,368	80,350	0	80,350	11.42%	9.59%	6.71%	17.22%	38.47%	35.04%	34.41%	40.07%	55.27%	61.70%
<b>393 Stores Equipment</b>															
393	1993	1,144	0	0	0	0.00%									
393	1994	0	0	0	0	NA	0.00%								
393	1995	0	0	0	0	NA	NA	0.00%							
393	1996	0	0	0	0	NA	NA	NA	0.00%						
393	1997	0	0	0	0	NA	NA	NA	NA	0.00%					
393	1998	0	0	0	0	NA	NA	NA	NA	NA	0.00%				
393	1999	0	0	0	0	NA	NA	NA	NA	NA	NA	0.00%			
393	2000	29,273	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%		
393	2001	19,077	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
393	2002	2,213	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
393	2003	23,196	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
393	2004	0	0	0	0	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
393	2005	2,538	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
393	2006	0	0	0	0	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
393	2007	6,200	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
393	2008	201,087	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
393	2009	152,797	1,240	0	1,240	0.81%	0.35%	0.34%	0.34%	0.34%	0.34%	0.32%	0.32%	0.30%	0.28%
393	2010	0	0	0	0	NA	0.81%	0.35%	0.34%	0.34%	0.34%	0.34%	0.32%	0.32%	0.30%
393	2011	0	0	0	0	NA	NA	0.81%	0.35%	0.34%	0.34%	0.34%	0.34%	0.32%	0.32%
393	2012	9,542	0	0	0	0.00%	0.00%	0.00%	0.76%	0.34%	0.34%	0.34%	0.33%	0.33%	0.31%
393	2013	0	0	0	0	NA	0.00%	0.00%	0.00%	0.76%	0.34%	0.34%	0.34%	0.33%	0.33%
393	2014	0	0	0	0	NA	NA	0.00%	0.00%	0.00%	0.76%	0.34%	0.34%	0.34%	0.33%
393	2015	0	0	0	0	NA	NA	NA	0.00%	0.00%	0.00%	0.76%	0.34%	0.34%	0.34%
393	2016	0	0	0	0	NA	NA	NA	NA	0.00%	0.00%	0.00%	0.76%	0.34%	0.34%
393	2017	0	0	0	0	NA	NA	NA	NA	NA	0.00%	0.00%	0.00%	0.76%	0.34%
393	2018	0	0	0	0	NA	NA	NA	NA	NA	NA	0.00%	0.00%	0.00%	0.76%
393	2019	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	0.00%	0.00%	0.00%
393	2020	0	21,175	0	21,175	NA	NA	NA	NA	NA	NA	NA	NA	221.91%	221.91%
393	2021	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	221.91%
393	2022	0	350	0	350	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA

**SOUTHWEST GAS CORPORATION**  
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FERC	Activity	Year	Retirements	Salvage	Removal Cost	Net Salvage	Net Salv. %	2-yr Net Salv. %	3-yr Net Salv. %	4-yr Net Salv. %	5-yr Net Salv. %	6-yr Net Salv. %	7-yr Net Salv. %	8-yr Net Salv. %	9-yr Net Salv. %	10-yr Net Salv. %
<b>394 Tools, Shop &amp; Garage Eq</b>																
394	1985		2,040	3,086	0	3,086	151.27%									
394	1986		12,175	0	0	0	0.00%	21.71%								
394	1987		5,695	0	0	0	0.00%	0.00%	15.50%							
394	1988		2,908	0	0	0	0.00%	0.00%	0.00%	13.52%						
394	1989		941	0	0	0	0.00%	0.00%	0.00%	0.00%	12.99%					
394	1990		5,052	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	10.71%				
394	1991		19,858	200	0	200	1.01%	0.80%	0.77%	0.70%	0.58%	0.43%	6.75%			
394	1992		244,994	0	0	0	0.00%	0.08%	0.07%	0.07%	0.07%	0.07%	0.07%	1.12%		
394	1993		60,399	0	0	0	0.00%	0.00%	0.06%	0.06%	0.06%	0.06%	0.06%	0.06%	0.93%	
394	1994		3,608	0	0	0	0.00%	0.00%	0.00%	0.06%	0.06%	0.06%	0.06%	0.06%	0.06%	0.92%
394	1995		25,667	2,393	0	2,393	9.32%	8.17%	2.67%	0.72%	0.73%	0.72%	0.72%	0.71%	0.70%	0.68%
394	1996		38,885	0	0	0	0.00%	3.71%	3.51%	1.86%	0.64%	0.66%	0.65%	0.65%	0.64%	0.64%
394	1997		1,727	1,805	0	1,805	104.52%	4.44%	6.33%	6.01%	3.22%	1.12%	1.11%	1.10%	1.10%	1.09%
394	1998		9,999	0	0	0	0.00%	15.39%	3.57%	5.50%	5.25%	2.99%	1.09%	1.09%	1.07%	1.07%
394	1999		80,144	0	0	0	0.00%	0.00%	1.96%	1.38%	2.68%	2.62%	1.90%	0.90%	0.91%	0.90%
394	2000		392,439	0	0	0	0.00%	0.00%	0.00%	0.37%	0.34%	0.76%	0.76%	0.68%	0.49%	0.50%
394	2001		405,886	0	0	0	0.00%	0.00%	0.00%	0.00%	0.20%	0.19%	0.44%	0.44%	0.41%	0.33%
394	2002		210,588	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.16%	0.16%	0.36%	0.36%	0.34%
394	2003		719,667	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.10%	0.10%	0.22%	0.22%
394	2004		81,625	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.09%	0.09%	0.21%
394	2005		398,894	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.08%	0.08%
394	2006		0	0	0	0	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.08%
394	2007		190,783	8,100	0	8,100	4.25%	4.25%	1.37%	1.21%	0.58%	0.51%	0.40%	0.34%	0.33%	0.33%
394	2008		88,097	0	0	0	0.00%	2.90%	2.90%	1.20%	1.07%	0.55%	0.48%	0.39%	0.33%	0.32%
394	2009		306,510	0	0	0	0.00%	0.00%	1.38%	1.38%	0.82%	0.76%	0.45%	0.41%	0.34%	0.29%
394	2010		131,734	208	23,412	(23,204)	-17.61%	-5.29%	-4.41%	-2.11%	-2.11%	-1.35%	-1.26%	-0.79%	-0.71%	-0.60%
394	2011		223,643	0	0	0	0.00%	-6.53%	-3.51%	-3.09%	-1.61%	-1.61%	-1.13%	-1.06%	-0.71%	-0.64%
394	2012		28,574	0	0	0	0.00%	0.00%	-6.04%	-3.36%	-2.98%	-1.56%	-1.56%	-1.10%	-1.04%	-0.70%
394	2013		52,746	0	0	0	0.00%	0.00%	0.00%	-5.31%	-3.12%	-2.79%	-1.48%	-1.48%	-1.06%	-1.01%
394	2014		14,309	0	0	0	0.00%	0.00%	0.00%	0.00%	-5.14%	-3.06%	-2.74%	-1.46%	-1.46%	-1.05%
394	2015		10,204	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	-5.03%	-3.02%	-2.71%	-1.44%	-1.44%
394	2016		114,739	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	-4.03%	-2.63%	-2.39%	-1.30%
394	2017		39,658	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	-3.77%	-2.52%	-2.30%
394	2018		78,120	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	-3.34%	-2.32%
394	2019		34,235	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	-3.19%
394	2020		166,805	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
394	2021		79,271	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
394	2022		142,647	1,305	0	1,305	0.91%	0.59%	0.34%	0.31%	0.26%	0.24%	0.20%	0.20%	0.19%	0.18%

**SOUTHWEST GAS CORPORATION**  
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FERC	Activity	Year	Retirements	Salvage	Removal Cost	Net Salvage	Net Salv. %	2-yr Net Salv. %	3-yr Net Salv. %	4-yr Net Salv. %	5-yr Net Salv. %	6-yr Net Salv. %	7-yr Net Salv. %	8-yr Net Salv. %	9-yr Net Salv. %	10-yr Net Salv. %
<b>395 Laboratory Equipment</b>																
395	1993		539	0	0	0	0.00%									
395	1994		0	0	0	0	NA	0.00%								
395	1995		0	0	0	0	NA	NA	0.00%							
395	1996		0	0	0	0	NA	NA	NA	0.00%						
395	1997		0	0	0	0	NA	NA	NA	NA	0.00%					
395	1998		2,538	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%				
395	1999		6,942	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%			
395	2000		3,892	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%		0.00%		
395	2001		5,958	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
395	2002		0	0	0	0	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
395	2003		15,216	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
395	2004		0	0	0	0	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
395	2005		0	0	0	0	NA	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
395	2006		0	0	0	0	NA	NA	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
395	2007		12,668	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
395	2008		0	0	0	0	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
395	2009		10,625	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
395	2010		55,265	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
395	2011		0	0	0	0	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
395	2012		0	0	0	0	NA	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
395	2013		0	0	0	0	NA	NA	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
395	2014		0	0	0	0	NA	NA	NA	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
395	2015		0	0	0	0	NA	NA	NA	NA	NA	0.00%	0.00%	0.00%	0.00%	0.00%
395	2016		0	0	0	0	NA	NA	NA	NA	NA	NA	0.00%	0.00%	0.00%	0.00%
395	2017		0	0	0	0	NA	NA	NA	NA	NA	NA	NA	0.00%	0.00%	0.00%
395	2018		0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	0.00%	0.00%
395	2019		0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	0.00%
395	2020		0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
395	2021		13,576	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
395	2022		0	0	0	0	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>396 Power Operated Equipment</b>																
396	1986		3,255	0	0	0	0.00%									
396	1987		0	0	0	0	NA	0.00%								
396	1988		11,988	2,951	0	2,951	24.62%	24.62%	19.36%							

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396	1989	5,263	1,536	0	1,536	29.18%	26.01%	26.01%	21.88%						
396	1990	10,971	6,000	0	6,000	54.69%	46.42%	37.16%	37.16%	33.32%					
396	1991	48,594	8,700	0	8,700	17.90%	24.68%	25.04%	24.98%	24.98%	23.96%				
396	1992	700	0	0	0	0.00%	17.65%	24.39%	24.78%	24.75%	24.75%	23.75%			
396	1993	0	0	0	0	NA	0.00%	17.65%	24.39%	24.78%	24.75%	24.75%	23.75%		
396	1994	280,247	139,050	0	139,050	49.62%	49.62%	49.49%	44.84%	45.15%	44.91%	44.23%	44.23%	43.83%	
396	1995	65,042	50,288	0	50,288	77.32%	54.83%	54.83%	54.72%	50.19%	50.31%	50.04%	49.32%	49.32%	48.94%
396	1996	29,307	0	0	0	0.00%	53.30%	50.54%	50.54%	50.45%	46.72%	46.92%	46.71%	46.12%	46.12%
396	1997	66,101	0	0	0	0.00%	0.00%	31.34%	42.96%	42.96%	42.90%	40.42%	40.73%	40.61%	40.24%
396	1998	729	0	0	0	0.00%	0.00%	0.00%	31.20%	42.89%	42.89%	42.82%	40.36%	40.67%	40.55%
396	1999	66,669	1,090	0	1,090	1.63%	1.62%	0.82%	0.67%	22.55%	37.48%	37.48%	37.43%	35.73%	36.09%
396	2000	729	0	0	0	0.00%	1.62%	1.60%	0.81%	0.67%	22.48%	37.43%	37.43%	37.37%	35.68%
396	2001	91,125	0	0	0	0.00%	0.00%	0.69%	0.68%	0.48%	0.43%	16.07%	31.74%	31.74%	31.70%
396	2002	0	0	0	0	NA	0.00%	0.00%	0.69%	0.68%	0.48%	0.43%	16.07%	31.74%	31.74%
396	2003	0	0	0	0	NA	NA	0.00%	0.00%	0.69%	0.68%	0.48%	0.43%	16.07%	31.74%
396	2004	40,369	1,311	0	1,311	3.25%	3.25%	3.25%	1.00%	0.99%	1.21%	1.20%	0.90%	0.81%	14.63%
396	2005	143,831	0	0	0	0.00%	0.71%	0.71%	0.71%	0.48%	0.47%	0.70%	0.70%	0.59%	0.55%
396	2006	172,546	92,155	0	92,155	53.41%	29.13%	26.20%	26.20%	26.20%	20.87%	20.84%	18.35%	18.32%	16.24%
396	2007	119,697	8,615	0	8,615	7.20%	34.48%	23.11%	21.43%	21.43%	17.99%	17.96%	16.25%	16.23%	
396	2008	130,534	30,805	0	30,805	23.60%	15.75%	31.12%	23.22%	21.89%	21.89%	19.04%	19.04%	19.02%	17.50%
396	2009	50,240	3,625	0	3,625	7.22%	19.05%	14.33%	28.58%	21.92%	20.77%	20.77%	20.77%	18.24%	18.22%
396	2010	0	410	0	410	NA	8.03%	19.27%	14.46%	28.67%	21.98%	20.83%	20.83%	20.83%	18.30%
396	2011	0	0	0	0	NA	NA	8.03%	19.27%	14.46%	28.67%	21.98%	20.83%	20.83%	20.83%
396	2012	229,853	150	0	150	0.07%	0.07%	0.24%	1.49%	8.52%	8.22%	19.32%	16.03%	15.45%	15.45%
396	2013	12,732	0	0	0	0.00%	0.06%	0.06%	0.23%	1.43%	8.26%	8.03%	18.97%	15.80%	15.23%
396	2014	2,896	0	0	0	0.00%	0.00%	0.06%	0.06%	0.23%	1.42%	8.21%	7.99%	18.89%	15.74%
396	2015	111,623	0	0	0	0.00%	0.00%	0.00%	0.04%	0.04%	0.16%	1.03%	6.51%	6.63%	16.35%
396	2016	67,695	640	0	640	0.95%	0.36%	0.35%	0.33%	0.19%	0.19%	0.28%	1.02%	5.88%	6.10%
396	2017	0	8,315	0	8,315	NA	13.23%	4.99%	4.91%	4.59%	2.14%	2.14%	2.24%	2.77%	7.26%
396	2018	11,903	78,320	0	78,320	657.99%	727.84%	109.64%	45.64%	44.96%	42.19%	20.02%	20.02%	20.11%	18.78%
396	2019	199,061	35,400	0	35,400	17.78%	53.90%	57.85%	44.02%	31.43%	31.20%	30.22%	19.32%	19.32%	19.38%
396	2020	121,963	34,254	0	34,254	28.09%	21.70%	44.45%	46.94%	39.17%	30.64%	30.46%	29.73%	20.73%	20.73%
396	2021	243,260	1,350	0	1,350	0.55%	9.75%	12.58%	25.92%	27.36%	24.58%	20.95%	20.87%	20.53%	15.83%
396	2022	340,603	32,400	0	32,400	9.51%	5.78%	9.63%	11.43%	19.82%	20.73%	19.37%	17.40%	17.35%	17.15%
<b>397 Communication Equipment</b>															
397	1985	6,254	0	0	0	0.00%									
397	1986	717	0	146	(146)	-20.36%	-2.09%								
397	1987	2,698	0	0	0	0.00%	-4.28%	-1.51%							



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397	1988	54,532	0	0	0	0.00%	0.00%	-0.25%	-0.23%						
397	1989	0	0	0	0	NA	0.00%	0.00%	-0.25%	-0.23%					
397	1990	960	0	0	0	0.00%	0.00%	0.00%	0.00%	-0.25%	-0.22%				
397	1991	79,635	0	363	(363)	-0.46%	-0.45%	-0.45%	-0.27%	-0.26%	-0.37%	-0.35%			
397	1992	2,434	0	0	0	0.00%	-0.44%	-0.44%	-0.44%	-0.26%	-0.26%	-0.36%	-0.35%		
397	1993	3,709	0	0	0	0.00%	0.00%	-0.42%	-0.42%	-0.42%	-0.26%	-0.25%	-0.35%	-0.34%	
397	1994	16,613	0	0	0	0.00%	0.00%	0.00%	-0.35%	-0.35%	-0.35%	-0.23%	-0.23%	-0.23%	-0.30%
397	1995	23,260	0	0	0	0.00%	0.00%	0.00%	0.00%	-0.29%	-0.29%	-0.29%	-0.20%	-0.20%	-0.28%
397	1996	232,262	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	-0.10%	-0.10%	-0.10%	-0.09%	-0.09%
397	1997	0	0	0	0	NA	0.00%	0.00%	0.00%	0.00%	0.00%	-0.10%	-0.10%	-0.10%	-0.09%
397	1998	988	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	-0.10%	-0.10%	-0.10%
397	1999	186,031	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	-0.07%	-0.07%
397	2000	217,320	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	-0.05%
397	2001	34,541	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
397	2002	35,445	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
397	2003	337,616	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
397	2004	12,953	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
397	2005	0	0	0	0	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
397	2006	0	0	0	0	NA	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
397	2007	28,490	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
397	2008	0	0	0	0	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
397	2009	679,087	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
397	2010	102,301	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
397	2011	2,623	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
397	2012	0	0	0	0	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
397	2013	0	0	0	0	NA	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
397	2014	0	0	0	0	NA	NA	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
397	2015	1,070	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
397	2016	0	0	0	0	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
397	2017	0	0	0	0	NA	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
397	2018	0	0	0	0	NA	NA	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
397	2019	0	0	0	0	NA	NA	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
397	2020	11,900	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
397	2021	34,349	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
397	2022	2,903	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>397.2 Telemetering Equipment</b>															
397.2	1986	4,000	1,460	0	1,460	36.50%									
397.2	1987	0	0	0	0	NA	36.50%								

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397.2	1988	0	0	0	0	NA	NA	36.50%							
397.2	1989	0	0	0	0	NA	NA	NA	36.50%						
397.2	1990	0	0	0	0	NA	NA	NA	NA	36.50%					
397.2	1991	0	0	0	0	NA	NA	NA	NA	NA	36.50%				
397.2	1992	0	0	0	0	NA	NA	NA	NA	NA	NA	36.50%			
397.2	1993	1,017	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	29.10%		
397.2	1994	6,080	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	13.16%	
397.2	1995	0	0	0	0	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	13.16%
397.2	1996	0	0	0	0	NA	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
397.2	1997	0	0	0	0	NA	NA	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
397.2	1998	0	0	0	0	NA	NA	NA	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
397.2	1999	0	0	0	0	NA	NA	NA	NA	NA	0.00%	0.00%	0.00%	0.00%	0.00%
397.2	2000	83,423	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
397.2	2001	57,974	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
397.2	2002	379,187	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
397.2	2003	5,134	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
397.2	2004	0	0	0	0	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
397.2	2005	0	0	0	0	NA	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
397.2	2006	0	0	0	0	NA	NA	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
397.2	2007	10,474	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
397.2	2008	0	0	0	0	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
397.2	2009	112,320	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
397.2	2010	0	0	0	0	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
397.2	2011	0	0	0	0	NA	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
397.2	2012	0	0	0	0	NA	NA	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
397.2	2013	0	0	0	0	NA	NA	NA	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
397.2	2014	0	0	0	0	NA	NA	NA	NA	NA	0.00%	0.00%	0.00%	0.00%	0.00%
397.2	2015	0	0	0	0	NA	NA	NA	NA	NA	NA	0.00%	0.00%	0.00%	0.00%
397.2	2016	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	0.00%	0.00%	0.00%
397.2	2017	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	0.00%	0.00%
397.2	2018	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	0.00%
397.2	2019	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
397.2	2020	57,109	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
397.2	2021	0	0	0	0	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
397.2	2022	0	0	0	0	NA	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>398 Miscellaneous Equipment</b>															
398	1986	1,396	0	0	0	0.00%									
398	1987	0	0	0	0	0.00%	0.00%								

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398	1988	0	0	0	0	0.00%	0.00%	0.00%							
398	1989	0	0	0	0	0.00%	0.00%	0.00%	0.00%						
398	1990	0	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%					
398	1991	2,507	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%				
398	1992	0	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%			
398	1993	9,994	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%		
398	1994	2,101	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
398	1995	863	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
398	1996	1,848	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
398	1997	2,973	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
398	1998	0	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
398	1999	35,453	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
398	2000	81,844	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
398	2001	47,783	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
398	2002	11,763	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
398	2003	16,293	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
398	2004	12,301	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
398	2005	0	0	0	0	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
398	2006	0	0	0	0	NA	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
398	2007	14,315	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
398	2008	22,918	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
398	2009	83,471	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
398	2010	40,851	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
398	2011	29,610	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
398	2012	0	0	0	0	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
398	2013	0	0	0	0	NA	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
398	2014	0	0	0	0	NA	NA	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
398	2015	2,102	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
398	2016	0	0	0	0	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
398	2017	5,110	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
398	2018	0	0	0	0	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
398	2019	0	0	0	0	NA	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
398	2020	0	0	0	0	NA	NA	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
398	2021	46,959	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
398	2022	44,756	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

# **SOUTHWEST GAS CORPORATION**

## **NORTHERN NEVADA DEPRECIATION RATE STUDY AT DECEMBER 31, 2022**

**September 5, 2023**



<http://www.utilityalliance.com>

**SOUTHWEST GAS CORPORATION  
NORTHERN NEVADA  
DEPRECIATION RATE STUDY  
EXECUTIVE SUMMARY**

Southwest Gas Corporation (“Southwest Gas” or “Company”) engaged Alliance Consulting Group to conduct a depreciation study of the Company’s Northern Nevada utility plant depreciable assets as of December 31, 2022.

This study was conducted under the traditional depreciation study approach. The net salvage analysis is the same approach previously used by Southwest Gas and approved most recently in Docket No. 18-050301.

Life and net salvage characteristics show some change. For the majority of the accounts, the recommendation is to retain the existing life. Three accounts have proposed life increases, four accounts have proposed life decreases, 11 accounts have no change, and for two accounts no comparison is possible. Similarly, the recommendation for net salvage is to retain the majority of the existing net salvage: two accounts have a proposed increase (more positive or less negative), four accounts have a proposed decrease (more negative or less positive), 12 accounts remain unchanged, and for two accounts no comparison is possible.

Most of the accounts in general property continue to be amortized under Accounting Release 15 (“AR-15”) issued by the Federal Energy Regulatory Commission (“FERC”). Schedule B demonstrates those computations in depreciation expense.

This study recommends an overall increase of approximately \$696 thousand in annual depreciation expense compared to the depreciation rates currently in effect. Schedule A demonstrates the change in depreciation expense for the various accounts.

**Index for Statements A, B & C**

**Statement A (1)(a) see Schedule C on page 41.**

**Statement A (1)(b) see Schedule A on page 36.**

**Statement A (1)(c) see Schedule A on page 36 and Schedule C on page 41.**

**Statement A (1)(d) see Schedule A on page 36.**

**Statement B see pages 3 through 9.**

**Statement C see pages 14 through 35.**

**SOUTHWEST GAS CORPORATION  
NORTHERN NEVADA  
DEPRECIATION RATE STUDY  
AT DECEMBER 31, 2022**

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## **PURPOSE**

The purpose of this study is to develop depreciation rates for the depreciable property as recorded on Southwest Gas' books at December 31, 2022, for Northern Nevada. The account-based depreciation rates were designed to recover the total remaining undepreciated investment, adjusted for net salvage, over the remaining life of Northern Nevada's property on a straight-line basis. Non-depreciable property and certain property that is amortized, such as intangible software, were excluded from this study.

The Northern Nevada Division of Southwest Gas provides local gas distribution service to municipalities in Northern Nevada. Southwest Gas owns distribution mains, services, meters, and various other plant assets to serve its customers. Southwest Gas' assets consist of a complex system of intermediate and low-pressure distribution networks located across the service area. Once gas is metered into individual cities, the pressure is reduced through regulators to meet system requirements as determined by pressure and volume needs. Gas is then delivered to customers for burner tip consumption.



## STUDY RESULTS

Overall depreciation rates for Southwest Gas' Northern Nevada depreciable property are shown in Schedule A. These rates translate into an annual depreciation accrual of approximately \$8.7 million based on Southwest Gas' depreciable investment at December 31, 2022. The annual equivalent depreciation expense calculated by the same method using the approved rates is approximately \$8.0 million. Schedule A presents a comparison of approved rates versus proposed rates by account. Schedule B demonstrates the development of the annual depreciation rates and accruals by account. Schedule C presents a comparison of mortality and net salvage estimates by account.

Consistent with FERC AR-15 and prior studies, this depreciation study continues to use Vintage Group Amortization accounting in Accounts 391.00 - 398.00. This process provides for the amortization of general plant over the same life as recommended in this study. At the end of the amortized life, property will be retired from the books. Implementation of this approach provides for the timely retirement of assets and the simplification of accounting for general property. The Public Utilities Commission of Nevada ("PUCN") initially approved this approach in Docket No. 07-09030 and reaffirmed it in the Company's last general rate case in Docket No. 18-050301.

The Company anticipates implementing several RNG projects in the near future. Since the projects are not yet well defined in terms of assets, a general discussion with Company personnel indicated if the assets are owned a life around 30 years was a reasonable expectation and 20 years if tied to a contract (which assumes a 20-year contract). The resulting rates 3.33% and 5.00% are included in the study for approval.

## GENERAL DISCUSSION

### **Definition**

The term "depreciation" as used in this study is considered in the accounting sense, that is, a system of accounting that distributes the cost of assets, less net salvage (if any), over the estimated useful life of the assets in a systematic and rational manner. It is a process of allocation, not valuation. This expense is systematically allocated to accounting periods over the life of the properties. The amount allocated to any one accounting period does not necessarily represent the loss or decrease in value that will occur during that particular period. The Company accrues depreciation on the basis of the original cost of all depreciable property included in each property group. On retirement the full cost of depreciable property, less the net salvage value, is charged to the depreciation reserve.

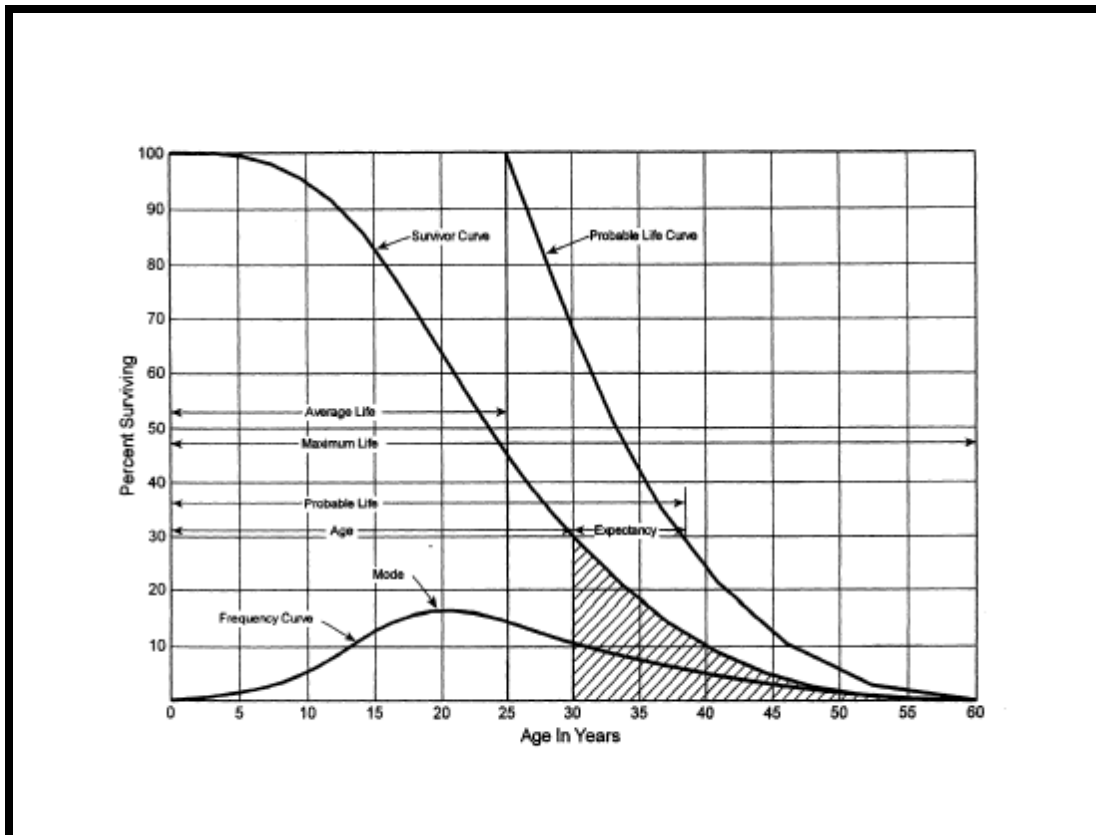
### **Basis of Depreciation Estimates**

The straight-line, broad (average) life group, remaining-life depreciation system was employed to calculate annual accrued depreciation in this study. In this system, the annual depreciation expense for each group is computed by dividing the original cost of the asset less book depreciation reserve less estimated net salvage by its respective average life group remaining life. The calculated remaining lives and annual depreciation accrual rates were based on attained ages of plant in service and the estimated service life and salvage characteristics of each depreciable group. These computations of the annual depreciation accrual and rates along with the remaining life are shown in Schedule B. The calculation of the functional depreciation rates is shown in Schedule A.

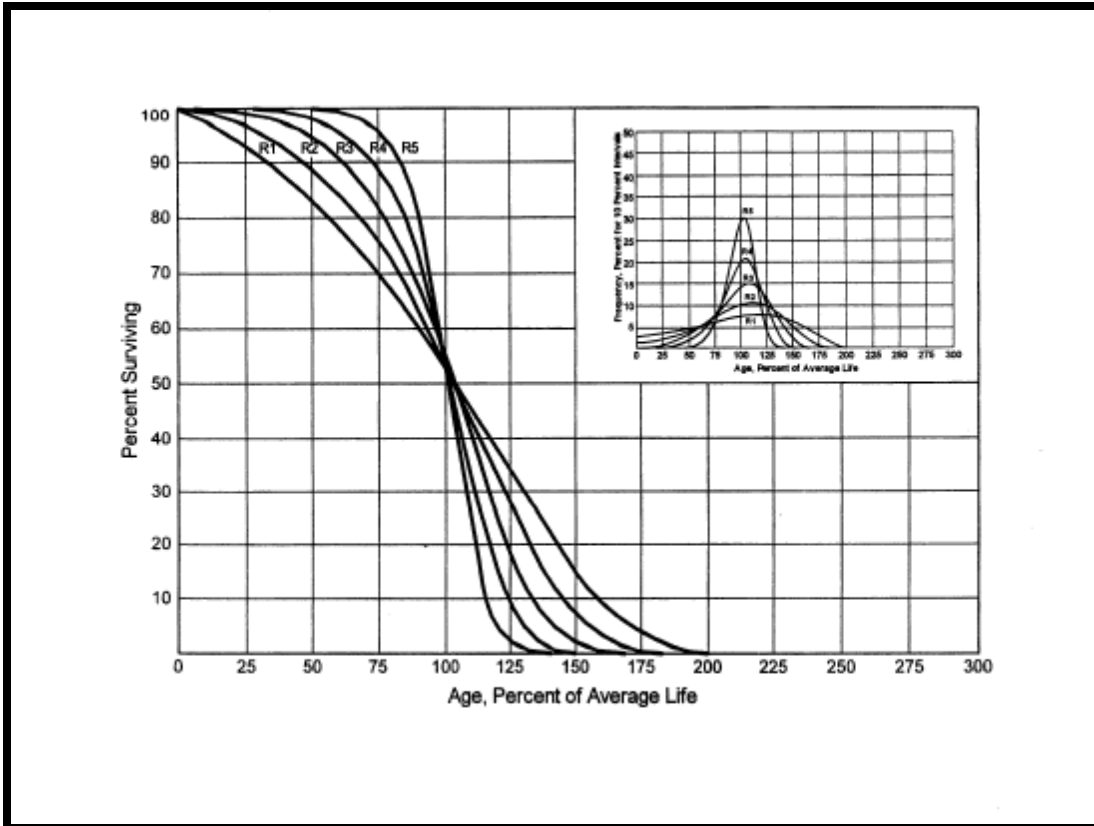
Actuarial analysis was used with each account within a function where sufficient data was available, and judgment was used to some degree on all accounts.

## Survivor Curves

To fully understand depreciation projections in a regulated utility setting, there must be a basic understanding of survivor curves. Individual property units within a group do not normally have identical lives or investment amounts. The average life of a group can be determined by first constructing a survivor curve which is plotted as a percentage of the units surviving at each age. A survivor curve represents the percentage of property remaining in service at various age intervals. The Iowa Curves are the result of an extensive investigation of life characteristics of physical property made at Iowa State College Engineering Experiment Station in the first half of the prior century. Through common usage, revalidation and regulatory acceptance, these curves have become a descriptive standard for the life characteristics of industrial property. An example of an Iowa Curve is shown below.



There are four families in the Iowa Curves that are distinguished by the relation of the age at the retirement mode (largest annual retirement frequency) and the average life. For distributions with the mode age greater than the average life, an "R" designation (i.e., Right modal) is used. The family of "R" moded curves is shown below.



Similarly, an "S" designation (i.e., Symmetric modal) is used for the family whose mode age is symmetric about the average life. An "L" designation (i.e., Left modal) is used for the family whose mode age is less than the average life. A special case of left modal dispersion is the "O" or origin modal curve family. Within each curve family, numerical designations are used to describe the relative magnitude of the retirement frequencies at the mode. A "6" indicates that the retirements are not greatly dispersed from the mode (i.e., high mode frequency) while a "1" indicates a large dispersion about the mode (i.e., low

mode frequency). For example, a curve with an average life of 30 years and an "L3" dispersion is a moderately dispersed, left modal curve that can be designated as a 30 L3 Curve. An SQ, or square, survivor curve occurs where no dispersion is present (i.e., units of common age retire simultaneously).

Most property groups can be closely fitted to one Iowa Curve with a unique average service life. The blending of judgment concerning current conditions and future trends along with the matching of historical data, permits the depreciation analyst to make an informed selection of an account's average life and retirement dispersion pattern.

### **Actuarial Analysis**

Actuarial analysis (retirement rate method) was used in evaluating historical asset retirement experience where vintage data were available and sufficient retirement activity was present. In actuarial analysis, interval exposures (total property subject to retirement at the beginning of the age interval, regardless of vintage) and age interval retirements are calculated. The complement of the ratio of interval retirements to interval exposures establishes a survivor ratio. The survivor ratio is the fraction of property surviving to the end of the selected age interval, given that it has survived to the beginning of that age interval. Survivor ratios for all of the available age intervals were chained by successive multiplications to establish a series of survivor factors, collectively known as an observed life table. The observed life table shows the experienced mortality characteristic of the account and may be compared to standard mortality curves such as the Iowa Curves. Where data was available, accounts were analyzed using this method. Placement bands were used to illustrate the composite history over a specific era, and experience bands were used to focus on retirement history for all vintages during a set period. The results from these analyses for those accounts which had data sufficient to be analyzed using this method are shown in the Life Analysis section of this report.

## **Judgment**

Any depreciation study requires informed judgment by the analyst conducting the study. A knowledge of the property being studied, company policies and procedures, general trends in technology and industry practice, and a sound basis of understanding depreciation theory are needed to apply this informed judgment. Judgment was used in areas such as survivor curve modeling and selection, depreciation method selection, simulated plant record method analysis, and actuarial analysis.

Judgment is not as influential in cases where there are specific, significant pieces of information that impact the choice of a life or curve. Those cases would primarily involve a reflection of specific facts into the analysis. Where there are multiple factors, activities, actions, property characteristics, statistical inconsistencies, implications of applying certain curves, property mix in accounts or a multitude of other considerations that impact the analysis (potentially in various directions), judgment is used to take all of these factors and synthesize them into a general direction or understanding of the characteristics of the property. Individually, no one factor in these cases may have a substantial impact on the analysis, but overall, may shed light on the utilization and characteristics of assets. Judgment may also be defined as deduction, inference, wisdom, common sense, or the ability to make sensible decisions. There is no single correct result from statistical analysis; hence, there is no answer absent judgment. At the very least for example, any analysis requires choosing which bands to place more emphasis.

The establishment of appropriate average service lives and retirement dispersions for the Distribution and General Plant accounts requires judgment to incorporate the understanding of the operation of the system with the available accounting information analyzed using the Retirement Rate actuarial methods. The appropriateness of lives and curves depends not only on statistical analyses, but also on how well future retirement patterns will match past retirements.

Current applications and trends in use of the equipment also need to be factored into life and survivor curve choices for appropriate mortality characteristics to be chosen.

### **Average Life Group Depreciation**

Southwest Gas was authorized to use the average life group (“ALG”) depreciation procedure in Nevada Consolidated Docket No. 18-050301. At the request of Southwest Gas, this study continues to use the ALG depreciation procedure to group the assets within each account for rate calculations. After an average service life and dispersion were selected for each account, those parameters are used to estimate what portion of the surviving investment of each vintage was expected to retire. The depreciation of the group continues until all investment in the vintage group is retired. ALG groups are defined by their respective account dispersion, life, and net salvage estimates. A straight-line rate for each ALG group is calculated by computing a composite remaining life for each group across all vintages within the group, dividing the remaining investment to be recovered by the remaining life to find the annual depreciation expense and dividing the annual depreciation expense by the surviving investment. The resultant rate for each ALG group is designed to recover all retirements less net salvage when the last unit retires. The ALG procedure recovers net book cost over the life of each account by averaging many components.

### **Theoretical Depreciation Reserve**

The book depreciation reserve is derived from Company records. This study used a reserve model that relies on a prospective concept relating future retirement and accrual patterns for property, given current life and salvage estimates. The theoretical reserve of a group is developed from the estimated remaining life, total life of the property group, and estimated net salvage. The theoretical reserve represents the portion of the group cost that would have been accrued if current forecasts were used throughout the life of the group for future depreciation accruals. The computation involves multiplying the vintage balances within the group by the theoretical reserve ratio for each vintage. The average life group method requires an estimate of dispersion and service life to establish how much of each vintage is expected to be retired in each year until all property within the group is retired. Estimated average service lives and dispersion determine the amount within each average life group. The straight-line remaining-life theoretical reserve ratio at any given age (RR) is calculated as:

$$RR = 1 - \frac{(Average\ Remaining\ Life)}{(Average\ Service\ Life)} * (1 - Net\ Salvage\ Ratio)$$



## DETAILED DISCUSSION

### Depreciation Study Process

This depreciation study encompassed four distinct phases. The first phase involved data collection and field interviews. The second phase was where the initial data analysis occurred. The third phase was where the information and analysis were evaluated. Once the first three stages were complete, the fourth phase began. This phase involved the calculation of depreciation rates and documenting the corresponding recommendations.

During the Phase 1 data collection process, historical data was compiled from continuing property records and general ledger systems. Data was validated for accuracy by extracting and comparing to multiple financial system sources. Audit of this data was validated against historical data from prior periods, historical general ledger sources, and field personnel discussions. This data was reviewed extensively to put in the proper format for a depreciation study. Further discussion on data review and adjustment is found in the Salvage Considerations Section of this study. Also as part of the Phase 1 data collection process, numerous discussions were conducted with engineers and field operations personnel to obtain information that would assist in formulating life and salvage recommendations in this study. One of the most important elements of performing a proper depreciation study is to understand how the Company utilizes assets and the environment of those assets. Interviews with engineering and operations personnel are important ways to allow the analyst to obtain information that is beneficial when evaluating the output from the life and net salvage programs in relation to the Company's actual asset utilization and environment. Information that was gleaned in these discussions is found both in the Detailed Discussion of this study in the life analysis and salvage analysis sections and also in workpapers.

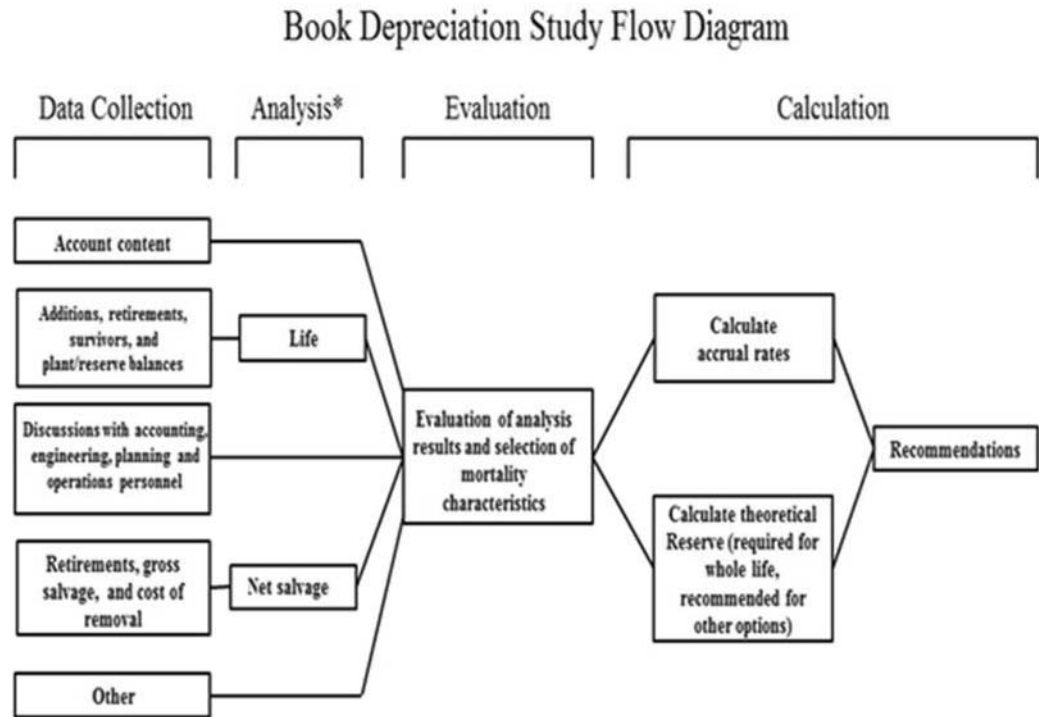
Phase 2 is where the actuarial analysis is performed. Phases 2 and 3 overlap to a significant degree. The detailed property records information is used in Phase 2 to develop observed life tables for life analysis. These tables are visually compared to industry standard tables to determine historical life characteristics. It is possible that the analyst would cycle back to this phase based on the evaluation process performed in Phase 3. Net salvage analysis consists of compiling historical salvage and removal data by functional group to determine values and trends in gross salvage and removal cost. This information is then carried forward into Phase 3 for the evaluation process.

Phase 3 is the evaluation process which synthesizes analysis, interviews, and operational characteristics into a final selection of asset lives and net salvage parameters. The historical analysis from Phase 2 is further enhanced by the incorporation of recent or future changes in the characteristics or operations of assets that were revealed in Phase 1. Phases 2 and 3 allow the depreciation analyst to validate the asset characteristics as seen in the accounting transactions with actual Company operational experience.

Finally, Phase 4 involves calculating accrual rates, making recommendations, and documenting the conclusions in a final report. The calculation of accrual rates is found in Schedule A. Recommendations for the various accounts are contained within the Detailed Discussion of this report. The depreciation study flow diagram shown as Figure 1<sup>1</sup> documents the steps used in conducting this study. Depreciation Systems, page 289 documents the same basic processes in performing a depreciation study which are: statistical analysis, evaluation of statistical analysis, discussions with management, forecast assumptions, write logic supporting forecasts and estimation, and write final report.

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<sup>1</sup> Introduction to Depreciation for Public Utilities and Other Industries, AGA EEI, 2013, p. 49.



Source: Introduction to Depreciation for Public Utilities and Other Industries, AGA EEI, 2013.

\*Although not specifically noted, the mathematical analysis may need some level of input from other sources (for example, to determine analysis bands for life and adjustments to data used in all analysis).

Figure 1

## **SOUTHWEST GAS DEPRECIATION STUDY PROCESS**

**Depreciation Rate Calculation**

Annual depreciation expense amounts for the depreciable accounts of Southwest Gas were calculated by the straight line, average life group, and remaining life procedure.

In a whole life representation, the annual accrual rate is computed by the following equation,

$$AnnualAccrualRate = \frac{(100\% - NetSalvagePercent)}{AverageServiceLife}$$

Use of the remaining life depreciation system adds a self-correcting mechanism, which accounts for any differences between theoretical and book depreciation reserve over the remaining life of the group. With the straight line, remaining life, average life group system using Iowa Curves, composite remaining lives were calculated according to standard broad group expectancy techniques, noted in the formula below:

$$Composite\ Remaining\ Life = \frac{\sum Original\ Cost - Theoretical\ Reserve}{\sum Whole\ Life\ Annual\ Accrual}$$

For each plant account, the difference between the surviving investment, adjusted for estimated net salvage, and the book depreciation reserve, was divided by the composite remaining life to yield the annual depreciation expense as noted in this equation.

$$Annual\ Depreciation\ Expense = \frac{Original\ Cost - Book\ Reserve - (Original\ Cost) * (1 - Net\ Salvage\ %)}{Composite\ Remaining\ Life}$$

where the *Net Salvage%* represents future net salvage.

Within a group, the sum of the group annual depreciation expense amounts, as a percentage of the depreciable original cost investment summed, gives the annual depreciation rate as shown below:

$$AnnualDepreciationRate = \frac{\sum AnnualDepreciationExpense}{\sum OriginalCost}$$

These calculations are shown in Schedule B. The calculations of the theoretical depreciation reserve values and the corresponding remaining life calculations are shown in workpapers. Book depreciation reserves are derived from Company records and are maintained at an account level. The theoretical reserve was used to compute a composite remaining life for each account.

**Remaining Life Calculation**

The establishment of appropriate average service lives and retirement dispersions for each account within a functional group was based on engineering judgment that incorporated available accounting information analyzed using the Retirement Rate actuarial methods. After establishment of appropriate average service lives and retirement dispersion, remaining life was computed for each account. Theoretical depreciation reserve was calculated using theoretical reserve ratios as defined in the theoretical reserve portion of the General Discussion section. The difference between plant balance and theoretical reserve was then spread over the ALG depreciation accruals. Remaining life computations are found for each account in Schedule B.

**LIFE ANALYSIS**

The retirement rate actuarial analysis method was applied to all accounts for Southwest Gas where sufficient historical activity was present. For each account, an actuarial retirement rate analysis was made with placement and experience bands of varying width. The historical observed life table was plotted

and compared with various Iowa Survivor Curves to obtain the most appropriate match. A selected curve for each account is shown in the Life Analysis Section of this report. The observed life tables for all analyzed placement and experience bands are provided in workpapers.

For each account on the overall band (i.e., placement from earliest vintage year, which varied for each account, through 2012), survivor curves approved in Nevada Consolidated Docket No. 18-050301 were used as a starting point. Then using the same average life, various dispersion curves were plotted. Frequently, visual matching would confirm one specific dispersion pattern (i.e., L, S, or R) as an obviously better match than others. The next step would be to determine the most appropriate life using that dispersion pattern. Then, after looking at the overall experience band, different experience bands were plotted and analyzed in increments of approximately ten years, for instance 1983-2022, 1993-2022, 2003-2022, etc. Next placement bands of varying width were plotted with each experience band discussed above. Repeated matching usually pointed to a focus on one dispersion family and small range of service lives. The goal of visual matching was to minimize the differential between the observed life table and Iowa curve in top and mid-range of the plots. These results are used in conjunction with all other factors that may influence asset lives.

## **DISTRIBUTION PLANT**

### **Account 374.20 Rights of Way (75 SQ)**

This account includes the cost of rights of way used in connection with distribution operations. There is approximately \$33 thousand in this account. Currently, the approved life for this account is 75 years with an SQ dispersion. There have been no retirements recorded in this account. This study recommends retaining the 75-year life and SQ dispersion. No graph is provided.

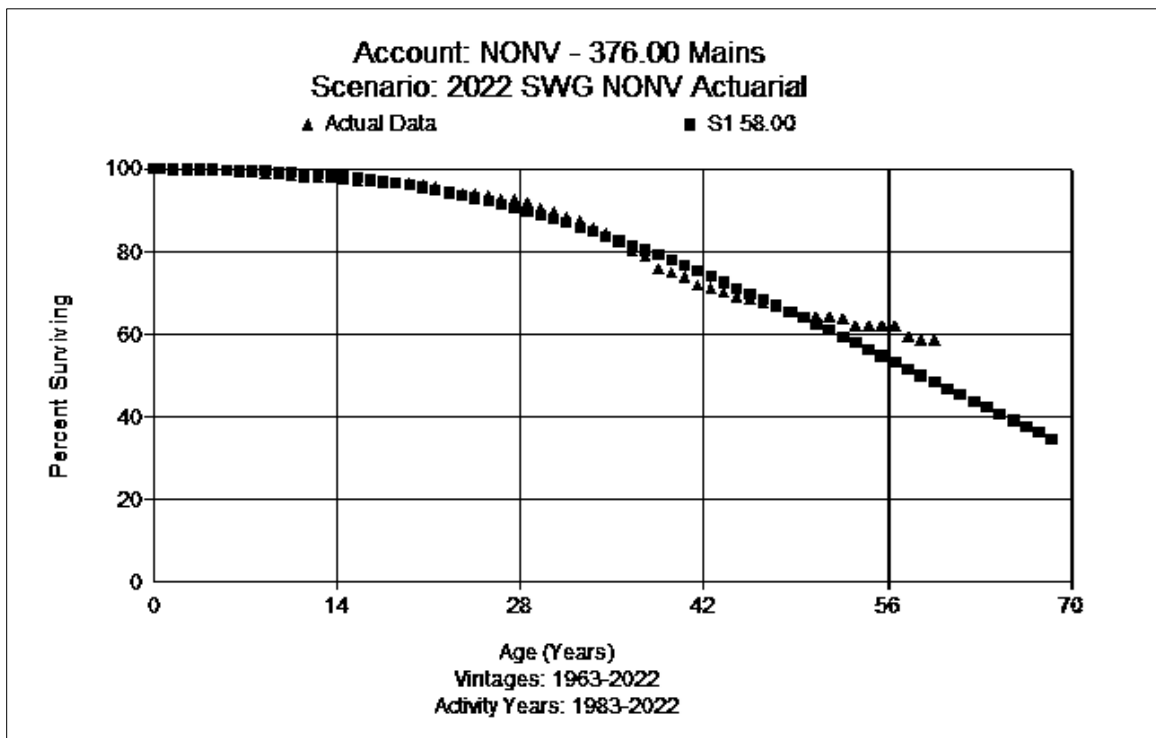
### **Account 376.00 Distribution Mains (58 S1)**

This account includes the cost of mains used in connection with distribution operations. The mains could be made of steel or plastic and are of various sizes. There is approximately \$171.5 million in this account. The current average age of the surviving balance is 15.71 years, and the average age of retirements is 25.21 years. Currently, the approved life for this account is 55 years with the L2 dispersion.

Discussions with Company personnel indicated that the vintage plastic pipe replacement has been ongoing since the early 2000s. They have already replaced PVC and early vintage plastic pipe. The Company has started to replace pre-1970s steel pipe, Vintage Steel Pipe (VSP), which is assumed to have asbestos in the coating. The Company will generally replace pipe instead of retesting due to PHMSA requirements. For steel pipe, they use Close Interval Survey ("CIS") and Direct Current Voltage Gradient ("DCVG") programs, which may provide for a slightly longer life, although it may also trigger some early retirements. Steel from the 1960s and 70s would have a shorter life when compared to newer steel pipe, which is expected to have a longer life due to newer technology and better installation practices. There is no bare steel in this account and steel mains have been cathodically protected. In the North, some systems were originally propane systems and may not have been cathodically protected through the full life of those assets. For cathodic protection ("CP"), the Company generally uses rectifier systems with anodes only in certain spots. In the past, Pipeline was providing most of the CP but now Southwest Gas will install it. This has been moving CP to Southwest Gas' books over a period of more than six years. Rectifier systems are expected to have a 25-30 year life. Overall, the North has not experienced some of the issues as the South. Some new plastic could have up to a 70+ year life. Plastic resins could last as long as or longer than steel. However, plastic is nearly always connected using mechanical fittings while steel is welded. These mechanical fittings and couplings are the weak link on plastic. The Company is moving to electrofusion

for fittings that would start to allow lives to move longer than the existing life.

The life analysis indicates the life is increasing, which is supported by Company discussions and expectations. While some of the fits are at 60 years and above in the fuller band, the majority of the fits across the bands are between 55-60 years. Based on the analysis and Company input and expectations, this study recommends moving the life from the 55 L2 to 58 S1. An observed life table with the study proposed parameter is shown in the graph below.



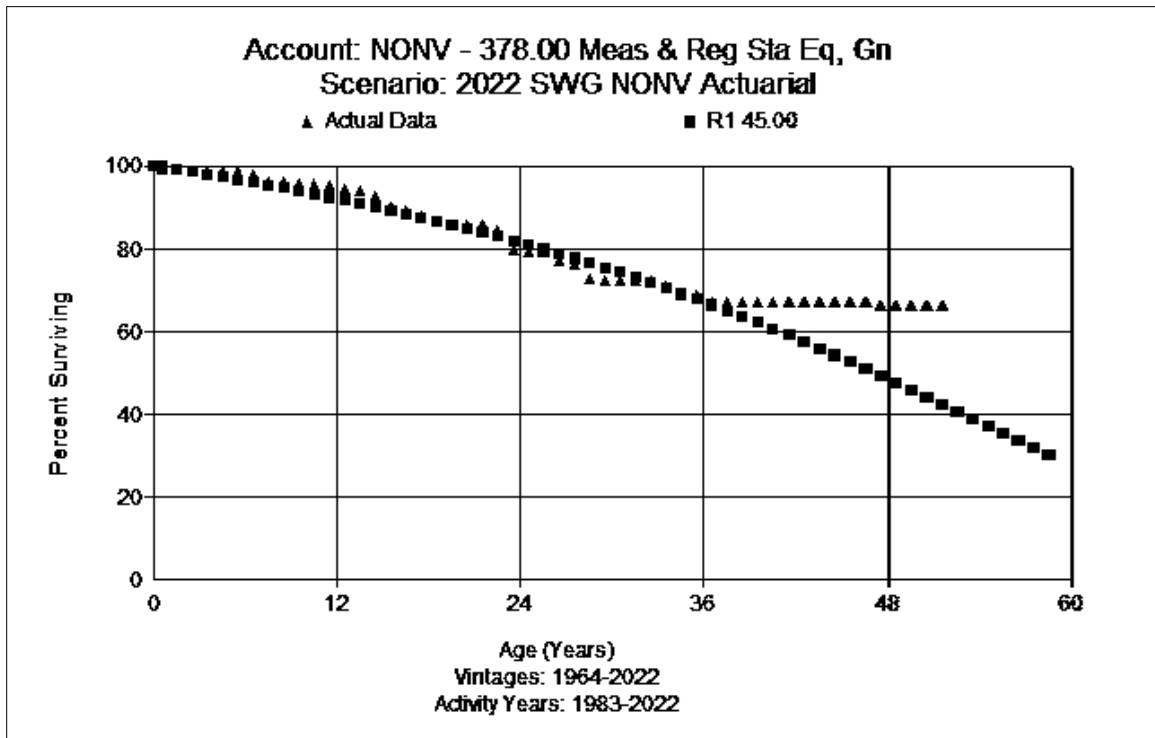


### **Account 378.00 Measuring and Regulating Station Equipment (45 R1)**

This account consists of measuring and regulating equipment used in distribution operations. There is approximately \$8.2 million of investment in this account. The current average age of the surviving balance is 10.30 years, and the average age of retirements is 13.72 years. The currently approved curve for this account is the 42 R0.5.

Discussions with Company personnel indicated that there is a program to replace many regulator stations due to obsolescence and the stations not being up to current design. The program to replace obsolete regulator stations is nearly complete. There has also been a focus on bringing distribution regulator stations up to current standards (e.g., replacing strainers with filters – which often would require rebuilding the station). Most of that work has been completed but program is continuing. The Company indicated that it is also rebuilding some stations to add pressure regulation. There will still be an ongoing effort to take over regulation on some stations but that will not trigger retirements on Southwest Gas' books. The Pipeline Company would still own the metering, but Southwest Gas will build the regulator stations within the city gates. All city gates are owned and operated by the Pipeline Company. The Company has indicated that it would expect the life to increase once these replacements and rebuilds are complete.

The analysis is slightly limited but there are indications across some of the bands that would suggest the existing life is still reasonable. However, the Company has indicated that it would expect the life to increase once these replacements and rebuilds are complete. There is also some indications of a slightly longer life for some bands in the range of 45 years. Based on the life analysis and discussions with Company personnel, this study recommends increasing to a 45 R1 at this time. An observed life table with the study proposed parameter is shown in the graph below.



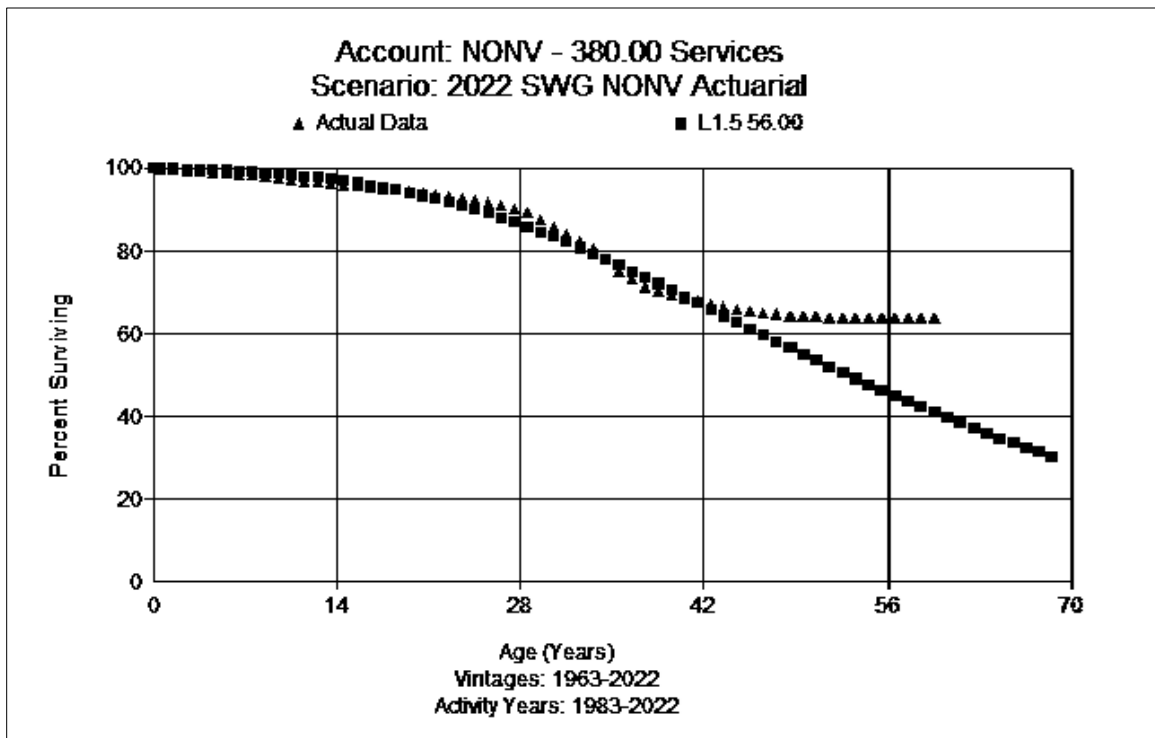
**Account 380.00 Services (56 L1.5)**

This account consists of services used in distribution operations. Services could be made of plastic, coated steel, or bare steel. There is approximately \$93.9 million of investment in this account. The current average age of the surviving balance is 19.32 years, and the average age of retirements is 22.76 years. The currently approved curve for this account is the 55 L2.5.

Discussions with Company personnel indicated that all new services installed, with the exception of less than 2 percent, will be plastic. PVC services in the North were all replaced in 2001-2002. There are some steel tubing services that are still being replaced (maybe 100 left). Excess flow valve (“EFV”) requirements are driving a few replacements. When replacing a main, the service will be replaced if it is a steel tubing service with plastic main, if it cannot be retrofitted with an EFV, or if there are capacity issues. With the Customer

Owned Yard Line Service (“COYLS”), the meter set is at property line and everything past that is owned by the customer. The Company’s program will relocate the meter to the premise and will now own the pipe to the premise. From an operational perspective, they believe the existing life is a good estimate.

In the life analysis, full placement (1901-2022) and mid placement (1966-2022) suggest a life around 50 years. Some of the more recent bands analyzed show a higher life. Based on the life analysis and Company input, the study notes that a slight increase and change in dispersion is supported by the visual fits. Therefore, this study recommends moving from the approved 55 L2.5 to 56 years with an L1.5 dispersion. An observed life table with the study proposed parameter is shown in the graph below.



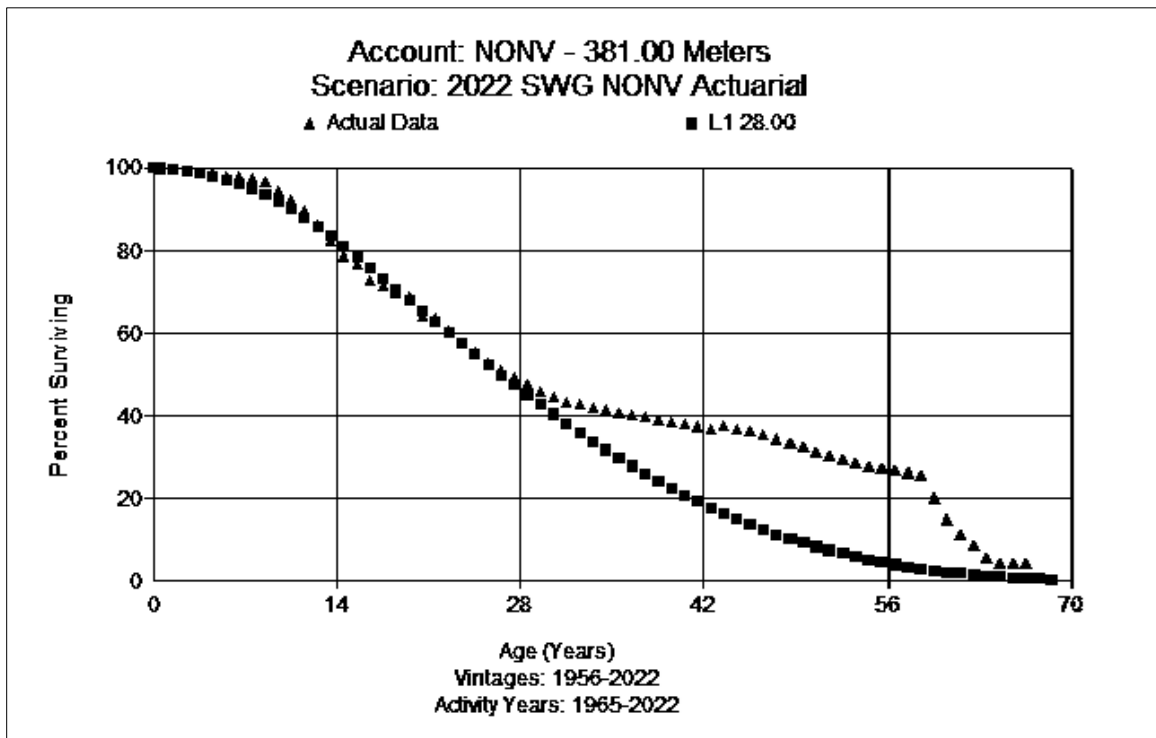
### **Account 381.00 Meters (28 L1)**

This account includes the cost of meters used in measuring gas to customers. There is approximately \$43.2 million in plant in this account. The current average age of investment is 12.80 years, and the average age of retirements is 17.90 years. The approved life of the meter account is 34 L1.5.

Discussions with Company personnel indicated that there is a new meter that was recently introduced in the system. The ERT is integrated into the meter and the meter is electronic. They have purchased around 30 thousand so far. The life would be 20 years. The ERTs on older style meters would have a 20 year battery life. The policy is if a meter comes to the meter shop with a 40G ERT, the ERT will be replaced with a newer generation ERT. There have been a significant number of failures of meters in recent years. The current generation of ERTs does not have enough history to define the life exactly, because they were installed generally since 2007-2008. The manufacturer states that the battery life is 17 years. Manufacturer statements, company experience, and industry experience suggest a life between 17 and 20 years. A majority of the meters (3/4) are 25 years old or less, with the bulk being under 15 years. Most family failures are within the 6 and 15 year range. From around 2002 through the next 10-15 years is where they started seeing higher levels of failure (in part based on the higher level of plastic parts in the meters starting at that point). North meters are temperature compensated, and this would likely allow the meter to be more accurate for a little longer. One of the meter shops is in the North. In the North, for testing meters, they would not retire the meter unless it fails. However, if a meter is pulled in a family that had failed, they would test but still retire whether it passes or not. There were three times more meters installed in the South between 2000-2010. The families during that time have a higher failure rate. Meters in the North are expected to have a slightly longer life than the South.

The life analysis indicates a life in the 30s for the fuller band, which is not surprising. However, many of the subsequent bands analyzed, especially more

recent bands, indicate a much shorter life than the existing 34-year life. The Company did that indicate several families of meters failed and will see early retirement, which could be causing lower life indications in the analysis. ERTs have a life expectancy of approximately 20 years. Considering the analysis indications, Company input, and the introduction of a new meter, this study recommends moving from the 34 L1.5 to a 28 L1 at this time. An observed life table with the study proposed parameter is shown in the graph below.

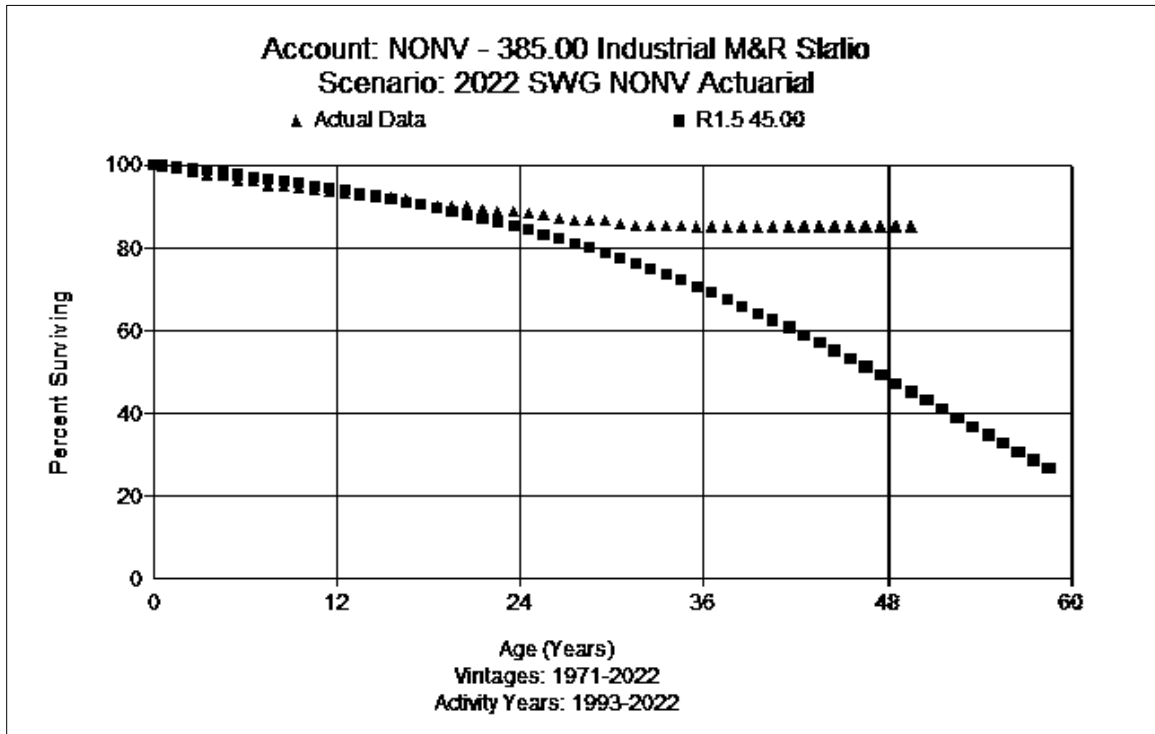


**Account 385.00 Industrial M&R Station Equipment (45 R1.5)**

This account includes the cost of industrial measuring and regulator station equipment. The currently approved life for this account is 45 R1.5. There is approximately \$2.4 million in plant in this account. The current average age of the surviving balance is 16.63 years and the average age of retirements is 17.90 years.

Discussions with Company personnel indicated that it would evaluate any issue with an industrial meter and fix the issue in the field, if possible. If it has to be pulled, the old meter is retired and a new one is installed.

The life analysis does not drop below 80 percent surviving, indicating there is limited retirement activity, and so few visual fits were performed. Based on type of assets, discussion with Company personnel, and the limited life analysis, this study recommends retaining the existing 45 R1.5 at this time. An observed life table with the study proposed parameter is shown in the graph below.

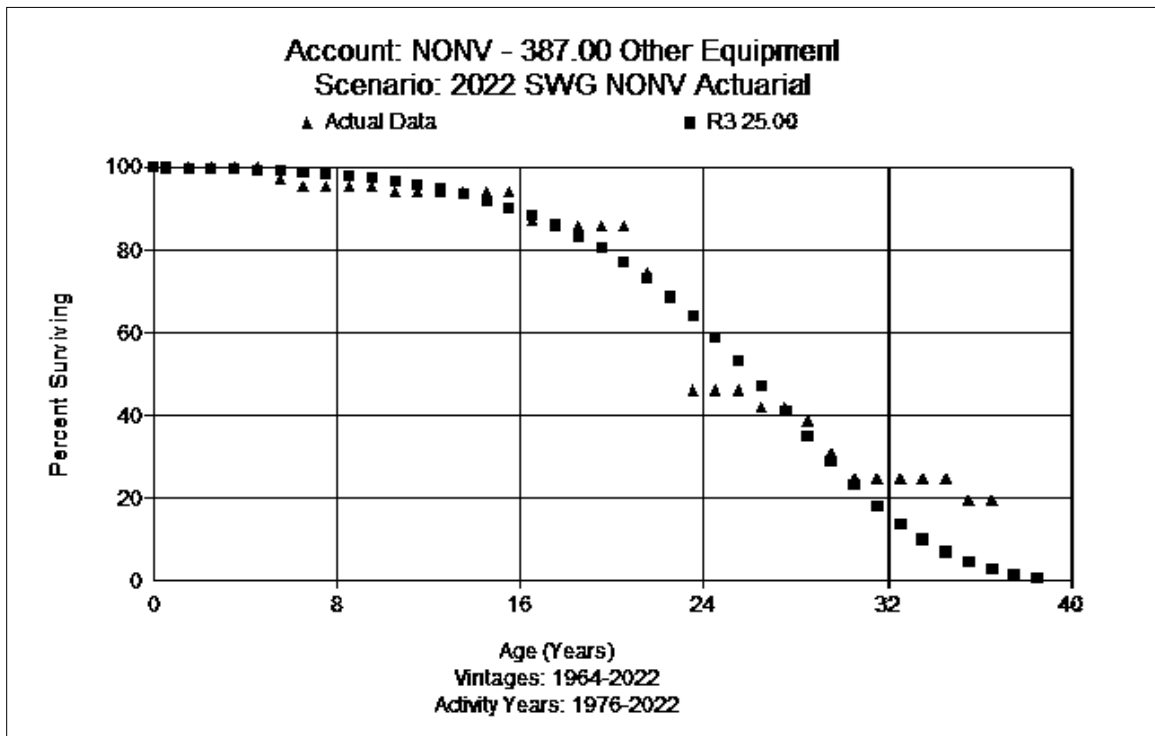


**Account 387.00 Other Equipment (25 R3)**

This account includes the cost of telemetering and other miscellaneous equipment. There is approximately \$6 thousand in plant in this account. The currently approved life for this account is 25 R3. The current average age of the surviving balance is 27.65 years, and the average age of retirements is 23.11 years.

Discussions with Company personnel indicated that there is minimal investment, nearly fully accrued, and the equipment is generally small electronic tools. They would not expect a life beyond the existing. Based on the current age of investment, some of the older tools may not have been identified for retirement.

Fuller placement and experience bands provide the best indication of life, with the best fit indication 25 years with the R3 dispersion pattern, which is the same as existing and is retained in this study. An observed life table with the study proposed parameter is shown in the graph below.



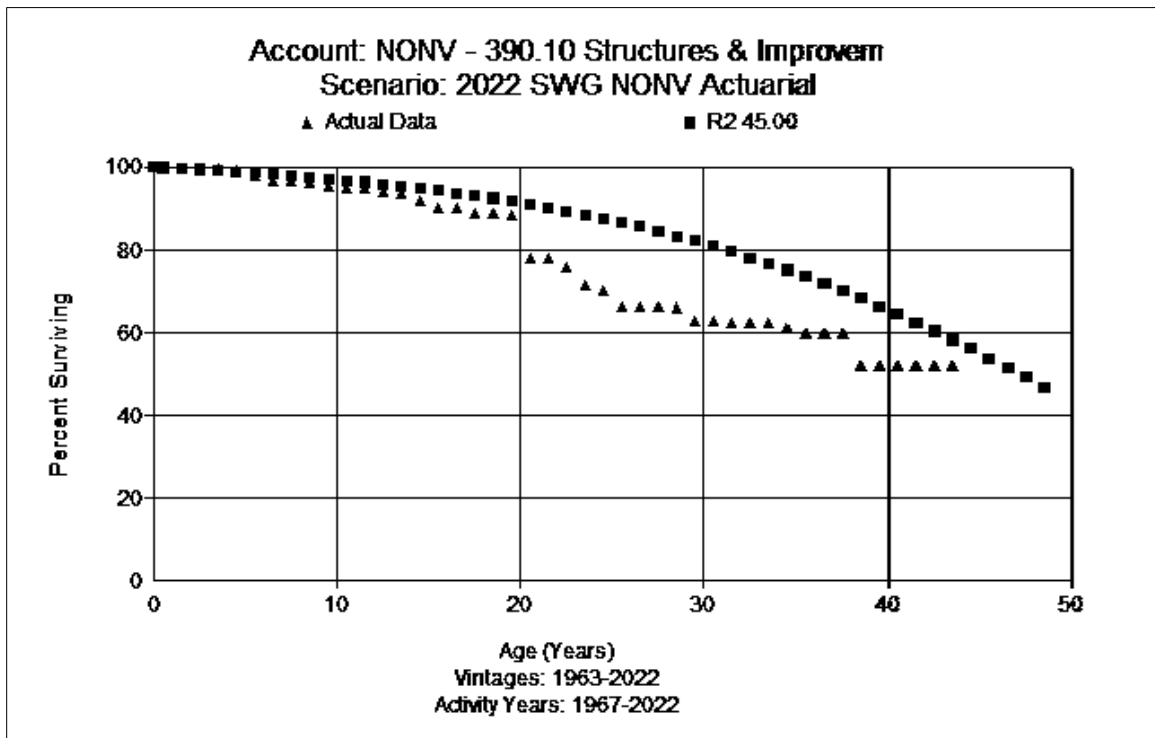
**GENERAL PLANT DEPRECIATED**

**Account 390.10 Structures – Owned (45 R2)**

This account includes the cost of general structures and improvements used for utility service. There is approximately \$19.0 million in this account. The current life for this account is a 45 R2. The current average age of the surviving balance is 11.99 years and the average age of retirements is 17.10 years.

Discussions with Company personnel indicated that they had constructed new operation centers in 2006, 2008, and 2016, and are currently constructing a new building. The centers took the place of leased facilities.

Fuller bands analyzed indicate a life less than existing. Life indications range from as low as 30 years depending on the band analyzed. Despite some of the fits and analysis indications, the largest investment in the account is for buildings, which have a longer life expectancy. This study recommends retention of the existing 45 R2. An observed life table with the study proposed parameter is shown in the graph below.





## **GENERAL PLANT AMORITZED**

Under Vintage Group Amortization, each account has a fixed life that has been reviewed and validated with Company personnel during this study. In most cases, the existing life is retained. For rate calculation purposes, each amortizable account will use the SQ dispersion. No graphs are provided.

### **Account 391.00 Office Furniture and Equipment (15 SQ)**

This account consists of miscellaneous office furniture such as desks, chairs, filing cabinets, and tables used for general utility service. There is approximately \$1.5 million in this account. This account currently has a fixed life amortization of 20 years. Discussions with Company personnel indicated that new buildings and remodels have modular furniture, and chairs now have a shorter life expectation of 8-10 years. Based on Company input, this study recommends decreasing to a 15-year amortization life, which is consistent with the two other divisions in this study.

### **Account 391.10 Computer Equipment (5 SQ)**

This account consists of computer equipment used for general utility service. There is approximately \$1.0 million in this account. This account currently has a fixed life amortization of 5 years, which is retained.

### **Account 392.11 Transportation Equipment – Light (8 SQ)**

This account consists of light transportation equipment used for general utility service. There is approximately \$3.8 million in this account. This account currently has a fixed life amortization of 8 years, which is retained.

### **Account 392.12 Transportation Equipment – Heavy (15 SQ)**

This account consists of heavy transportation equipment used for general utility service. There is approximately \$3.0 million in this account. This account currently has a fixed life amortization of 15 years, which is retained.

### **Account 393.00 Stores Equipment (20 SQ)**

This account consists of stores equipment used for general utility service. There is approximately \$365 thousand in this account. This account currently has a fixed life amortization of 20 years, which is retained.

### **Account 394.00 Tools, Shop, and Garage Equipment (15 SQ)**

This account consists of various items or tools used in shop and garages such as air compressors, grinders, mixers, hoists, and cranes. There is approximately \$2.2 million in this account. This account currently has a fixed life for amortization of 20 years. Discussions with Company personnel indicated that some of the tools are electronic and are not expected to have a life of 20 years from an operational perspective. This study recommends decreasing to a 15-year amortization life for this account, which is consistent with the two other divisions in this study.

### **Account 395.00 Laboratory Equipment (15 SQ)**

This account consists of laboratory equipment used in general utility service. There is approximately \$66 thousand in this account. This account currently has a fixed life for amortization of 20 years. Discussions with Company personnel indicated that technology is affecting the lab equipment as well as other groups. A life of 20 years is not expected from an operational perspective. This study recommends decreasing to a 15-year amortization life for this account, which is consistent with the two other divisions in this study.

### **Account 396.00 Power Operated Equipment (15 SQ)**

This account consists of bulldozers, forklifts, trenchers, and other power operated equipment that cannot be licensed on roadways. There is approximately \$2.4 million in this account. This account currently has a fixed life amortization of 15 years, which is retained.

**Account 397.00 Communication Equipment (15 SQ)**

This account consists of miscellaneous communication equipment used in general utility service. There is approximately \$1.1 million in this account. This account currently has a fixed life amortization of 15 years, which is retained.

**Account 398.00 Miscellaneous Equipment (15 SQ)**

This account consists of miscellaneous equipment used in general utility service. There is approximately \$947 thousand in this account. This account currently has a fixed life amortization of 15 years, which is retained.

## SALVAGE ANALYSIS

When a capital asset is retired, physically removed from service and finally disposed of, terminal retirement is said to have occurred. The residual value of a terminal retirement is called gross salvage. Net salvage is the difference between the gross salvage (what the asset was sold for) and the removal cost (cost to remove and dispose of the asset). Salvage and removal cost percentages are calculated by dividing the current cost of salvage or removal by the original installed cost of the asset. Some plant assets can experience significant negative removal cost percentages due to the timing of the original addition versus the retirement. For example, a Distribution asset in FERC Account 376 with a current installed cost of \$500 (2022) would have had an installed cost of \$26.17<sup>2</sup> in 1964. A removal cost of \$50 for the asset calculated (incorrectly) on current installed cost would only have a negative 10 percent removal cost ( $\$50/\$500$ ). However, a correct removal cost calculation would show a negative 191 percent removal cost for that asset ( $\$50/\$26.17$ ). Inflation from the time of installation of the asset until the time of its removal must be taken into account in the calculation of the removal cost percentage because the depreciation rate, which includes the removal cost percentage, will be applied to the original installed cost of assets.

The net salvage analysis uses the history of the individual accounts to estimate the future net salvage that Southwest Gas can expect in its operations. As a result, the analysis not only looks at the historical experience of Southwest Gas, but also considers recent and expected changes in operations that could reasonably lead to different future expectations for net salvage than were experienced in the past. Recent experience is more heavily weighted in making net salvage recommendations than experience several years in the past.

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<sup>2</sup> Using the Handy-Whitman Bulletin No. 197, G-5, line 44;  $\$26.17 = \$500 \times 66/1261$ .

## **Salvage Characteristics**

For each function, data for retirements, gross salvage, and cost of removal for each functional group adjusted (as discussed above) was derived from 1987-2022. Moving averages, which remove timing differences between retirement and salvage and removal cost, were analyzed over periods varying from one to 10 years.

## **DISTRIBUTION PLANT**

### **Account 374.20 Rights of Way (0%)**

This account includes any salvage and removal cost related to land rights used in connection with distribution operations. Generally, little or no removal cost is incurred, and no salvage is received at the retirement of land rights. The existing net salvage is 0 percent, which is supported by the historical data and is retained.

### **Account 376.00 Distribution Mains (Negative 20%)**

This account consists of any salvage and removal cost related to Mains of all material types. The authorized net salvage rate for this account is negative 15 percent. Nearly half the pipe with coal tar wrap may have asbestos concerns. The most recent 5- and 10-year moving averages are negative 41 percent. Consistent indications across prior bands are at or above negative 20 percent. Considering both the overall and more recent indications along with the expectation there will be some asbestos to deal with at retirement, this study recommends moving conservatively toward the indications by changing the net salvage rate to negative 20 percent.

**Account 378.00 Measuring & Regulating Station Equipment (Negative 5%)**

This account includes any salvage and removal cost related to installed equipment used in regulating gas at entry points to the distribution system. The currently authorized net salvage is negative 5 percent. The most recent 10-year moving average is around negative 22 percent. The more recent 5-year moving average is negative 32 percent. Giving recognition to timing differences, the analysis, and judgment, this study recommends retaining the currently approved negative 5 percent net salvage rate.

**Account 380.00 Services (Negative 30%)**

This account includes any salvage and removal cost related to distribution services. Service lines are the pipes and accessories leading from the main to the customers' premises. The authorized net salvage rate for this account is negative 25 percent. The most recent moving 5- and 10-year averages are negative 56 and negative 36 percent, respectively. Company discussions indicated that the ISSAP project is generating more removal cost for removing services with no corresponding addition. The services will generate more retirement dollars than the stubs will, and the program will taper down in the next couple of years. The Company believes that the net salvage should only move incrementally. Based on the indications and moderating, this study recommends moving to a negative 30 percent net salvage at this time.

**Account 381.00 Meters (0%)**

This account includes any salvage and removal cost related to meters used in measuring gas to residential customers. The currently authorized net salvage rate is 0 percent. No salvage has been recorded since 2012 and a moderate amount of cost of removal is being recorded. The most recent 5- and 10-year moving averages are negative 1.23 and negative 0.71 percent net salvage, respectively. This study recommends retaining the approved 0 percent net salvage for this account.

**Account 385.00 Industrial M&R Station Equipment (Negative 1%)**

This account includes any salvage and removal cost related to industrial measuring and regulating station equipment used in measuring gas to residential customers. The currently authorized net salvage rate is negative 1 percent. The most recent 5- and 10-year moving averages are negative 12 and negative 7 percent, respectively. Considering 2020-2022 as inconsistent, this study recommends retention of the approved negative 1 percent net salvage.

**Account 387.00 Other Equipment (0%)**

This account includes any salvage and removal cost related to other equipment used in distribution operations. The currently authorized net salvage rate is 0 percent. There has been no salvage or cost of removal recorded and none is expected in the future. This study recommends retention of the approved 0 percent net salvage.

**GENERAL PLANT DEPRECIATED**

The accounts within the general plant have been split into two categories, depreciable and amortized. For each account, analysis discussions are presented. For amortized accounts (391.00 – 398.00) the existing net salvage is generally a 0 percent net salvage factor and is retained. However, there are several exceptions: Accounts 392.11, 392.12, and 396.00. Individual net salvage analysis for each account is found in Schedule D.

**Account 390.10 Structures-Owned (Negative 5%)**

This account includes any salvage and removal cost related to structures used for general utility operations. The currently authorized net salvage rate for this account is 0 percent. No salvage has been recorded since 2004. Some cost

of removal is recorded and is expected to exceed any salvage. The most recent 5- and 10-year averages are negative 21 percent. This study recommends moving toward the indications but limiting to a negative 5 percent net salvage.

## **GENERAL PLANT AMORTIZED**

### **Account 391.00 Office Furniture and Equipment (0%)**

This account includes any salvage and removal cost related to miscellaneous office furniture such as desks, chairs, filing cabinets, and tables. The currently authorized net salvage rate for this account is 0 percent. No salvage has been recorded since 1997 and no cost of removal has ever been recorded nor is it expected. Based on the overall analysis, expectations, and judgment, a 0 percent net salvage is retained.

### **Account 391.10 Computer Equipment (0%)**

This account includes any salvage and removal cost related to computer equipment used in general operations. The currently authorized net salvage rate for this account is 1 percent. Some salvage and cost of removal is being recorded in this account. The most recent 5- and 10-year moving averages are 0 percent and negative 0.08 percent, respectively. Based on recent activity, expectations, consistency with the other divisions, and judgment, this study recommends moving to 0 percent net salvage.

### **Account 392.11 Transportation Equipment – Light (20%)**

This account includes any salvage and removal cost related to light transportation equipment used in general operations. The currently authorized net salvage rate for this account is positive 14 percent. The current analysis indicates salvage is increasing. The most recent 5- and 10-year moving averages are 26 and 22 percent, respectively. Company discussions indicated that the market is still high and is expected to continue for the near term, but due



to supply issues they may have to hold existing equipment longer and therefore might see less salvage when retired. Based on the overall analysis, expectations, and judgment, a positive 20 percent net salvage is recommended for this account.

**Account 392.12 Transportation Equipment – Heavy (10%)**

This account includes any salvage and removal cost related to heavy transportation equipment used in general operations. The currently authorized net salvage rate for this account is positive 7 percent. The current analysis indicates salvage is increasing for this equipment. Similar to light duty equipment, supply issues require the Company to hold equipment longer. Currently the salvage market is good and is expected to remain so in the short term. Based on the overall analysis, expectations, and judgment, this study recommends moving to a positive 10 percent net salvage.

**Account 393.00 Stores Equipment (0%)**

This account includes any salvage and removal cost related to stores equipment. No salvage has been recorded since 2009 and no cost of removal has been recorded. The currently authorized net salvage rate is 0 percent, which is retained.

**Account 394.00 Tools, Shop, and Garage Equipment (0%)**

This account includes any salvage and removal cost related to various items or tools used in shop and garages such as air compressors, grinders, mixers, hoists, and cranes. The currently authorized net salvage rate for this account is 0 percent. No salvage or cost of removal has been recorded since 1997 and none is expected in the future when these assets are retired. This study recommends retaining the existing 0 percent net salvage for this account.

**Account 395.00 Laboratory Equipment (0%)**

This account includes any salvage and removal cost related to laboratory equipment. The currently authorized net salvage rate for this account is 0 percent. No salvage or cost of removal has been recorded and none is expected in the future. This study recommends retaining the existing 0 percent net salvage.

**Account 396.00 Power Operated Equipment (14%)**

This account includes any salvage and removal cost related to bulldozers, forklifts, trenchers, and other power operated equipment that cannot be licensed on roadways. The currently authorized net salvage rate for this account is 14 percent. The most recent 5- and 10-year moving averages are 11 and 14 percent, respectively. Considering the current environment and the analysis, this study retains the positive 14 percent net salvage for this account.

**Account 397.00 Communication Equipment (0%)**

This account includes any salvage and removal cost related to miscellaneous communication equipment. The currently authorized net salvage rate for this account is 0 percent. Last salvage was recorded in 2000 and no cost of removal has been recorded. This study recommends retaining the existing 0 percent net salvage.

**Account 398.00 Miscellaneous Equipment (0%)**

This account includes any salvage and removal cost related to miscellaneous equipment. The currently authorized net salvage rate for this account is 0 percent. No salvage or cost of removal has been recorded. Little salvage or removal cost is expected for these assets when retired. This study recommends retaining the existing 0 percent net salvage.

**SCHEDULE A**  
**Comparison of Depreciation Accrual Rates**

**Southwest Gas Corporation  
Northern Nevada Division  
Comparison of Depreciation Rates and Expense  
As of December 31, 2022**

Schedule A  
Page 1 of 1

Account	Description	Plant Balance at 12/31/22	Approved		Proposed		Difference
			Rate %	Annual Accrual Amount	Rate %	Annual Accrual Amount	
<b>Distribution Plant</b>							
374.20	Rights-of-Way	\$ 33,285	1.11%	\$ 369	1.21%	\$ 403	\$ 33
375.00	Structures & Improvement *	-			2.44%		
376.00	Mains	171,450,920	1.94%	3,326,148	1.96%	3,360,438	34,290
378.00	M&R Station Equipment	8,208,384	2.22%	182,226	2.16%	177,301	(4,925)
380.00	Services	93,907,801	1.59%	1,493,134	1.78%	1,671,559	178,425
381.00	Meters	43,163,802	2.98%	1,286,281	3.95%	1,704,970	418,689
385.00	Industrial M&R Station Equipment	2,443,476	2.14%	52,290	2.16%	52,779	489
387.00	Miscellaneous Equipment	5,649	2.32%	131	0.93%	53	(79)
	<b>Total Distribution</b>	<b>319,213,319</b>	<b>1.99%</b>	<b>6,340,580.24</b>	<b>2.18%</b>	<b>6,967,503</b>	<b>626,922</b>
<b>General Plant-After Retirements</b>							
390.10	Structures-Owned	19,035,964	2.17%	413,080	2.37%	451,152	38,072
391.00	Office Furniture & Equipment	1,538,836	5.00%	76,942	6.67%	102,640	25,699
391.10	Computer Equipment	1,028,145	19.80%	203,573	20.00%	205,629	2,056
392.11	Transportation Equipment-Light	3,812,127	10.75%	409,804	10.00%	381,213	(28,591)
392.12	Transportation Equipment-Heavy	3,011,714	6.20%	186,726	6.00%	180,703	(6,023)
393.00	Stores Equipment	364,519	5.00%	18,226	5.00%	18,226	0
394.00	Tools, Shop, & Garage Equipment	2,175,086	5.00%	108,754	6.67%	145,078	36,324
395.00	Laboratory Equipment	65,580	5.00%	3,279	6.67%	4,374	1,095
396.00	Power Operated Equipment	2,373,724	5.73%	136,014	5.73%	136,014	0
397.00	Communication Equipment	1,149,526	6.67%	76,673	6.67%	76,673	0
397.20	Telemetering Eq **	-			6.67%		
398.00	Miscellaneous Equipment	947,133	6.67%	63,174	6.67%	63,174	0
	<b>Total General</b>	<b>35,502,354</b>	<b>4.78%</b>	<b>1,696,246</b>	<b>4.97%</b>	<b>1,764,877</b>	<b>68,632</b>
	<b>Total Depreciable &amp; Amortized</b>	<b>\$ 354,715,672</b>	<b>2.27%</b>	<b>\$ 8,036,826</b>	<b>2.46%</b>	<b>\$ 8,732,380</b>	<b>\$ 695,554</b>
<b>RENEWABLE NATURAL GAS PROJECTS</b>							
342.00	Renewable Natural Gas Owned				3.33%		
342.00	Renewable Natural Gas Contract				5.00%		

\*Account 375 has no balance. If future additions are recorded, the existing parameters (45 year life and -10% net salvage) is proposed, which results in a proposed rate of 2.44%.

\*\*Note: If new additions are recorded, this is the recommended rate  $((1-0\%)/15=6.67\%)$ .

AR 15 Retirements 379,197

**SCHEDULE B**

**Computation of Depreciation Accrual Rate**

Southwest Gas Corporation  
Northern Nevada Division  
Computation of Depreciation Accrual Rates  
As of December 31, 2022

Schedule B  
Page 1 of 2

Account	Description	Plant Balance at 12/31/22	Book Reserve at 12/31/22	Net Salvage %	Net Salvage Amount	Unrecovered Investment	Remaining Life	Annual Accrual Amount	Annual Accrual Rate %
<b>Distribution Plant</b>									
374.20	Rights-of-Way	\$ 33,285	\$ 12,176	0%	\$ -	\$ 21,109	52.44	\$ 403	1.21%
376.00	Mains	171,450,920	56,365,826	-20%	(34,290,184)	149,375,278	44.46	3,359,415	1.96%
378.00	M&R Station Equipment	8,208,384	1,908,421	-5%	(410,419)	6,710,383	37.79	177,583	2.16%
380.00	Services	93,907,801	53,702,087	-30%	(28,172,340)	68,378,054	40.97	1,669,071	1.78%
381.00	Meters	43,163,802	8,693,736	0%	0	34,470,066	20.24	1,703,375	3.95%
385.00	Industrial M&R Station Equipment	2,443,476	742,065	-1%	(24,435)	1,725,846	32.63	52,889	2.16%
387.00	Miscellaneous Equipment	5,649	5,389	0%	0	260	4.95	53	0.93%
	<b>Total Distribution</b>	<b>319,213,319</b>	<b>121,429,700</b>		<b>(62,897,378)</b>	<b>260,680,997</b>		<b>6,962,787</b>	<b>2.18%</b>

<b>General Plant</b>									
390.10	Structures-Owned	19,035,964	4,183,708	-5%	(951,798)	15,804,054	34.98	451,820	2.37%
	<b>Total General Depreciated</b>	<b>19,035,964</b>	<b>4,183,708</b>		<b>(951,798)</b>	<b>15,804,054</b>		<b>451,820</b>	<b>2.37%</b>

<b>General Plant Amortized</b>						
	Plant Balance at 12/31/22	Book Reserve at 12/31/22	Theoretical Reserve at 12/31/22	Reserve Difference	Assets > ASL	
391.00	Office Furniture & Equipment	1,629,041	620,399	790,817	(170,418)	90,205
391.10	Computer Equipment	1,028,145	326,739	440,816	(114,077)	0
392.11	Transportation Equipment-Light	3,812,127	1,706,560	1,478,997	227,563	0
392.12	Transportation Equipment-Heavy	3,011,714	1,451,387	1,218,900	232,487	0
393.00	Stores Equipment	364,519	136,211	137,003	(792)	0
394.00	Tools, Shop, & Garage Equipment	2,464,078	728,235	967,604	(239,369)	288,992
395.00	Laboratory Equipment	65,580	20,316	29,288	(8,972)	0
396.00	Power Operated Equipment	2,373,724	729,726	812,455	(82,729)	0
397.00	Communication Equipment	1,149,526	286,116	314,421	(28,305)	0
398.00	Miscellaneous Equipment	947,133	283,270	327,408	(44,138)	0
	<b>Total General Amortized</b>	<b>16,845,587</b>	<b>6,288,959</b>	<b>6,517,711</b>	<b>(228,752)</b>	<b>379,197</b>

**Southwest Gas Corporation  
Northern Nevada Division  
Computation of Depreciation Accrual Rates  
As of December 31, 2022**

Schedule B  
Page 2 of 2

After Retirements for Asssets>ASL		<b>Plant Balance at 12/31/22</b>	<b>Book Reserve at 12/31/22</b>	<b>Amortization Life</b>	<b>Annual Amortization</b>	<b>Annual Amortization Rate %</b>
<b>General Plant Amortized</b>						
391.00	Office Furniture & Equipment	1,538,836	530,194	15	102,589	6.67%
391.10	Computer Equipment	1,028,145	326,739	5	205,629	20.00%
392.11	Transportation Equipment-Light	3,812,127	1,706,560	8	381,213	10.00%
392.12	Transportation Equipment-Heavy	3,011,714	1,451,387	15	180,703	6.00%
393.00	Stores Equipment	364,519	136,211	20	18,226	5.00%
394.00	Tools, Shop, & Garage Equipment	2,175,086	439,243	15	145,006	6.67%
395.00	Laboratory Equipment	65,580	20,316	15	4,372	6.67%
396.00	Power Operated Equipment	2,373,724	729,726	15	136,094	5.73%
397.00	Communication Equipment	1,149,526	286,116	15	76,635	6.67%
398.00	Miscellaneous Equipment	947,133	283,270	15	63,142	6.67%
<b>Total General Amortized</b>		<b>16,466,390</b>	<b>5,909,762</b>		<b>1,313,608</b>	<b>7.98%</b>
<b>Total General Depreciated and Amortized</b>		<b>\$ 354,715,672</b>	<b>\$ 131,523,170</b>			
AR 15 Retirements		379,197	379,197			

**SCHEDULE C**  
**Current Commission Approved Rates and**  
**Parameter Comparison**



**Southwest Gas Corporation  
Plant Account Summary and Depreciation Parameters  
Northern Nevada Rate Jurisdiction  
as of December 31, 2022**

Account Description	Plant Balance	Reserve Balance	Existing			Proposed			
			Depreciation Rate	ASL	Curve	NS %	ASL	Curve	NS %
<b>Distribution Plant</b>									
374.20 Rights-of-Way	33,285	12,176	1.11%	75	SQ	0%	75	SQ	0%
375.00 Structures & Improvement	0	0					45	R3	-10%
376.00 Mains	171,450,920	56,365,826	1.94%	55	L2	-15%	58	S1	-20%
378.00 Meas & Reg Sta Eq,	8,208,385	1,908,421	2.22%	42	R0.5	-5%	45	R1	-5%
380.00 Services	93,907,801	53,702,087	1.59%	55	L2.5	-25%	56	L1.5	-30%
381.00 Meters	43,163,802	8,693,736	2.98%	34	L1.5	0%	28	L1	0%
385.00 Industrial M&R Station	2,443,476	742,065	2.14%	45	R1.5	-1%	45	R1.5	-1%
387.00 Other Equipment	5,649	5,389	2.32%	25	R3	0%	25	R3	0%
<b>Total Distribution</b>	<b>319,213,318</b>	<b>121,429,700</b>							
<b>General Plant</b>									
390.10 Structures & Improvement	19,035,964	4,183,708	2.17%	45	R2	0%	45	R2	-5%
391.00 Office Furniture & Eq	1,629,041	620,399	5.00%	20	SQ	0%	15	SQ	0%
391.10 Computer Eq	1,028,145	326,739	19.80%	5	SQ	1%	5	SQ	0%
392.11 Transportation Eq - Light	3,812,127	1,706,560	10.75%	8	SQ	14%	8	SQ	20%
392.12 Transportation Eq - Heavy	3,011,714	1,451,387	6.20%	15	SQ	7%	15	SQ	10%
393.00 Stores Eq	364,519	136,211	5.00%	20	SQ	0%	20	SQ	0%
394.00 Tools, Shop, & Garage Eq	2,464,078	728,235	5.00%	20	SQ	0%	15	SQ	0%
395.00 Laboratory Eq	65,580	20,316	5.00%	20	SQ	0%	15	SQ	0%
396.00 Power Operated Eq	2,373,724	729,726	5.73%	15	SQ	14%	15	SQ	14%
397.00 Communication Eq	1,149,526	286,116	6.67%	15	SQ	0%	15	SQ	0%
397.20 Telemetering Eq	0	0					15	SQ	0%
398.00 Miscellaneous Eq	947,133	283,270	6.67%	15	SQ	0%	15	SQ	0%
<b>Total General</b>	<b>35,881,551</b>	<b>10,472,667</b>							
<b>RENEWABLE NATURAL GAS PROJECTS</b>									
Renewable Natural Gas Owned - Account 342							30		0%
Renewable Natural Gas Contract - Account 342							20		0%

**SCHEDULE D**  
**Net Salvage**

**Schedule D**  
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**SOUTHWEST GAS CORPORATION**  
**NORTHERN NEVADA- NET SALVAGE ANALYSIS**  
 Depreciation Study as of December 31, 2022

FERC	Activity Year	Retirements	Salvage	Removal Cost	Net Salvage	Net Salv. %	2- yr Net Salv. %	3- yr Net Salv. %	4- yr Net Salv. %	5- yr Net Salv. %	6- yr Net Salv. %	7- yr Net Salv. %	8- yr Net Salv. %	9- yr Net Salv. %	10- yr Net Salv. %
<b>Land- Rights of Way</b>															
374.2	1985	0	0	0	0	NA									
374.2	1986	0	0	0	0	NA	NA								
374.2	1987	0	0	0	0	NA	NA	NA							
374.2	1988	0	0	0	0	NA	NA	NA	NA						
374.2	1989	0	0	0	0	NA	NA	NA	NA	NA					
374.2	1990	0	0	0	0	NA	NA	NA	NA	NA	NA				
374.2	1991	0	0	0	0	NA	NA	NA	NA	NA	NA	NA			
374.2	1992	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA		
374.2	1993	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	
374.2	1994	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
374.2	1995	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
374.2	1996	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
374.2	1997	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
374.2	1998	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
374.2	1999	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
374.2	2000	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
374.2	2001	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
374.2	2002	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
374.2	2003	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
374.2	2004	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
374.2	2005	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
374.2	2006	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
374.2	2007	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
374.2	2008	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
374.2	2009	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
374.2	2010	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
374.2	2011	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
374.2	2012	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
374.2	2013	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
374.2	2014	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
374.2	2015	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
374.2	2016	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
374.2	2017	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
374.2	2018	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
374.2	2019	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
374.2	2020	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
374.2	2021	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
374.2	2022	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA

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SOUTHWEST GAS CORPORATION  
NORTHERN NEVADA- NET SALVAGE ANALYSIS  
Depreciation Study as of December 31, 2022

FERC	Activity Year	Retirements	Salvage	Removal Cost	Net Salvage	Net Salv. %	2- yr Net Salv. %	3- yr Net Salv. %	4- yr Net Salv. %	5- yr Net Salv. %	6- yr Net Salv. %	7- yr Net Salv. %	8- yr Net Salv. %	9- yr Net Salv. %	10- yr Net Salv. %
<b>Mains</b>															
376	1985	22,601	0	1,934	(1,934)	-8.56%									
376	1986	4,812	0	14,576	(14,576)	-302.91%	-60.23%								
376	1987	6,374	1,962	4,171	(2,209)	-34.66%	-150.05%	-55.40%							
376	1988	2,010	0	1,282	(1,282)	-63.78%	-41.64%	-136.91%	-55.87%						
376	1989	26,594	26,594	3,457	23,137	87.00%	76.41%	56.17%	12.74%	5.03%					
376	1990	27,321	0	2,770	(2,770)	-10.14%	37.78%	34.13%	27.09%	3.43%	0.41%				
376	1991	30,450	0	1,834	(1,834)	-6.02%	-7.97%	21.97%	19.97%	16.22%	0.48%	-1.22%			
376	1992	32,254	0	5,890	(5,890)	-18.26%	-12.32%	-11.66%	10.84%	9.58%	7.32%	-4.18%	-4.83%		
376	1993	286,062	0	23,578	(23,578)	-8.24%	-9.26%	-8.98%	-9.06%	-2.72%	-3.02%	-3.51%	-6.97%	-7.06%	
376	1994	96,090	0	33,190	(33,190)	-34.54%	-14.85%	-15.12%	-14.50%	-14.25%	-8.85%	-9.07%	-9.39%	-12.15%	-12.00%
376	1995	326,023	0	52,970	(52,970)	-16.25%	-20.41%	-15.50%	-15.62%	-15.24%	-15.06%	-11.77%	-11.90%	-12.07%	-13.74%
376	1996	123,930	0	32,432	(32,432)	-26.17%	-18.98%	-21.72%	-17.09%	-17.13%	-16.75%	-16.56%	-13.65%	-13.76%	-13.90%
376	1997	346,111	0	30,651	(30,651)	-8.86%	-13.42%	-14.58%	-16.73%	-14.67%	-14.76%	-14.55%	-14.45%	-12.37%	-12.45%
376	1998	257,241	0	25,436	(25,436)	-9.89%	-9.30%	-12.17%	-13.43%	-15.20%	-13.81%	-13.91%	-13.75%	-13.68%	-11.96%
376	1999	661,134	0	37,376	(37,376)	-5.65%	-6.84%	-7.39%	-9.07%	-10.43%	-11.71%	-11.24%	-11.35%	-11.27%	-11.26%
376	2000	381,449	0	40,759	(40,759)	-10.69%	-7.49%	-7.97%	-8.15%	-9.42%	-10.48%	-11.53%	-11.15%	-11.24%	-11.18%
376	2001	912,670	0	58,525	(58,525)	-6.41%	-7.67%	-6.99%	-7.33%	-7.53%	-8.39%	-9.25%	-10.03%	-9.88%	-9.96%
376	2002	357,645	0	82,384	(82,384)	-23.04%	-11.09%	-11.00%	-9.47%	-9.51%	-9.43%	-10.12%	-10.71%	-11.37%	-11.13%
376	2003	645,356	0	36,429	(36,429)	-5.64%	-11.85%	-9.26%	-9.49%	-8.64%	-8.74%	-8.75%	-9.33%	-9.90%	-10.47%
376	2004	249,344	0	22,197	(22,197)	-8.90%	-6.55%	-11.26%	-9.22%	-9.44%	-8.66%	-8.75%	-8.76%	-9.31%	-9.84%
376	2005	776,713	0	(1,402)	1,402	0.18%	-2.03%	-3.42%	-6.88%	-6.74%	-7.19%	-6.93%	-7.11%	-7.24%	-7.74%
376	2006	413,376	0	52,632	(52,632)	-12.73%	-4.30%	-5.10%	-5.27%	-7.87%	-7.47%	-7.80%	-7.48%	-7.61%	-7.70%
376	2007	110,589	0	13,882	(13,882)	-12.55%	-12.69%	-5.01%	-5.63%	-5.64%	-8.07%	-7.64%	-7.94%	-7.60%	-7.73%
376	2008	469,555	0	32,751	(32,751)	-6.97%	-8.04%	-9.99%	-5.53%	-5.94%	-5.87%	-7.90%	-7.56%	-7.83%	-7.54%
376	2009	261,051	0	83,081	(83,081)	-31.83%	-15.85%	-15.42%	-14.53%	-8.91%	-8.91%	-8.19%	-9.80%	-9.07%	-9.20%
376	2010	276,214	0	49,403	(49,403)	-17.89%	-24.66%	-16.41%	-16.03%	-15.14%	-9.98%	-9.88%	-9.02%	-10.43%	-9.61%
376	2011	325,181	0	65,503	(65,503)	-20.14%	-19.11%	-22.96%	-17.32%	-16.96%	-16.02%	-11.24%	-11.04%	-10.05%	-11.24%
376	2012	489,604	0	38,605	(38,605)	-7.88%	-12.78%	-14.07%	-17.50%	-14.79%	-14.66%	-14.32%	-10.71%	-10.58%	-9.79%
376	2013	431,245	0	136,971	(136,971)	-31.76%	-19.07%	-19.35%	-19.08%	-20.95%	-18.04%	-17.78%	-17.03%	-13.27%	-12.98%
376	2014	426,654	0	81,818	(81,818)	-19.18%	-25.50%	-19.10%	-19.30%	-19.10%	-20.61%	-18.22%	-17.99%	-17.31%	-13.90%
376	2015	240,448	0	162,665	(162,665)	-67.65%	-36.65%	-34.73%	-26.45%	-25.38%	-24.43%	-25.22%	-22.29%	-21.93%	-20.83%
376	2016	58,123	0	104,273	(104,273)	-179.40%	-89.41%	-48.09%	-42.00%	-31.85%	-29.92%	-28.44%	-28.79%	-25.35%	-24.90%
376	2017	86,450	0	11,296	(11,296)	-13.07%	-79.94%	-72.26%	-44.36%	-39.99%	-30.92%	-29.21%	-27.87%	-28.27%	-25.01%
376	2018	450,320	0	10,850	(10,850)	-2.41%	-4.13%	-21.25%	-34.61%	-29.39%	-29.99%	-25.04%	-24.40%	-23.75%	-24.45%
376	2019	99,025	0	98,384	(98,384)	-99.35%	-19.88%	-18.96%	-32.40%	-41.47%	-34.48%	-33.83%	-28.26%	-27.25%	-26.35%

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SOUTHWEST GAS CORPORATION  
NORTHERN NEVADA- NET SALVAGE ANALYSIS  
Depreciation Study as of December 31, 2022

FERC	Activity Year	Retirements	Salvage	Removal Cost	Net Salvage	Net Salv. %	2- yr Net Salv. %	3- yr Net Salv. %	4- yr Net Salv. %	5- yr Net Salv. %	6- yr Net Salv. %	7- yr Net Salv. %	8- yr Net Salv. %	9- yr Net Salv. %	10- yr Net Salv. %
376	2020	61,529	0	110,952	(110,952)	-180.32%	-130.38%	-36.04%	-33.20%	-44.44%	-50.05%	-40.79%	-38.69%	-32.25%	-30.78%
376	2021	93,079	0	50,586	(50,586)	-54.35%	-104.48%	-102.48%	-38.46%	-35.69%	-45.53%	-50.42%	-41.62%	-39.44%	-33.10%
376	2022	90,168	0	57,817	(57,817)	-64.12%	-59.16%	-89.61%	-92.42%	-41.38%	-38.60%	-47.32%	-51.46%	-42.88%	-40.53%
<b>M&amp;R Station Station Equip.</b>															
378	1985	1,593	0	542	(542)	-34.02%									
378	1986	0	0	0	0	NA	-34.02%								
378	1987	1,500	0	0	0	0.00%	0.00%	-17.52%							
378	1988	34,516	2,944	15,309	(12,365)	-35.82%	-34.33%	-34.33%							
378	1989	8,485	11,369	17,395	(6,026)	-71.02%	-42.77%	-41.33%	-41.33%	-41.07%					
378	1990	20,805	0	7,842	(7,842)	-37.69%	-47.35%	-41.11%	-40.17%	-40.17%	-40.02%				
378	1991	9,625	0	583	(583)	-6.06%	-27.69%	-37.13%	-36.52%	-35.79%	-35.79%	-35.79%			
378	1992	14,514	0	9,495	(9,495)	-65.42%	-41.75%	-39.87%	-44.82%	-41.29%	-40.60%	-40.60%	-40.48%		
378	1993	4,958	0	0	0	0.00%	-48.76%	-34.64%	-35.91%	-41.01%	-39.08%	-38.46%	-38.46%	-38.39%	
378	1994	7,683	0	1,125	(1,125)	-14.64%	-8.90%	-39.11%	-30.46%	-33.07%	-37.95%	-37.22%	-36.67%	-36.67%	-36.63%
378	1995	1,000	0	107	(107)	-10.70%	-14.19%	-9.03%	-38.10%	-29.94%	-32.69%	-37.54%	-36.96%	-36.42%	-36.42%
378	1996	0	0	0	0	NA	-10.70%	-14.19%	-9.03%	-38.10%	-29.94%	-32.69%	-37.54%	-36.96%	-36.42%
378	1997	7,174	0	182	(182)	-2.54%	-2.54%	-3.54%	-8.92%	-6.79%	-30.88%	-25.56%	-29.40%	-34.16%	-34.69%
378	1998	0	0	0	0	NA	-2.54%	-2.54%	-3.54%	-8.92%	-6.79%	-30.88%	-25.56%	-29.40%	-34.16%
378	1999	1,289	0	14	(14)	-1.09%	-1.09%	-2.32%	-2.32%	-3.20%	-8.33%	-6.46%	-29.83%	-24.88%	-28.86%
378	2000	4,826	0	283	(283)	-5.86%	-4.86%	-4.86%	-3.60%	-3.60%	-4.10%	-7.79%	-6.35%	-27.04%	-23.08%
378	2001	0	0	0	0	NA	-5.86%	-4.86%	-4.86%	-3.60%	-3.60%	-4.10%	-7.79%	-6.35%	-27.04%
378	2002	0	0	0	0	NA	NA	-5.86%	-4.86%	-4.86%	-3.60%	-3.60%	-4.10%	-7.79%	-6.35%
378	2003	0	0	0	0	NA	NA	NA	-5.86%	-4.86%	-4.86%	-3.60%	-3.60%	-4.10%	-7.79%
378	2004	1,910	0	0	0	0.00%	0.00%	0.00%	0.00%	-4.20%	-3.70%	-3.70%	-3.15%	-3.15%	-3.62%
378	2005	12,680	0	315	(315)	-2.48%	-2.16%	-2.16%	-2.16%	-2.16%	-3.08%	-2.96%	-2.96%	-2.85%	-2.85%
378	2006	0	0	0	0	NA	-2.48%	-2.16%	-2.16%	-2.16%	-2.16%	-3.08%	-2.96%	-2.96%	-2.85%
378	2007	24,503	0	0	0	0.00%	0.00%	-0.85%	-0.81%	-0.81%	-0.81%	-0.81%	-1.36%	-1.35%	-1.35%
378	2008	12,098	0	(42)	42	0.35%	0.11%	0.11%	-0.53%	-0.53%	-0.53%	-0.53%	-0.99%	-0.99%	-0.99%
378	2009	15,579	0	2,771	(2,771)	-17.79%	-9.86%	-5.23%	-5.23%	-4.69%	-4.56%	-4.56%	-4.56%	-4.56%	-4.65%
378	2010	21,779	0	2,173	(2,173)	-9.98%	-13.23%	-9.91%	-6.63%	-6.63%	-6.02%	-5.89%	-5.89%	-5.89%	-5.89%
378	2011	0	0	0	0	NA	-9.98%	-13.23%	-9.91%	-6.63%	-6.63%	-6.02%	-5.89%	-5.89%	-5.89%
378	2012	238,846	0	0	0	0.00%	0.00%	-0.83%	-1.79%	-1.70%	-1.57%	-1.57%	-1.60%	-1.59%	-1.59%
378	2013	91,107	0	988	(988)	-1.08%	-0.30%	-0.30%	-0.90%	-1.61%	-1.55%	-1.46%	-1.46%	-1.49%	-1.48%
378	2014	4,109	0	716	(716)	-17.42%	-1.79%	-0.51%	-0.51%	-1.09%	-1.79%	-1.72%	-1.62%	-1.62%	-1.64%
378	2015	0	0	11,160	(11,160)	NA	-289.04%	-13.51%	-3.85%	-3.85%	-4.23%	-4.79%	-4.63%	-4.35%	-4.35%

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378	2016	0	0	0	0	NA	NA	-289.04%	-13.51%	-3.85%	-3.85%	-4.23%	-4.79%	-4.63%	-4.35%
378	2017	0	0	0	0	NA	NA	NA	-289.04%	-13.51%	-3.85%	-3.85%	-4.23%	-4.79%	-4.63%
378	2018	20,163	0	0	0	0.00%	0.00%	0.00%	-55.35%	-48.93%	-11.15%	-3.63%	-3.63%	-4.00%	-4.55%
378	2019	26,325	0	9,401	(9,401)	-35.71%	-20.22%	-20.22%	-44.23%	-42.05%	-15.71%	-5.85%	-5.85%	-6.07%	-6.07%
378	2020	21,685	0	0	0	0.00%	-19.58%	-13.79%	-13.79%	-13.79%	-30.16%	-29.43%	-13.63%	-5.53%	-5.53%
378	2021	10,781	0	10,780	(10,780)	-99.99%	-33.20%	-34.33%	-25.56%	-25.56%	-25.56%	-39.69%	-38.59%	-18.97%	-8.00%
378	2022	0	0	5,349	(5,349)	NA	-149.61%	-49.68%	-43.42%	-32.33%	-32.33%	-32.33%	-46.47%	-45.03%	-22.04%
<b>Services</b>															
380	1985	28,565	0	6,104	(6,104)	-21.37%									
380	1986	23,415	78	5,989	(5,911)	-25.24%	-23.11%								
380	1987	24,982	289	5,836	(5,547)	-22.20%	-23.68%	-22.82%							
380	1988	32,824	0	7,706	(7,706)	-23.48%	-22.93%	-23.59%	-23.02%						
380	1989	44,184	0	6,674	(6,674)	-15.11%	-18.67%	-19.54%	-20.60%	-20.75%					
380	1990	79,025	0	12,926	(12,926)	-16.36%	-15.91%	-17.50%	-18.15%	-18.96%	-19.26%				
380	1991	88,854	0	21,645	(21,645)	-24.36%	-20.59%	-19.45%	-19.99%	-20.19%	-20.60%	-20.67%			
380	1992	87,830	0	36,687	(36,687)	-41.77%	-33.01%	-27.87%	-25.99%	-25.74%	-25.49%	-25.48%	-25.19%		
380	1993	187,332	0	100,143	(100,143)	-53.46%	-49.73%	-43.54%	-38.69%	-36.55%	-35.72%	-35.10%	-34.70%	-34.06%	
380	1994	387,801	0	69,948	(69,948)	-18.04%	-29.57%	-31.19%	-30.38%	-29.05%	-28.34%	-28.17%	-28.01%	-27.94%	-27.75%
380	1995	391,823	0	92,344	(92,344)	-23.57%	-20.82%	-27.14%	-28.36%	-28.05%	-27.29%	-26.87%	-26.78%	-26.70%	-26.67%
380	1996	321,019	0	124,774	(124,774)	-38.87%	-30.46%	-26.08%	-30.06%	-30.81%	-30.42%	-29.70%	-29.29%	-29.18%	-29.07%
380	1997	845,667	0	114,196	(114,196)	-13.50%	-20.48%	-21.26%	-20.62%	-23.50%	-24.22%	-24.23%	-23.97%	-23.81%	-23.80%
380	1998	321,725	0	110,421	(110,421)	-34.32%	-19.24%	-23.47%	-23.49%	-22.56%	-24.92%	-25.50%	-25.46%	-25.20%	-25.03%
380	1999	973,501	0	117,451	(117,451)	-12.06%	-17.59%	-15.98%	-18.96%	-19.59%	-19.41%	-21.27%	-21.78%	-21.84%	-21.73%
380	2000	661,458	0	230,467	(230,467)	-34.84%	-21.28%	-23.42%	-20.43%	-22.33%	-22.46%	-22.02%	-23.46%	-23.85%	-23.86%
380	2001	611,878	0	367,785	(367,785)	-60.11%	-46.98%	-31.85%	-32.16%	-27.54%	-28.51%	-28.05%	-27.19%	-28.23%	-28.48%
380	2002	947,038	0	359,948	(359,948)	-38.01%	-46.68%	-43.15%	-33.68%	-33.74%	-29.81%	-30.43%	-29.90%	-29.06%	-29.87%
380	2003	609,893	0	249,499	(249,499)	-40.91%	-39.14%	-45.06%	-42.67%	-34.84%	-34.80%	-31.18%	-31.64%	-31.09%	-30.25%
380	2004	166,764	0	71,320	(71,320)	-42.77%	-41.31%	-39.49%	-44.89%	-42.68%	-35.17%	-35.11%	-31.55%	-31.98%	-31.42%
380	2005	194,221	0	39,590	(39,590)	-20.38%	-30.72%	-37.12%	-37.56%	-43.01%	-41.32%	-34.48%	-34.47%	-31.14%	-31.58%
380	2006	262,217	0	140,572	(140,572)	-53.61%	-39.47%	-40.35%	-40.63%	-39.49%	-44.01%	-42.25%	-35.61%	-35.53%	-32.20%
380	2007	156,389	0	46,223	(46,223)	-29.56%	-44.62%	-36.94%	-38.19%	-39.38%	-38.82%	-43.24%	-41.70%	-35.41%	-35.34%
380	2008	198,116	0	53,233	(53,233)	-26.87%	-28.05%	-38.92%	-34.48%	-35.89%	-37.82%	-37.89%	-42.21%	-40.93%	-35.05%
380	2009	138,831	0	56,977	(56,977)	-41.04%	-32.71%	-31.71%	-39.31%	-35.44%	-36.53%	-38.08%	-38.05%	-42.16%	-40.93%
380	2010	218,669	0	66,313	(66,313)	-30.33%	-34.49%	-31.77%	-31.28%	-37.29%	-34.48%	-35.52%	-37.21%	-37.47%	-41.42%
380	2011	209,655	0	77,634	(77,634)	-37.03%	-33.61%	-35.43%	-33.21%	-32.59%	-37.25%	-34.87%	-35.72%	-37.19%	-37.44%

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380	2012	209,943	0	40,493	(40,493)	-19.29%	-28.15%	-28.90%	-31.07%	-30.21%	-30.12%	-34.54%	-32.81%	-33.76%	-35.60%
380	2013	202,571	0	54,555	(54,555)	-26.93%	-23.04%	-27.75%	-28.42%	-30.21%	-29.65%	-29.64%	-33.58%	-32.14%	-33.05%
380	2014	224,804	0	44,984	(44,984)	-20.01%	-23.29%	-21.97%	-25.70%	-26.65%	-28.31%	-28.10%	-28.25%	-31.90%	-30.79%
380	2015	159,993	0	38,113	(38,113)	-23.82%	-21.60%	-23.44%	-22.34%	-25.40%	-26.28%	-27.78%	-27.67%	-27.84%	-31.25%
380	2016	241,320	0	32,670	(32,670)	-13.54%	-17.64%	-18.49%	-20.55%	-20.30%	-23.11%	-24.18%	-25.64%	-25.78%	-26.08%
380	2017	93,089	0	10,206	(10,206)	-10.96%	-12.82%	-16.38%	-17.52%	-19.58%	-19.53%	-22.26%	-23.39%	-24.84%	-25.05%
380	2018	169,252	0	29,114	(29,114)	-17.20%	-14.99%	-14.29%	-16.59%	-17.46%	-19.21%	-19.23%	-21.70%	-22.79%	-24.14%
380	2019	88,889	0	120,679	(120,679)	-135.76%	-58.03%	-45.55%	-32.52%	-30.67%	-28.22%	-28.00%	-26.68%	-28.04%	-28.31%
380	2020	242,976	0	93,788	(93,788)	-38.60%	-64.62%	-48.61%	-42.71%	-34.28%	-32.60%	-30.28%	-29.81%	-28.45%	-29.43%
380	2021	134,447	0	95,163	(95,163)	-70.78%	-50.06%	-66.40%	-53.30%	-47.89%	-39.34%	-37.15%	-34.30%	-33.34%	-31.67%
380	2022	98,349	0	71,010	(71,010)	-72.20%	-71.38%	-54.64%	-67.41%	-55.83%	-50.78%	-42.37%	-39.95%	-36.87%	-35.65%
<b>Meters</b>															
381	1985	2,399	742	1,381	(639)	-26.64%									
381	1986	1,705	1,201	1,205	(4)	-0.23%	-15.67%								
381	1987	8,102	206	457	(251)	-3.10%	-2.60%	-7.32%							
381	1988	4,986	282	1,025	(743)	-14.90%	-7.59%	-6.75%	-9.52%						
381	1989	3,860	1,424	492	932	24.15%	2.14%	-0.37%	-0.35%	-3.35%					
381	1990	1,856	0	48	(48)	-2.59%	15.47%	1.32%	-0.58%	-0.56%	-3.29%				
381	1991	2,704	0	381	(381)	-14.09%	-9.41%	5.97%	-1.79%	-2.28%	-2.13%	-4.43%			
381	1992	4,529	0	859	(859)	-18.97%	-17.14%	-14.17%	-2.75%	-6.13%	-5.18%	-4.88%	-6.61%		
381	1993	10,179	0	843	(843)	-8.28%	-11.57%	-11.96%	-11.06%	-5.18%	-6.91%	-6.06%	-5.79%	-7.03%	
381	1994	15,106	0	926	(926)	-6.13%	-7.00%	-8.81%	-9.25%	-8.89%	-5.56%	-6.64%	-6.08%	-5.89%	-6.79%
381	1995	14,762	0	1,417	(1,417)	-9.60%	-7.84%	-7.96%	-9.07%	-9.36%	-9.11%	-6.68%	-7.39%	-6.86%	-6.70%
381	1996	118,040	0	2,311	(2,311)	-1.96%	-2.81%	-3.15%	-3.48%	-3.91%	-4.08%	-4.06%	-3.42%	-3.75%	-3.72%
381	1997	6,721	0	3,202	(3,202)	-47.64%	-4.42%	-4.97%	-5.08%	-5.28%	-5.64%	-5.78%	-5.74%	-5.09%	-5.36%
381	1998	7,476	0	1,395	(1,395)	-18.66%	-32.38%	-5.22%	-5.66%	-5.71%	-5.86%	-6.19%	-6.31%	-6.28%	-5.64%
381	1999	22,146	0	9,504	(9,504)	-42.92%	-36.79%	-38.80%	-10.63%	-10.54%	-10.18%	-10.08%	-10.28%	-10.33%	-10.26%
381	2000	15,570	0	1,935	(1,935)	-12.43%	-30.33%	-28.40%	-30.89%	-10.80%	-10.70%	-10.35%	-10.25%	-10.44%	-10.48%
381	2001	30,416	0	105	(105)	-0.35%	-4.44%	-16.94%	-17.11%	-19.61%	-9.21%	-9.24%	-9.03%	-9.00%	-9.18%
381	2002	622,527	0	(167)	167	0.03%	0.01%	-0.28%	-1.65%	-1.83%	-2.27%	-2.22%	-2.35%	-2.42%	-2.49%
381	2003	411,701	0	(695)	695	0.17%	0.08%	0.07%	-0.11%	-0.97%	-1.09%	-1.37%	-1.42%	-1.52%	-1.58%
381	2004	327,215	0	(116)	116	0.04%	0.11%	0.07%	0.06%	-0.08%	-0.74%	-0.83%	-1.05%	-1.12%	-1.20%
381	2005	266,089	0	(5,500)	5,500	2.07%	0.95%	0.63%	0.40%	0.38%	0.27%	-0.30%	-0.38%	-0.57%	-0.66%
381	2006	279,961	0	312	(312)	-0.11%	0.95%	0.61%	0.47%	0.32%	0.31%	0.21%	-0.27%	-0.34%	-0.50%
381	2007	3,192,283	0	470	(470)	-0.01%	-0.02%	0.13%	0.12%	0.12%	0.11%	0.11%	0.07%	-0.11%	-0.14%
381	2008	(2,105,998)	0	86	(86)	0.00%	-0.05%	-0.06%	0.28%	0.24%	0.23%	0.19%	0.18%	0.12%	-0.19%

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381	2009	142,130	0	294	(294)	-0.21%	0.02%	-0.07%	-0.08%	0.24%	0.21%	0.20%	0.17%	0.16%	0.10%
381	2010	83,184	0	454	(454)	-0.55%	-0.33%	0.04%	-0.10%	-0.10%	0.21%	0.18%	0.18%	0.15%	0.15%
381	2011	460,542	0	96	(96)	-0.02%	-0.10%	-0.12%	0.07%	-0.08%	-0.08%	0.16%	0.15%	0.15%	0.13%
381	2012	418,994	168	(21,175)	21,343	5.09%	2.42%	2.16%	1.86%	-2.04%	0.91%	0.79%	0.92%	0.82%	0.75%
381	2013	413,947	0	(9,851)	9,851	2.38%	3.75%	2.40%	2.23%	2.00%	-5.15%	1.14%	1.02%	1.11%	1.01%
381	2014	470,672	0	609	(609)	-0.13%	1.04%	2.35%	1.73%	1.63%	1.49%	-25.45%	0.95%	0.86%	0.95%
381	2015	727,951	0	1,867	(1,867)	-0.26%	-0.21%	0.46%	1.41%	1.15%	1.09%	1.03%	4.54%	0.72%	0.66%
381	2016	988,562	0	1,689	(1,689)	-0.17%	-0.21%	-0.19%	0.22%	0.89%	0.77%	0.74%	0.71%	1.63%	0.53%
381	2017	1,387,769	0	1,436	(1,436)	-0.10%	-0.13%	-0.16%	-0.16%	0.11%	0.58%	0.52%	0.51%	0.49%	0.83%
381	2018	1,592,670	0	11,946	(11,946)	-0.75%	-0.45%	-0.38%	-0.36%	-0.34%	-0.14%	0.23%	0.21%	0.20%	0.19%
381	2019	552,241	0	18,427	(18,427)	-3.34%	-1.42%	-0.90%	-0.74%	-0.67%	-0.63%	-0.43%	-0.07%	-0.07%	-0.08%
381	2020	2,795,553	0	19,920	(19,920)	-0.71%	-1.15%	-1.02%	-0.82%	-0.73%	-0.69%	-0.66%	-0.52%	-0.26%	-0.25%
381	2021	585,894	0	12,424	(12,424)	-2.12%	-0.96%	-1.29%	-1.13%	-0.93%	-0.83%	-0.78%	-0.75%	-0.61%	-0.37%
381	2022	688,821	0	13,670	(13,670)	-1.98%	-2.05%	-1.13%	-1.39%	-1.23%	-1.02%	-0.93%	-0.87%	-0.84%	-0.71%
<b>CARS Industrial M&amp;R Station</b>															
385	1993	1,512	0	0	0	0.00%									
385	1994	9,712	0	1,063	(1,063)	-10.95%	-9.47%								
385	1995	20,781	0	576	(576)	-2.77%	-5.38%	-5.12%							
385	1996	10,748	0	1,475	(1,475)	-13.72%	-6.51%	-7.55%	-7.28%						
385	1997	9,857	0	3,648	(3,648)	-37.01%	-24.86%	-13.77%	-13.23%	-12.85%					
385	1998	10,832	0	2,581	(2,581)	-23.83%	-30.11%	-24.51%	-15.86%	-15.09%	-14.73%				
385	1999	8,830	0	6,164	(6,164)	-69.81%	-44.48%	-41.98%	-34.44%	-23.66%	-21.91%	-21.46%			
385	2000	0	0	0	0	NA	-69.81%	-44.48%	-41.98%	-34.44%	-23.66%	-21.91%	-21.46%		
385	2001	659	0	156	(156)	-23.67%	-23.67%	-66.60%	-43.80%	-41.58%	-34.27%	-23.66%	-21.93%	-21.48%	
385	2002	0	0	0	0	NA	-23.67%	-23.67%	-66.60%	-43.80%	-41.58%	-34.27%	-23.66%	-21.93%	-21.48%
385	2003	0	0	0	0	NA	NA	-23.67%	-23.67%	-66.60%	-43.80%	-41.58%	-34.27%	-23.66%	-21.93%
385	2004	2,209	0	1,624	(1,624)	-73.52%	-73.52%	-73.52%	-62.06%	-62.06%	-67.91%	-46.72%	-43.76%	-36.28%	-25.38%
385	2005	3,518	0	0	0	0.00%	-28.36%	-28.36%	-28.36%	-27.87%	-27.87%	-52.21%	-40.41%	-39.47%	-33.54%
385	2006	20	0	0	0	0.00%	0.00%	-28.26%	-28.26%	-28.26%	-27.79%	-27.79%	-52.14%	-40.38%	-39.45%
385	2007	10,261	0	78	(78)	-0.76%	-0.76%	-0.57%	-10.63%	-10.63%	-10.63%	-11.15%	-11.15%	-31.46%	-29.19%
385	2008	6,503	0	51	(51)	-0.78%	-0.77%	-0.77%	-0.64%	-7.79%	-7.79%	-7.79%	-8.24%	-8.24%	-25.23%
385	2009	8	0	21	(21)	-270.47%	-1.10%	-0.89%	-0.89%	-0.74%	-7.88%	-7.88%	-7.88%	-8.33%	-8.33%
385	2010	0	0	0	0	NA	-270.47%	-1.10%	-0.89%	-0.89%	-0.74%	-7.88%	-7.88%	-7.88%	-8.33%
385	2011	0	0	0	0	NA	NA	-270.47%	-1.10%	-0.89%	-0.89%	-0.74%	-7.88%	-7.88%	-7.88%
385	2012	800	0	0	0	0.00%	0.00%	0.00%	-2.59%	-0.98%	-0.85%	-0.85%	-0.71%	-7.61%	-7.61%
385	2013	0	0	0	0	NA	0.00%	0.00%	0.00%	-2.59%	-0.98%	-0.85%	-0.85%	-0.71%	-7.61%



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**SOUTHWEST GAS CORPORATION**  
**NORTHERN NEVADA- NET SALVAGE ANALYSIS**  
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FERC	Activity Year	Retirements	Salvage	Removal Cost	Net Salvage	Net Salv. %	2- yr Net Salv. %	3- yr Net Salv. %	4- yr Net Salv. %	5- yr Net Salv. %	6- yr Net Salv. %	7- yr Net Salv. %	8- yr Net Salv. %	9- yr Net Salv. %	10- yr Net Salv. %
385	2014	25,225	0	394	(394)	-1.56%	-1.56%	-1.51%	-1.51%	-1.51%	-1.59%	-1.43%	-1.27%	-1.27%	-1.17%
385	2015	1,430	0	(14)	14	0.97%	-1.43%	-1.43%	-1.39%	-1.39%	-1.39%	-1.46%	-1.33%	-1.20%	-1.20%
385	2016	(309)	0	117	(117)	37.83%	-9.19%	-1.89%	-1.89%	-1.83%	-1.83%	-1.83%	-1.91%	-1.69%	-1.47%
385	2017	12,914	0	383	(383)	-2.96%	-3.96%	-3.46%	-2.24%	-2.24%	-2.20%	-2.20%	-2.20%	-2.25%	-2.04%
385	2018	0	0	0	0	NA	-2.96%	-3.96%	-3.46%	-2.24%	-2.24%	-2.20%	-2.20%	-2.20%	-2.25%
385	2019	41,745	0	0	0	0.00%	0.00%	-0.70%	-0.92%	-0.87%	-1.09%	-1.09%	-1.08%	-1.08%	-1.08%
385	2020	(3,236)	0	850	(850)	26.26%	-2.21%	-2.21%	-2.40%	-2.64%	-2.54%	-2.22%	-2.22%	-2.20%	-2.20%
385	2021	(518)	0	1,646	(1,646)	318.00%	66.50%	-6.57%	-6.57%	-5.65%	-5.92%	-5.73%	-4.37%	-4.37%	-4.32%
385	2022	3,076	0	2,380	(2,380)	-77.36%	-157.35%	719.93%	-11.87%	-11.87%	-9.74%	-10.01%	-9.73%	-7.16%	-7.16%

**CARS Other Equipment**

387	1987	852	0	0	0	0.00%									
387	1988	0	0	0	0	NA	0.00%								
387	1989	307	0	0	0	0.00%		0.00%							
387	1990	0	0	0	0	NA	0.00%	0.00%	0.00%						
387	1991	0	0	0	0	NA	NA	0.00%	0.00%	0.00%					
387	1992	0	0	0	0	NA	NA	NA	0.00%	0.00%	0.00%				
387	1993	2,944	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%			
387	1994	0	0	0	0	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%		
387	1995	0	0	0	0	NA	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
387	1996	0	0	0	0	NA	NA	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
387	1997	0	0	0	0	NA	NA	NA	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
387	1998	0	0	0	0	NA	NA	NA	NA	NA	0.00%	0.00%	0.00%	0.00%	0.00%
387	1999	0	0	0	0	NA	NA	NA	NA	NA	NA	0.00%	0.00%	0.00%	0.00%
387	2000	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	0.00%	0.00%	0.00%
387	2001	7,164	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
387	2002	0	0	0	0	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
387	2003	0	0	0	0	NA	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
387	2004	0	0	0	0	NA	NA	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
387	2005	0	0	0	0	NA	NA	NA	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
387	2006	0	0	0	0	NA	NA	NA	NA	NA	0.00%	0.00%	0.00%	0.00%	0.00%
387	2007	0	0	0	0	NA	NA	NA	NA	NA	NA	0.00%	0.00%	0.00%	0.00%
387	2008	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	0.00%	0.00%	0.00%
387	2009	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	0.00%	0.00%
387	2010	0	0	0	0	NA	NA	NA	NA	NA	NA	0.00%	0.00%	0.00%	0.00%
387	2011	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	0.00%	0.00%	0.00%
387	2012	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA

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FERC	Activity Year	Retirements	Salvage	Removal Cost	Net Salvage	Net Salv. %	2- yr Net Salv. %	3- yr Net Salv. %	4- yr Net Salv. %	5- yr Net Salv. %	6- yr Net Salv. %	7- yr Net Salv. %	8- yr Net Salv. %	9- yr Net Salv. %	10- yr Net Salv. %
387	2013	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
387	2014	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
387	2015	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
387	2016	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
387	2017	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
387	2018	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
387	2019	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
387	2020	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
387	2021	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
387	2022	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA

CARS Structures & Improvemnt

390.1	1987	65,090	65,089	0	65,089	100.00%									
390.1	1988	34,361	0	0	0	0.00%	65.45%								
390.1	1989	3,828	0	0	0	0.00%	0.00%	63.02%							
390.1	1990	0	0	0	0	NA	0.00%	0.00%	63.02%						
390.1	1991	0	0	0	0	NA	NA	0.00%	0.00%	63.02%					
390.1	1992	0	0	0	0	NA	NA	NA	0.00%	0.00%	63.02%				
390.1	1993	885,078	880,938	0	880,938	99.53%	99.53%	99.53%	99.53%	99.10%	95.42%	95.72%			
390.1	1994	34,257	0	15,455	(15,455)	-45.11%	94.14%	94.14%	94.14%	94.14%	93.75%	90.39%	91.00%		
390.1	1995	14,000	0	0	0	0.00%	-32.03%	92.73%	92.73%	92.73%	92.73%	89.09%	89.77%		
390.1	1996	66,758	0	0	0	0.00%	0.00%	-13.44%	86.54%	86.54%	86.54%	86.54%	86.21%	83.36%	84.34%
390.1	1997	0	0	0	0	NA	0.00%	0.00%	-13.44%	86.54%	86.54%	86.54%	86.54%	86.21%	83.36%
390.1	1998	0	0	0	0	NA	NA	0.00%	0.00%	-13.44%	86.54%	86.54%	86.54%	86.54%	86.21%
390.1	1999	0	0	0	0	NA	NA	NA	0.00%	0.00%	-13.44%	86.54%	86.54%	86.54%	86.54%
390.1	2000	4,121	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	-12.97%	86.19%	86.19%	86.19%
390.1	2001	0	0	0	0	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	-12.97%	86.19%	86.19%
390.1	2002	0	0	0	0	NA	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	-12.97%	86.19%
390.1	2003	0	0	0	0	NA	NA	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	-12.97%
390.1	2004	106,395	425,000	0	425,000	399.45%	399.45%	399.45%	399.45%	384.56%	384.56%	384.56%	384.56%	239.74%	222.19%
390.1	2005	23,733	0	0	0	0.00%	326.60%	326.60%	326.60%	326.60%	316.58%	316.58%	316.58%	316.58%	211.44%
390.1	2006	3,420	0	0	0	0.00%	0.00%	318.24%	318.24%	318.24%	318.24%	308.71%	308.71%	308.71%	308.71%
390.1	2007	0	0	0	0	NA	0.00%	0.00%	318.24%	318.24%	318.24%	318.24%	308.71%	308.71%	308.71%
390.1	2008	0	0	0	0	NA	NA	0.00%	0.00%	318.24%	318.24%	318.24%	318.24%	308.71%	308.71%
390.1	2009	103,575	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	179.23%	179.23%	179.23%	179.23%	176.17%
390.1	2010	49,319	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	148.37%	148.37%	148.37%	148.37%	148.37%
390.1	2011	0	0	0	0	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	148.37%	148.37%	148.37%

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SOUTHWEST GAS CORPORATION  
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FERC	Activity Year	Retirements	Salvage	Removal Cost	Net Salvage	Net Salv. %	2- yr Net Salv. %	3- yr Net Salv. %	4- yr Net Salv. %	5- yr Net Salv. %	6- yr Net Salv. %	7- yr Net Salv. %	8- yr Net Salv. %	9- yr Net Salv. %	10- yr Net Salv. %
390.1	2012	0	0	0	0	NA	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	148.37%	148.37%
390.1	2013	24,695	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	136.60%
390.1	2014	246,686	0	56,814	(56,814)	-23.03%	-20.94%	-20.94%	-20.94%	-17.72%	-13.39%	-13.39%	-13.39%	-13.28%	-12.59%
390.1	2015	30,825	0	0	0	0.00%	-20.47%	-18.80%	-18.80%	-18.80%	-16.16%	-12.48%	-12.48%	-12.48%	-12.39%
390.1	2016	123,472	0	1,568	(1,568)	-1.27%	-1.02%	-14.56%	-13.72%	-13.72%	-13.72%	-12.29%	-10.09%	-10.09%	-10.09%
390.1	2017	270,790	0	84,944	(84,944)	-31.37%	-21.94%	-20.35%	-21.34%	-20.58%	-20.58%	-20.58%	-19.22%	-16.87%	-16.87%
390.1	2018	106,892	0	0	0	0.00%	-22.49%	-17.26%	-16.26%	-18.41%	-17.84%	-17.84%	-17.84%	-16.81%	-14.99%
390.1	2019	283,519	0	0	0	0.00%	0.00%	-12.85%	-11.03%	-10.61%	-13.49%	-13.19%	-13.19%	-13.19%	-12.61%
390.1	2020	58,641	0	92,135	(92,135)	-157.12%	-26.93%	-20.52%	-24.60%	-21.18%	-20.44%	-21.01%	-20.55%	-20.55%	-20.55%
390.1	2021	85,034	0	27,660	(27,660)	-32.53%	-83.38%	-28.04%	-22.43%	-25.44%	-22.22%	-21.51%	-21.82%	-21.38%	-21.38%
390.1	2022	38,341	0	0	0	0.00%	-22.42%	-65.82%	-25.73%	-20.93%	-24.28%	-21.34%	-20.68%	-21.15%	-20.74%

CARS Office Furniture & Equip

391	1985	4,801	52	10	42	0.87%									
391	1986	4,748	1,279	550	729	15.35%	8.07%								
391	1987	15,501	1,611	0	1,611	10.39%	11.56%	9.51%							
391	1988	3,380	0	0	0	0.00%	8.53%	9.90%	8.38%						
391	1989	1,269	0	0	0	0.00%	0.00%	8.00%	9.40%	8.02%					
391	1990	2,475	126	0	126	5.09%	3.37%	1.77%	7.68%	9.01%	7.80%				
391	1991	4,645	139	0	139	2.99%	3.72%	3.16%	2.25%	6.88%	8.14%	7.19%			
391	1992	5,237	0	0	0	0.00%	1.41%	2.14%	1.94%	1.56%	5.77%	6.99%	6.29%		
391	1993	77,430	0	0	0	0.00%	0.00%	0.16%	0.30%	0.29%	0.28%	1.71%	2.27%	2.22%	
391	1994	39,361	865	0	865	2.20%	0.74%	0.71%	0.79%	0.87%	0.87%	0.84%	1.84%	2.25%	2.21%
391	1995	1,055	0	0	0	0.00%	2.14%	0.73%	0.70%	0.79%	0.87%	0.86%	0.84%	1.82%	2.24%
391	1996	5,235	0	0	0	0.00%	0.00%	1.89%	0.70%	0.67%	0.76%	0.83%	0.83%	0.81%	1.76%
391	1997	5,013	364	0	364	7.26%	3.55%	3.22%	2.43%	0.96%	0.92%	0.99%	1.06%	1.05%	1.03%
391	1998	1,829	0	0	0	0.00%	5.32%	3.01%	2.77%	2.34%	0.95%	0.91%	0.98%	1.05%	1.04%
391	1999	28,618	0	0	0	0.00%	0.00%	1.03%	0.89%	0.87%	1.52%	0.78%	0.75%	0.81%	0.87%
391	2000	216,248	0	0	0	0.00%	0.00%	0.00%	0.14%	0.14%	0.14%	0.41%	0.33%	0.32%	0.36%
391	2001	115,677	0	0	0	0.00%	0.00%	0.00%	0.00%	0.10%	0.10%	0.10%	0.30%	0.25%	0.25%
391	2002	17,205	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.09%	0.09%	0.09%	0.29%	0.24%
391	2003	12,972	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.09%	0.09%	0.09%	0.28%
391	2004	0	0	0	0	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.09%	0.09%	0.09%	0.09%
391	2005	1,137	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.09%	0.09%
391	2006	1,382	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.09%
391	2007	6,476	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
391	2008	67,915	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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FERC	Activity Year	Retirements	Salvage	Removal Cost	Net Salvage	Net Salv. %	2- yr Net Salv. %	3- yr Net Salv. %	4- yr Net Salv. %	5- yr Net Salv. %	6- yr Net Salv. %	7- yr Net Salv. %	8- yr Net Salv. %	9- yr Net Salv. %	10- yr Net Salv. %
391	2009	73,774	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
391	2010	0	0	0	0	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
391	2011	1,210	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
391	2012	2,372	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
391	2013	0	0	0	0	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
391	2014	306,289	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
391	2015	0	0	0	0	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
391	2016	0	0	0	0	NA	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
391	2017	0	0	0	0	NA	NA	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
391	2018	0	0	0	0	NA	NA	NA	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
391	2019	35,399	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
391	2020	5,837	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
391	2021	13,476	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
391	2022	0	0	0	0	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Computer Equipment</b>															
391.1	1993	8,657	0	0	0	0.00%									
391.1	1994	4,022	0	0	0	0.00%	0.00%								
391.1	1995	0	0	0	0	NA	0.00%	0.00%							
391.1	1996	325	0	0	0	0.00%	0.00%	0.00%	0.00%						
391.1	1997	150,861	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%					
391.1	1998	0	0	0	0	NA	0.00%	0.00%	0.00%	0.00%	0.00%				
391.1	1999	1,102,873	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%			
391.1	2000	6,977	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%		
391.1	2001	108,626	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
391.1	2002	12,039	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
391.1	2003	197,853	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
391.1	2004	5,609	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
391.1	2005	393,864	16,116	0	16,116	4.09%	4.03%	2.70%	2.64%	2.24%	2.22%	0.88%	0.88%	0.81%	0.81%
391.1	2006	0	0	0	0	NA	4.09%	4.03%	2.70%	2.64%	2.24%	2.22%	0.88%	0.88%	0.81%
391.1	2007	420,025	0	0	0	0.00%	0.00%	1.98%	1.97%	1.58%	1.57%	1.42%	1.41%	0.72%	0.72%
391.1	2008	396,564	25,199	1,450	23,749	5.99%	2.91%	2.91%	3.29%	3.28%	2.82%	2.80%	2.60%	2.59%	1.51%
391.1	2009	490,532	36,752	271	36,480	7.44%	6.79%	4.61%	4.61%	4.49%	4.47%	4.01%	3.98%	3.77%	3.76%
391.1	2010	64,761	0	0	0	0.00%	6.57%	6.33%	4.39%	4.39%	4.32%	4.31%	3.88%	3.85%	3.65%
391.1	2011	334,313	0	0	0	0.00%	0.00%	4.10%	4.68%	3.53%	3.53%	3.64%	3.63%	3.31%	3.30%
391.1	2012	75,743	8,127	0	8,127	10.73%	1.98%	1.71%	4.62%	5.02%	3.84%	3.84%	2.34%	2.25%	2.25%
391.1	2013	670,075	0	0	0	0.00%	1.09%	0.75%	0.71%	2.73%	3.36%	2.79%	2.79%	1.97%	1.91%

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391.1	2014	132,071	0	0	0	0.00%	0.00%	0.93%	0.67%	0.64%	2.52%	3.16%	2.65%	2.65%	1.91%
391.1	2015	155,379	0	0	0	0.00%	0.00%	0.00%	0.79%	0.59%	0.57%	2.32%	2.95%	2.50%	2.50%
391.1	2016	568,142	0	0	0	0.00%	0.00%	0.00%	0.00%	0.51%	0.42%	0.41%	1.79%	2.37%	2.07%
391.1	2017	706,659	2,237	5,160	(2,923)	-0.41%	-0.23%	-0.20%	-0.19%	-0.13%	0.23%	0.20%	0.19%	1.30%	1.82%
391.1	2018	6,878	0	0	0	0.00%	-0.41%	-0.23%	-0.20%	-0.19%	-0.13%	0.22%	0.20%	0.19%	1.30%
391.1	2019	0	0	0	0	NA	0.00%	-0.41%	-0.23%	-0.20%	-0.19%	-0.13%	0.22%	0.20%	0.19%
391.1	2020	360,300	0	0	0	0.00%	0.00%	0.00%	-0.27%	-0.18%	-0.16%	-0.15%	-0.11%	0.19%	0.17%
391.1	2021	855,840	0	0	0	0.00%	0.00%	0.00%	0.00%	-0.15%	-0.12%	-0.11%	-0.10%	-0.08%	0.15%
391.1	2022	69,767	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	-0.15%	-0.11%	-0.11%	-0.10%	-0.08%
<b>Transportation Equip, Light</b>															
392.1	1985	2,200	10,626	0	10,626	483.00%									
392.1	1986	10,667	11,201	0	11,201	105.01%	169.64%								
392.1	1987	140,074	7,760	0	7,760	5.54%	12.58%	19.35%							
392.1	1988	73,168	16,191	0	16,191	22.13%	11.23%	15.70%	20.25%						
392.1	1989	53,695	3,683	0	3,683	6.86%	15.67%	10.35%	13.99%	17.68%					
392.1	1990	63,111	8,598	80	8,518	13.50%	10.45%	14.95%	10.95%	13.90%	16.91%				
392.1	1991	41,654	8,629	0	8,629	20.72%	16.37%	13.15%	15.98%	12.05%	14.64%	17.32%			
392.1	1992	30,112	5,628	0	5,628	18.69%	19.87%	16.89%	14.03%	16.29%	12.55%	14.94%	17.42%		
392.1	1993	125,061	14,588	0	14,588	11.66%	13.03%	14.66%	14.37%	13.09%	14.80%	12.34%	14.18%	16.09%	
392.1	1994	147,047	17,298	0	17,298	11.76%	11.72%	12.41%	13.42%	13.43%	12.66%	13.96%	12.21%	13.66%	15.16%
392.1	1995	108,769	20,025	0	20,025	18.41%	14.59%	13.63%	14.00%	14.62%	14.48%	13.76%	14.71%	13.07%	14.31%
392.1	1996	37,788	0	0	0	0.00%	13.66%	12.71%	12.40%	12.82%	13.49%	13.49%	12.91%	13.90%	12.47%
392.1	1997	262,316	0	0	0	0.00%	0.00%	4.90%	6.71%	7.62%	8.09%	8.79%	9.15%	9.01%	10.03%
392.1	1998	136,907	0	0	0	0.00%	0.00%	0.00%	3.67%	5.39%	6.35%	6.79%	7.44%	7.84%	7.79%
392.1	1999	125,668	11,644	0	11,644	9.27%	4.43%	2.22%	2.07%	4.72%	5.98%	6.74%	7.11%	7.66%	8.01%
392.1	2000	189,315	0	0	0	0.00%	3.70%	2.58%	1.63%	1.55%	3.68%	4.86%	5.61%	5.95%	6.46%
392.1	2001	109,631	0	0	0	0.00%	0.00%	2.74%	2.07%	1.41%	1.35%	3.26%	4.38%	5.12%	5.44%
392.1	2002	105,359	0	0	0	0.00%	0.00%	0.00%	2.20%	1.75%	1.25%	1.20%	2.94%	4.00%	4.72%
392.1	2003	182,876	9,873	0	9,873	5.40%	3.43%	2.48%	1.68%	3.02%	2.53%	1.93%	1.87%	3.30%	4.19%
392.1	2004	19,504	0	0	0	0.00%	4.88%	3.21%	2.37%	1.63%	2.94%	2.48%	1.90%	1.84%	3.25%
392.1	2005	411,385	57,975	0	57,975	14.09%	13.45%	11.05%	9.43%	8.19%	6.66%	6.95%	6.21%	5.15%	5.03%
392.1	2006	509,600	26,590	0	26,590	5.22%	9.18%	8.99%	8.41%	7.69%	7.06%	6.18%	6.42%	5.93%	5.17%
392.1	2007	221,457	62,575	0	62,575	28.26%	12.20%	12.88%	12.66%	11.68%	10.83%	10.07%	8.98%	9.00%	8.38%
392.1	2008	314,211	9,996	0	9,996	3.18%	13.55%	9.49%	10.79%	10.64%	10.07%	9.47%	8.91%	8.09%	8.16%
392.1	2009	393,941	37,512	0	37,512	9.52%	6.71%	11.84%	9.50%	10.52%	10.41%	9.96%	9.48%	9.02%	8.32%
392.1	2010	209,658	26,390	0	26,390	12.59%	10.59%	8.05%	11.98%	9.89%	10.73%	10.63%	10.21%	9.75%	9.32%

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392.1	2011	227,808	30,310	(1,130)	31,440	13.80%	13.22%	11.47%	9.19%	12.28%	10.36%	11.03%	10.94%	10.53%	10.11%
392.1	2012	794,070	106,361	0	106,361	13.39%	13.49%	13.33%	12.41%	10.91%	12.69%	11.27%	11.64%	11.57%	11.23%
392.1	2013	195,983	4,590	0	4,590	2.34%	11.21%	11.69%	11.82%	11.33%	10.13%	11.83%	10.66%	11.09%	11.02%
392.1	2014	209,534	0	0	0	0.00%	1.13%	9.25%	9.98%	10.31%	10.16%	9.22%	10.86%	9.93%	10.42%
392.1	2015	359,772	0	0	0	0.00%	0.00%	0.60%	7.12%	7.97%	8.45%	8.63%	8.00%	9.53%	8.89%
392.1	2016	287,591	186,496	0	186,496	64.85%	28.81%	21.76%	18.15%	16.10%	15.85%	15.55%	14.67%	13.46%	14.48%
392.1	2017	504,820	79,254	0	79,254	15.70%	33.54%	23.06%	19.52%	17.36%	16.02%	15.82%	15.58%	14.83%	13.78%
392.1	2018	323,890	8,531	0	8,531	2.63%	10.59%	24.57%	18.58%	16.27%	14.82%	14.40%	14.35%	14.23%	13.70%
392.1	2019	591,445	190,275	0	190,275	32.17%	21.72%	19.58%	27.20%	22.47%	20.40%	18.97%	17.62%	17.37%	17.10%
392.1	2020	115,458	104,099	0	104,099	90.16%	41.64%	29.39%	24.89%	31.19%	26.05%	23.77%	22.15%	20.09%	19.69%
392.1	2021	315,234	155,850	0	155,850	49.44%	60.36%	44.05%	34.08%	29.07%	33.88%	29.00%	26.76%	25.11%	22.59%
392.1	2022	408,562	0	0	0	0.00%	21.53%	30.97%	31.47%	26.15%	23.81%	28.45%	24.92%	23.25%	22.01%
<b>Transportation Equip, Heavy</b>															
392.1	1986	0	1,200	0	1,200	NA									
392.1	1987	0	1,500	0	1,500	NA	NA								
392.1	1988	0	5,081	0	5,081	NA		NA							
392.1	1989	0	0	0	0	NA	NA	NA	NA						
392.1	1990	0	0	0	0	NA	NA	NA	NA	NA					
392.1	1991	0	0	0	0	NA	NA	NA	NA	NA	NA				
392.1	1992	0	0	0	0	NA	NA	NA	NA	NA	NA	NA			
392.1	1993	30,657	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	16.57%	21.47%	25.38%		
392.1	1994	31,679	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	8.15%	10.56%	12.48%	
392.1	1995	0	0	0	0	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	8.15%	10.56%	12.48%
392.1	1996	0	0	0	0	NA	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
392.1	1997	31,934	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	5.39%
392.1	1998	63,962	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
392.1	1999	61,982	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
392.1	2000	29,215	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
392.1	2001	91,856	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
392.1	2002	41,287	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
392.1	2003	108,648	6,592	0	6,592	6.07%	4.40%	2.73%	2.43%	1.98%	1.66%	1.54%	1.54%	1.54%	1.43%
392.1	2004	0	0	0	0	NA	6.07%	4.40%	2.73%	2.43%	1.98%	1.66%	1.54%	1.54%	1.54%
392.1	2005	0	0	0	0	NA	NA	6.07%	4.40%	2.73%	2.43%	1.98%	1.66%	1.54%	1.54%
392.1	2006	0	0	0	0	NA	NA	NA	6.07%	4.40%	2.73%	2.43%	1.98%	1.66%	1.54%
392.1	2007	0	0	0	0	NA	NA	NA	NA	6.07%	4.40%	2.73%	2.43%	1.98%	1.66%
392.1	2008	115,215	6,629	0	6,629	5.75%	5.75%	5.75%	5.75%	5.75%	5.91%	4.99%	3.70%	3.42%	2.95%
392.1	2009	163,117	16,128	0	16,128	9.89%	8.18%	8.18%	8.18%	8.18%	8.18%	7.58%	6.85%	5.64%	5.34%

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392.1	2010	0	0	0	0	NA	9.89%	8.18%	8.18%	8.18%	8.18%	8.18%	7.58%	6.85%	5.64%
392.1	2011	0	0	0	0	NA	NA	9.89%	8.18%	8.18%	8.18%	8.18%	8.18%	7.58%	6.85%
392.1	2012	108,594	0	0	0	0.00%	0.00%	0.00%	5.94%	5.88%	5.88%	5.88%	5.88%	5.88%	5.92%
392.1	2013	70,269	0	0	0	0.00%	0.00%	0.00%	0.00%	4.72%	4.98%	4.98%	4.98%	4.98%	4.98%
392.1	2014	171,568	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	3.14%	3.62%	3.62%	3.62%	3.62%
392.1	2015	0	0	0	0	NA	0.00%	0.00%	0.00%	0.00%	0.00%	3.14%	3.62%	3.62%	3.62%
392.1	2016	359,819	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.85%	2.30%	2.30%
392.1	2017	63,257	31,950	0	31,950	50.51%	7.55%	7.55%	5.37%	4.81%	4.13%	4.13%	4.13%	5.13%	5.20%
392.1	2018	1,263	73,937	0	73,937	5854.11%	164.11%	24.95%	24.95%	17.77%	15.89%	13.67%	13.67%	13.67%	13.01%
392.1	2019	0	40,504	0	40,504	NA	9061.08%	226.89%	34.50%	34.50%	24.57%	21.97%	18.89%	18.89%	18.89%
392.1	2020	0	40,030	0	40,030	NA	NA	12230.54%	288.93%	43.93%	43.93%	31.28%	27.98%	24.06%	24.06%
392.1	2021	105,309	42,850	0	42,850	40.69%	78.70%	117.16%	185.15%	135.00%	43.29%	43.29%	32.70%	29.72%	26.05%
392.1	2022	372,118	0	0	0	0.00%	8.98%	17.36%	25.84%	41.22%	42.30%	25.42%	25.42%	21.36%	20.05%

Stores Equipment

393	1993	4,700	0	0	0	0.00%									
393	1994	0	0	0	0	NA	0.00%								
393	1995	0	0	0	0	NA	NA	0.00%							
393	1996	0	0	0	0	NA	NA	NA	0.00%						
393	1997	0	0	0	0	NA	NA	NA	NA	0.00%					
393	1998	7,964	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%				
393	1999	0	0	0	0	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%			
393	2000	9,068	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%		
393	2001	85,860	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
393	2002	0	0	0	0	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
393	2003	0	0	0	0	NA	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
393	2004	1,507	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
393	2005	0	0	0	0	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
393	2006	0	0	0	0	NA	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
393	2007	0	0	0	0	NA	NA	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
393	2008	33,328	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
393	2009	0	2,075	0	2,075	NA	6.23%	6.23%	6.23%	6.23%	5.96%	5.96%	5.96%	1.72%	1.60%
393	2010	0	0	0	0	NA	NA	6.23%	6.23%	6.23%	6.23%	5.96%	5.96%	5.96%	1.72%
393	2011	0	0	0	0	NA	NA	NA	6.23%	6.23%	6.23%	6.23%	5.96%	5.96%	5.96%
393	2012	1,798	0	0	0	0.00%	0.00%	0.00%	115.42%	5.91%	5.91%	5.91%	5.91%	5.66%	5.66%
393	2013	0	0	0	0	NA	0.00%	0.00%	0.00%	115.42%	5.91%	5.91%	5.91%	5.91%	5.66%
393	2014	28,846	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	6.77%	3.24%	3.24%	3.24%	3.24%
393	2015	0	0	0	0	NA	0.00%	0.00%	0.00%	0.00%	0.00%	6.77%	3.24%	3.24%	3.24%

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393	2016	10,890	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	5.00%	2.77%	2.77%
393	2017	0	0	0	0	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	5.00%	2.77%
393	2018	15,656	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	3.63%
393	2019	11,750	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
393	2020	2,521	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
393	2021	0	0	0	0	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
393	2022	0	0	0	0	NA	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Tools, Shop &amp; Garage Equip</b>															
394	1985	2,857	0	0	0	0.00%									
394	1986	1,854	0	0	0	0.00%	0.00%								
394	1987	5,031	0	0	0	0.00%	0.00%	0.00%							
394	1988	11,404	0	0	0	0.00%	0.00%	0.00%	0.00%						
394	1989	3,780	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%					
394	1990	2,182	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%				
394	1991	2,479	700	0	700	28.24%	15.02%	8.29%	3.53%	2.81%	2.62%	2.37%			
394	1992	0	0	0	0	NA	28.24%	15.02%	8.29%	3.53%	2.81%	2.62%	2.37%		
394	1993	43,643	0	0	0	0.00%	0.00%	1.52%	1.45%	1.34%	1.10%	1.02%	0.99%	0.96%	
394	1994	1,868	0	0	0	0.00%	0.00%	0.00%	1.46%	1.40%	1.30%	1.07%	0.99%	0.97%	0.93%
394	1995	10,828	0	0	0	0.00%	0.00%	0.00%	0.00%	1.19%	1.15%	1.08%	0.92%	0.86%	0.84%
394	1996	17,548	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.92%	0.89%	0.85%	0.75%	0.71%
394	1997	44,039	1,805	0	1,805	4.10%	2.93%	2.49%	2.43%	1.53%	1.53%	2.08%	2.04%	1.98%	1.82%
394	1998	7,068	0	0	0	0.00%	3.53%	2.63%	2.27%	2.22%	1.44%	1.44%	1.97%	1.93%	1.88%
394	1999	51,417	0	0	0	0.00%	0.00%	1.76%	1.50%	1.38%	1.36%	1.02%	1.02%	1.40%	1.38%
394	2000	157,317	0	0	0	0.00%	0.00%	0.00%	0.69%	0.65%	0.63%	0.62%	0.54%	0.54%	0.75%
394	2001	41,565	0	0	0	0.00%	0.00%	0.00%	0.00%	0.60%	0.57%	0.55%	0.54%	0.48%	0.48%
394	2002	7,753	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.58%	0.55%	0.53%	0.53%	0.47%
394	2003	132,717	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.41%	0.39%	0.38%	0.38%
394	2004	2,287	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.41%	0.39%	0.38%
394	2005	109,950	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.33%	0.32%
394	2006	19,356	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.31%
394	2007	11,388	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
394	2008	79,322	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
394	2009	63,739	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
394	2010	13,303	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
394	2011	31,791	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
394	2012	10,952	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
394	2013	19,979	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%



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394	2014	3,649	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
394	2015	32,778	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
394	2016	24,422	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
394	2017	27,182	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
394	2018	12,418	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
394	2019	100,292	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
394	2020	43,142	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
394	2021	35,095	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
394	2022	15,731	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Laboratory Equipment

395	1989	2,200	0	0	0	0.00%									
395	1990	0	0	0	0	NA	0.00%								
395	1991	0	0	0	0	NA	NA	0.00%							
395	1992	0	0	0	0	NA	NA	NA	0.00%						
395	1993	1,830	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%					
395	1994	0	0	0	0	NA	0.00%	0.00%	0.00%	0.00%	0.00%				
395	1995	0	0	0	0	NA	NA	0.00%	0.00%	0.00%	0.00%	0.00%			
395	1996	0	0	0	0	NA	NA	NA	0.00%	0.00%	0.00%	0.00%	0.00%		
395	1997	0	0	0	0	NA	NA	NA	NA	0.00%	0.00%	0.00%	0.00%	0.00%	
395	1998	0	0	0	0	NA	NA	NA	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
395	1999	2,801	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
395	2000	6,267	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
395	2001	29,883	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
395	2002	0	0	0	0	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
395	2003	8,167	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
395	2004	1,561	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
395	2005	1,145	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
395	2006	0	0	0	0	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
395	2007	0	0	0	0	NA	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
395	2008	17,993	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
395	2009	0	0	0	0	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
395	2010	0	0	0	0	NA	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
395	2011	1,565	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
395	2012	3,122	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
395	2013	0	0	0	0	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
395	2014	0	0	0	0	NA	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
395	2015	0	0	0	0	NA	NA	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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395	2016	0	0	0	0	NA	NA	NA	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
395	2017	0	0	0	0	NA	NA	NA	NA	NA	0.00%	0.00%	0.00%	0.00%	0.00%
395	2018	0	0	0	0	NA	NA	NA	NA	NA	NA	0.00%	0.00%	0.00%	0.00%
395	2019	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	0.00%	0.00%	0.00%
395	2020	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	0.00%	0.00%
395	2021	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	0.00%
395	2022	44,105	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Power Operated Equipment</b>															
396	1985	13,374	9,101	0	9,101	68.05%									
396	1986	11,071	3,500	0	3,500	31.61%	51.55%								
396	1987	12,766	1,026	0	1,026	8.04%	18.99%	36.62%							
396	1988	13,665	1,825	0	1,825	13.36%	10.79%	16.94%	30.37%						
396	1989	13,033	2,161	0	2,161	16.58%	14.93%	12.70%	16.84%	27.56%					
396	1990	38,689	7,913	0	7,913	20.45%	19.48%	18.20%	16.54%	18.41%	24.88%				
396	1991	18,776	4,086	0	4,086	21.76%	20.88%	20.09%	18.99%	17.55%	18.99%	24.40%			
396	1992	0	0	0	0	NA	21.76%	20.88%	20.09%	18.99%	17.55%	18.99%	24.40%		
396	1993	2,459	3,000	0	3,000	122.00%	122.00%	33.37%	25.03%	23.52%	21.92%	20.13%	21.28%	26.34%	
396	1994	166,096	93,395	0	93,395	56.23%	57.19%	57.19%	53.64%	47.96%	46.25%	44.47%	42.72%	42.27%	43.46%
396	1995	29,326	1,200	0	1,200	4.09%	48.41%	49.32%	49.32%	46.93%	42.92%	41.64%	40.27%	38.87%	38.61%
396	1996	62,211	39,165	0	39,165	62.96%	44.10%	51.92%	52.58%	52.58%	50.51%	46.84%	45.65%	44.37%	43.07%
396	1997	61,472	4,350	0	4,350	7.08%	35.18%	29.22%	43.28%	43.88%	43.88%	42.66%	40.40%	39.60%	38.72%
396	1998	3,896	0	0	0	0.00%	6.65%	34.11%	28.50%	42.76%	43.36%	43.36%	42.18%	39.98%	39.21%
396	1999	78,648	0	0	0	0.00%	0.00%	3.02%	21.10%	18.98%	34.39%	34.92%	34.92%	34.33%	33.17%
396	2000	74,133	32,731	0	32,731	44.15%	21.42%	20.89%	17.00%	27.20%	25.01%	35.91%	36.35%	36.35%	35.80%
396	2001	87,079	0	0	0	0.00%	20.30%	13.65%	13.43%	12.15%	20.75%	19.52%	30.35%	30.75%	30.75%
396	2002	21,734	0	0	0	0.00%	0.00%	17.89%	12.51%	12.33%	11.34%	19.59%	18.51%	29.22%	29.61%
396	2003	15,027	900	0	900	5.99%	2.45%	0.73%	16.99%	12.16%	11.99%	11.11%	19.09%	18.07%	28.64%
394	2004	0	0	0	0	NA	5.99%	2.45%	0.73%	16.99%	12.16%	11.99%	11.11%	19.09%	18.07%
396	2005	5,421	0	0	0	0.00%	0.00%	4.40%	2.13%	0.70%	16.53%	11.92%	11.76%	10.93%	18.83%
396	2006	24,102	0	0	0	0.00%	0.00%	0.00%	2.02%	1.36%	0.59%	14.78%	10.99%	10.85%	10.22%
396	2007	60,508	9,315	0	9,315	15.39%	11.01%	10.35%	10.35%	9.72%	8.06%	4.78%	14.91%	11.71%	11.59%
396	2008	30,141	0	0	0	0.00%	10.28%	8.12%	7.75%	7.75%	7.56%	6.51%	4.19%	13.50%	10.82%
396	2009	10,867	6,365	0	6,365	58.57%	15.52%	15.45%	12.48%	11.97%	11.97%	11.35%	9.88%	6.51%	14.99%
396	2010	4,770	2,990	0	2,990	62.68%	59.83%	20.44%	17.57%	14.32%	13.75%	13.75%	12.97%	11.34%	7.54%
396	2011	1,931	0	0	0	0.00%	44.62%	53.25%	19.61%	17.25%	14.11%	13.55%	13.55%	12.81%	11.21%
396	2012	291,630	31,849	0	31,849	10.92%	10.85%	11.68%	13.33%	12.14%	12.63%	11.92%	11.77%	11.77%	11.57%
396	2013	0	0	0	0	NA	10.92%	10.85%	11.68%	13.33%	12.14%	12.63%	11.92%	11.77%	11.77%

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396	2014	0	0	0	0	NA	NA	10.92%	10.85%	11.68%	13.33%	12.14%	12.63%	11.92%	11.77%
396	2015	84,164	0	0	0	0.00%	0.00%	0.00%	8.48%	8.43%	9.11%	10.47%	9.73%	10.44%	9.94%
396	2016	100,565	8,950	0	8,950	8.90%	4.84%	4.84%	4.84%	8.56%	8.53%	9.06%	10.15%	9.57%	10.17%
396	2017	21,929	26,200	0	26,200	119.48%	28.70%	17.01%	17.01%	17.01%	13.45%	13.39%	13.86%	14.80%	13.98%
396	2018	5,216	9,202	0	9,202	176.41%	130.42%	34.73%	20.93%	20.93%	20.93%	15.13%	15.08%	15.52%	16.42%
396	2019	39,381	9,447	0	9,447	23.99%	41.82%	67.42%	32.20%	21.41%	21.41%	21.41%	15.78%	15.72%	16.13%
396	2020	41,421	9,291	0	9,291	22.43%	23.19%	32.48%	50.15%	30.26%	21.56%	21.56%	21.56%	16.25%	16.19%
396	2021	131,165	0	0	0	0.00%	5.38%	8.84%	12.86%	22.64%	18.57%	14.89%	14.89%	14.89%	13.27%
396	2022	27,794	0	0	0	0.00%	0.00%	4.64%	7.82%	11.41%	20.28%	17.17%	13.97%	13.97%	13.97%

Communication Equipment

397	1985	5,736	0	0	0	0.00%									
397	1986	6,145	0	0	0	0.00%	0.00%								
397	1987	879	0	0	0	0.00%	0.00%	0.00%							
397	1988	2,497	0	0	0	0.00%	0.00%	0.00%	0.00%						
397	1989	0	0	0	0	NA	0.00%	0.00%	0.00%	0.00%					
397	1990	0	0	0	0	NA	NA	0.00%	0.00%	0.00%	0.00%				
397	1991	0	0	0	0	NA	NA	NA	0.00%	0.00%	0.00%	0.00%			
397	1992	40,000	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%		
397	1993	11,220	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
397	1994	8,591	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
397	1995	7,203	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
397	1996	92,806	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
397	1997	3,333	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
397	1998	3,872	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
397	1999	148,288	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
397	2000	294,388	11,450	0	11,450	3.89%	2.59%	2.56%	2.55%	2.11%	2.08%	2.05%	2.01%	1.88%	1.88%
397	2001	1,255	0	0	0	0.00%	3.87%	2.58%	2.56%	2.54%	2.11%	2.08%	2.05%	2.01%	1.87%
397	2002	1,110	0	0	0	0.00%	0.00%	3.86%	2.57%	2.55%	2.53%	2.10%	2.07%	2.04%	2.00%
397	2003	7,615	0	0	0	0.00%	0.00%	0.00%	3.76%	2.53%	2.51%	2.49%	2.07%	2.05%	2.01%
397	2004	0	0	0	0	NA	0.00%	0.00%	0.00%	3.76%	2.53%	2.51%	2.49%	2.07%	2.05%
397	2005	2,007	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	3.74%	2.52%	2.50%	2.48%	2.06%
397	2006	0	0	0	0	NA	0.00%	0.00%	0.00%	0.00%	0.00%	3.74%	2.52%	2.50%	2.48%
397	2007	8,972	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	3.63%	2.47%	2.45%
397	2008	201,521	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	2.22%	1.72%
397	2009	0	0	0	0	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	2.22%
397	2010	36,478	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
397	2011	238,548	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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SOUTHWEST GAS CORPORATION  
NORTHERN NEVADA- NET SALVAGE ANALYSIS  
Depreciation Study as of December 31, 2022

FERC	Activity Year	Retirements	Salvage	Removal Cost	Net Salvage	Net Salv. %	2- yr Net Salv. %	3- yr Net Salv. %	4- yr Net Salv. %	5- yr Net Salv. %	6- yr Net Salv. %	7- yr Net Salv. %	8- yr Net Salv. %	9- yr Net Salv. %	10- yr Net Salv. %
397	2012	0	0	0	0	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
397	2013	0	0	0	0	NA	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
397	2014	291,911	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
397	2015	166,108	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
397	2016	0	0	0	0	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
397	2017	5,526	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
397	2018	0	0	0	0	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
397	2019	0	0	0	0	NA	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
397	2020	0	0	0	0	NA	NA	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
397	2021	0	0	0	0	NA	NA	NA	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
397	2022	151,110	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Miscellaneous Equipment</b>															
398	1987	1,989	447	0	447	0.22473605									
398	1988	0	0	0	0	NA	22.47%								
398	1989	6,158	0	0	0	0.00%	0.00%	5.49%							
398	1990	0	0	0	0	NA	0.00%		5.49%						
398	1991	0	0	0	0	NA	NA	0.00%	0.00%	5.49%					
398	1992	0	0	0	0	NA	NA	NA	0.00%	0.00%	5.49%				
398	1993	6,040	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	3.15%			
398	1994	0	0	0	0	NA	0.00%	0.00%	0.00%	0.00%	0.00%		3.15%		
398	1995	3,926	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	2.47%	
398	1996	3,185	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	2.10%
398	1997	13,835	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
398	1998	19,336	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
398	1999	2,583	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
398	2000	90,220	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
398	2001	9,019	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
398	2002	4,879	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
398	2003	1,374	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
398	2004	0	0	0	0	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
398	2005	0	0	0	0	NA	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
398	2006	6,359	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
398	2007	1,407	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
398	2008	22,341	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
398	2009	3,555	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
398	2010	2,108	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
398	2011	2,089	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

**Schedule D**  
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**SOUTHWEST GAS CORPORATION**  
**NORTHERN NEVADA- NET SALVAGE ANALYSIS**  
**Depreciation Study as of December 31, 2022**

FERC	Activity Year	Retirements	Salvage	Removal Cost	Net Salvage	Net Salv. %	2- yr Net Salv. %	3- yr Net Salv. %	4- yr Net Salv. %	5- yr Net Salv. %	6- yr Net Salv. %	7- yr Net Salv. %	8- yr Net Salv. %	9- yr Net Salv. %	10- yr Net Salv. %
398	2012	0	0	0	0	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
398	2013	0	0	0	0	NA	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
398	2014	4,623	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
398	2015	9,716	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
398	2016	7,351	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
398	2017	0	0	0	0	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
398	2018	0	0	0	0	NA	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
398	2019	0	0	0	0	NA	NA	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
398	2020	0	0	0	0	NA	NA	NA	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
398	2021	0	0	0	0	NA	NA	NA	NA	NA	0.00%	0.00%	0.00%	0.00%	0.00%
398	2022	0	0	0	0	NA	NA	NA	NA	NA	NA	0.00%	0.00%	0.00%	0.00%

# **SOUTHWEST GAS CORPORATION**

**SYSTEM ALLOCABLE  
DEPRECIATION RATE STUDY  
AT DECEMBER 31, 2022**

**September 5, 2023**



<http://www.utilityalliance.com>

**SOUTHWEST GAS CORPORATION**  
**SYSTEM ALLOCABLE**  
**DEPRECIATION RATE STUDY**  
**EXECUTIVE SUMMARY**

Southwest Gas Corporation (“Southwest Gas” or “Company”) engaged Alliance Consulting Group to conduct a depreciation study of the Company’s System Allocable utility plant depreciable assets as of December 31, 2022.

This study was conducted under the traditional depreciation study approach. The net salvage analysis in this study is consistent with the approach previously used by Southwest Gas in consolidated Docket Nos. 12-02019 and 12-04005 and most recently in Docket No. 18-05031.

For General accounts, the lives of two accounts increased and one decreased, while the remaining nine accounts were unchanged. With general property, Accounts 390, 392, and 396 are the accounts that typically experience any measurable salvage and/or cost of removal. Three accounts decreased (more negative/less positive) net salvage, one account increased (more positive), and the remaining eight accounts were unchanged. Both life and net salvage changes will be discussed in detail later in the report.

Most of the accounts in the System Allocable property were previously approved, under Accounting Release 15 (“AR-15”) issued by the Federal Energy Regulatory Commission (“FERC”), for what is referred to as Vintage Group Amortization. This study continues to reflect Vintage Group Amortization. Schedule B demonstrates these computations.

This study recommends an overall increase of approximately \$90 thousand in annual depreciation expense compared to the depreciation rates currently in effect. Schedule A demonstrates the change in depreciation expense for the various accounts.

**Index for Statements A, B & C**

**Statement A (1) (a) see Schedule C on page 31.**

**Statement A (1) (b) see Schedule A on page 26.**

**Statement A (1) (c) see Schedule A on page 26 and Schedule C on page 31.**

**Statement A (1) (d) see Schedule A on page 26.**

**Statement B see pages 3 through 9.**

**Statement C see pages 14 through 25.**



**SOUTHWEST GAS CORPORATION  
SYSTEM ALLOCABLE  
DEPRECIATION RATE STUDY  
AT DECEMBER 31, 2022**

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## **PURPOSE**

The purpose of this study is to develop depreciation rates for the depreciable property as recorded on Southwest Gas' books at December 31, 2022, for the Company's System Allocable Plant. The account based depreciation rates were designed to recover the total remaining undepreciated investment, adjusted for net salvage, over the remaining life of the Company's System Allocable property on a straight-line basis. Non-depreciable property and certain property that is amortized, such as intangible software, were excluded from this study.

System Allocable contains general property that supports the operations of the Northern Nevada and Southern Nevada Divisions of Southwest Gas.

## STUDY RESULTS

Overall depreciation rates for all Southwest Gas System Allocable depreciable property are shown in Schedule A. These rates translate into an annual depreciation accrual of approximately \$6.68 million based on Southwest Gas' depreciable investment at December 31, 2022. The annual equivalent depreciation expense calculated by the same method using the approved rates was approximately \$6.59 million. Schedule A presents a comparison of approved rates versus proposed rates by account. Schedule B demonstrates the development of the annual depreciation rates and accruals. Schedule C presents a summary of mortality and net salvage estimates by account.

Consistent with FERC Rule AR-15, this depreciation study continues to develop depreciation expense for Vintage Group Amortization in Accounts 391.00-398.00. This process provides for the amortization of general plant over the same life as recommended in this study. At the end of the amortized life, property will be retired from the books. This approach provides for the timely retirement of assets and the simplification of accounting for general property. The Public Utilities Commission of Nevada ("PUCN") initially approved this approach in Docket No. 07-09030 and reaffirmed it in the Company's last general rate case in Docket No. 18-05031.

## GENERAL DISCUSSION

### **Definition**

The term "depreciation" as used in this study is considered in the accounting sense, that is, a system of accounting that distributes the cost of assets, less net salvage (if any), over the estimated useful life of the assets in a systematic and rational manner. It is a process of allocation, not valuation. This expense is systematically allocated to accounting periods over the life of the properties. The amount allocated to any one accounting period does not necessarily represent the loss or decrease in value that will occur during that particular period. The Company accrues depreciation based on the original cost of all depreciable property included in each functional property group. On retirement, the full cost of depreciable property, less net salvage value, is charged to the depreciation reserve.

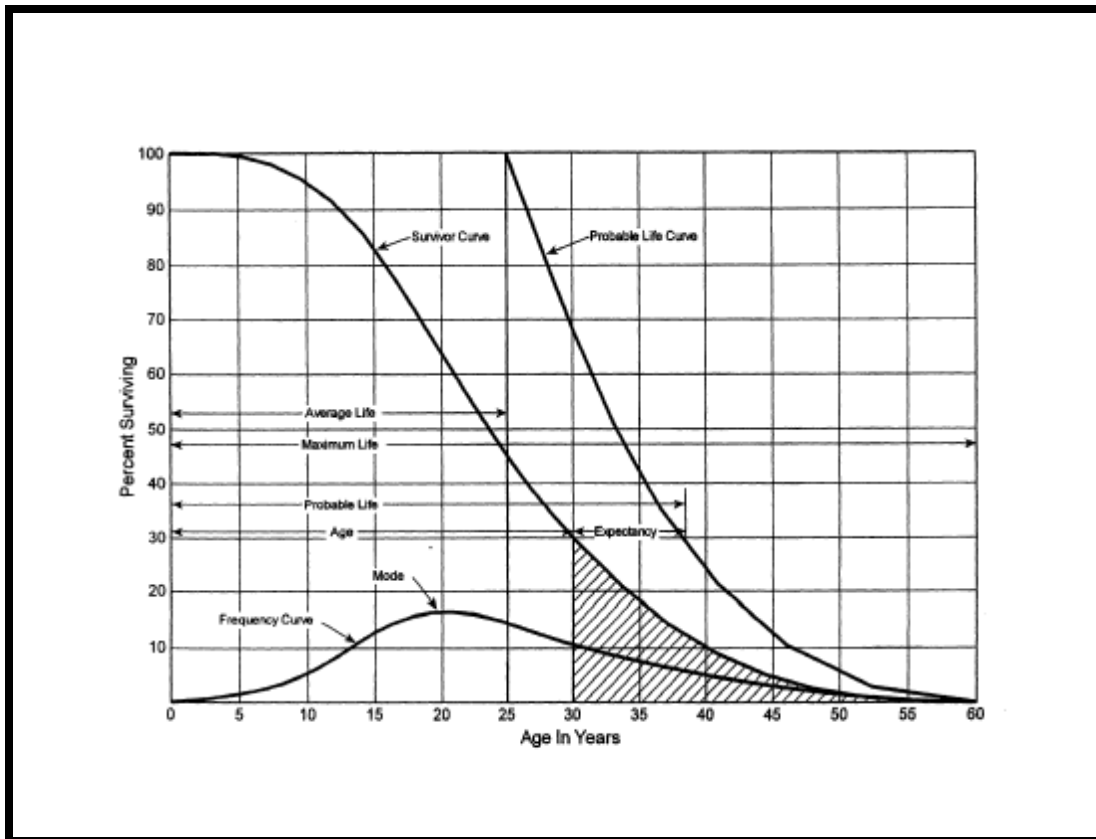
### **Basis of Depreciation Estimates**

The straight-line, broad (average) life group, remaining-life depreciation system was employed to calculate annual and accrued depreciation in this study. In this system, the annual depreciation expense for each group is computed by dividing the original cost of the asset less allocated depreciation reserve less estimated net salvage by its respective average life group remaining life. The resulting annual accrual amounts of all depreciable property within a function were accumulated, and the total was divided by the original cost of all functional depreciable property to determine the depreciation rate. The calculated remaining lives and annual depreciation accrual rates were based on attained ages of plant in service and the estimated service life and salvage characteristics of each depreciable group. The computations of the annual functional depreciation rates are shown in Schedule A and remaining life calculations are shown in Schedule B.

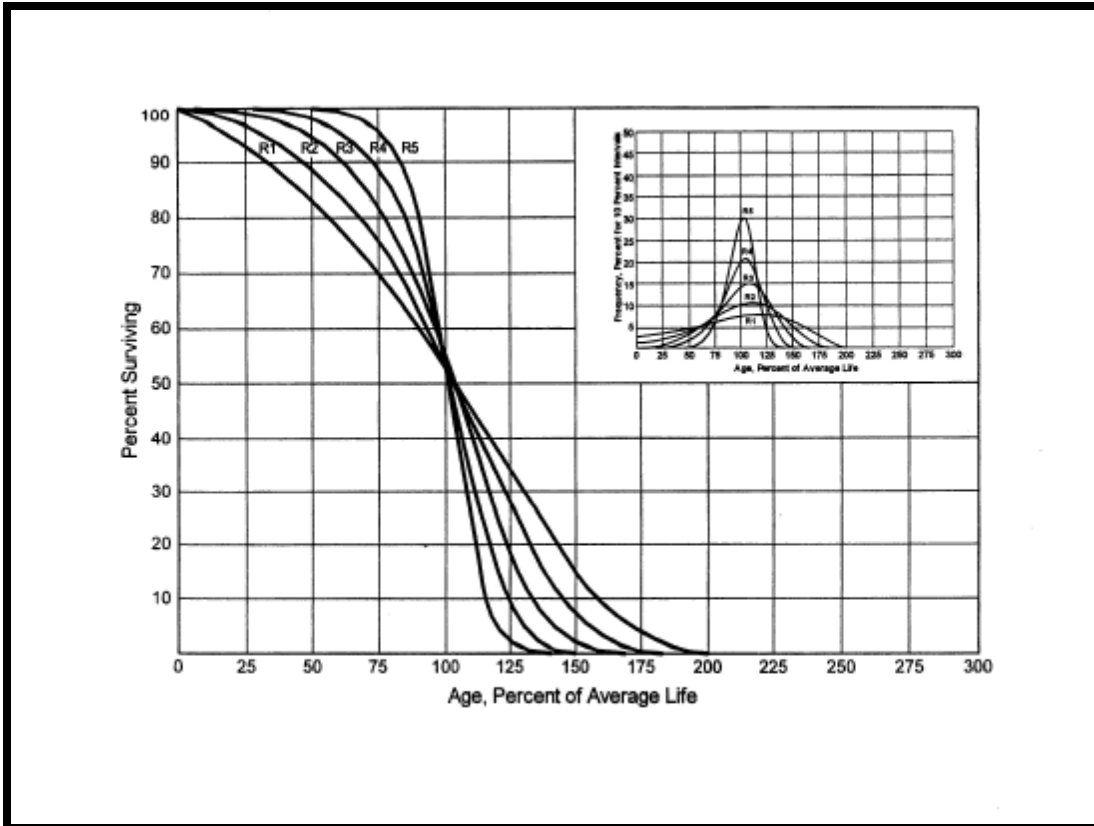
Actuarial analysis was used with each account within a function where sufficient data was available, and judgment was used to some degree on all accounts.

## Survivor Curves

To fully understand depreciation projections in a regulated utility setting, there must be a basic understanding of survivor curves. Individual property units within a group do not normally have identical lives or investment amounts. The average life of a group can be determined by first constructing a survivor curve which is plotted as a percentage of the units surviving at each age. A survivor curve represents the percentage of property remaining in service at various age intervals. The Iowa Curves are the result of an extensive investigation of life characteristics of physical property made at Iowa State College Engineering Experiment Station in the first half of the prior century. Through common usage, revalidation and regulatory acceptance, these curves have become a descriptive standard for the life characteristics of industrial property. An example of an Iowa Curve is shown below.



There are four families in the Iowa Curves that are distinguished by the relation of the age at the retirement mode (largest annual retirement frequency) and the average life. For distributions with the mode age greater than the average life, an "R" designation (i.e., Right modal) is used. The family of "R" moded curves is shown below.



Similarly, an "S" designation (i.e., Symmetric modal) is used for the family whose mode age is symmetric about the average life. An "L" designation (i.e., Left modal) is used for the family whose mode age is less than the average life. A special case of left modal dispersion is the "O" or origin modal curve family. Within each curve family, numerical designations are used to describe the relative magnitude of the retirement frequencies at the mode. A "6" indicates that the retirements are not greatly dispersed from the mode (i.e., high mode frequency) while a "1" indicates a large dispersion about the mode (i.e., low

mode frequency). For example, a curve with an average life of 30 years and an "L3" dispersion is a moderately dispersed, left modal curve that can be designated as a 30 L3 Curve. An SQ, or square, survivor curve occurs where no dispersion is present (i.e., units of common age retire simultaneously).

Most property groups can be closely fitted to one Iowa Curve with a unique average service life. The blending of judgment concerning current conditions and future trends along with the matching of historical data permits the depreciation analyst to make an informed selection of an account's average life and retirement dispersion pattern.

### **Actuarial Analysis**

Actuarial analysis (retirement rate method) was used in evaluating historical asset retirement experience where vintage data were available and sufficient retirement activity was present. In actuarial analysis, interval exposures (total property subject to retirement at the beginning of the age interval, regardless of vintage) and age interval retirements are calculated. The complement of the ratio of interval retirements to interval exposures establishes a survivor ratio. The survivor ratio is the fraction of property surviving to the end of the selected age interval, given that it has survived to the beginning of that age interval. Survivor ratios for all of the available age intervals were chained by successive multiplications to establish a series of survivor factors, collectively known as an observed life table. The observed life table shows the experienced mortality characteristic of the account and may be compared to standard mortality curves such as the Iowa Curves. Where data was available, accounts were analyzed using this method. Placement bands were used to illustrate the composite history over a specific era, and experience bands were used to focus on retirement history for all vintages during a set period. The results from these analyses for those accounts which had data sufficient to be analyzed using this method are shown in the Life Analysis section of this report.

## **Judgment**

Any depreciation study requires informed judgment by the analyst conducting the study. A knowledge of the property being studied, company policies and procedures, general trends in technology and industry practice, and a sound basis of understanding depreciation theory are needed to apply this informed judgment. Judgment was used in areas such as survivor curve modeling and selection, depreciation method selection, simulated plant record method analysis, and actuarial analysis.

Judgment is not as influential in cases where there are specific, significant pieces of information that impact the choice of a life or curve. Those cases would primarily involve a reflection of specific facts into the analysis. Where there are multiple factors, activities, actions, property characteristics, statistical inconsistencies, implications of applying certain curves, property mix in accounts or a multitude of other considerations that impact the analysis (potentially in various directions), judgment is used to take all of these factors and synthesize them into a general direction or understanding of the characteristics of the property. Individually, no one factor in these cases may have a substantial impact on the analysis, but overall, may shed light on the utilization and characteristics of assets. Judgment may also be defined as deduction, inference, wisdom, common sense, or the ability to make sensible decisions. There is no single correct result from statistical analysis; hence, there is no answer absent judgment. At the very least for example, any analysis requires choosing which bands to place more emphasis.

The establishment of appropriate average service lives and retirement dispersions for the General Plant accounts requires judgment to incorporate the understanding of the operation of the system with the available accounting information analyzed using the Retirement Rate actuarial methods. The appropriateness of lives and curves depends not only on statistical analyses, but also on how well future retirement patterns will match past retirements.



Current applications and trends in use of the equipment also need to be factored into life and survivor curve choices for appropriate mortality characteristics to be chosen.

### **Average Life Group Depreciation**

Southwest Gas was last authorized to use the average life group (“ALG”) depreciation procedure in Nevada Docket No. 18-05031. At the request of Southwest Gas, this study continues to use the ALG depreciation procedure to group the assets within each account. After an average service life and dispersion were selected for each account, those parameters were used to estimate what portion of the surviving investment of each vintage was expected to retire. The depreciation of the group continues until all investment in the vintage group is retired. ALG groups are defined by their respective account dispersion, life, and salvage estimates. A straight-line rate for each ALG group is calculated by computing a composite remaining life for each group across all vintages within the group, dividing the remaining investment to be recovered by the remaining life to find the annual depreciation expense and dividing the annual depreciation expense by the surviving investment. The resultant rate for each ALG group is designed to recover all retirements less net salvage when the last unit retires. The ALG procedure recovers net book cost over the life of each account by averaging many components.

### **Theoretical Depreciation Reserve**

The book depreciation reserve is derived from Company records. This study used a reserve model that relied on a prospective concept relating future retirement and accrual patterns for property, given current life and salvage estimates. The theoretical reserve of a group is developed from the estimated remaining life, total life of the property group, and estimated net salvage. The theoretical reserve represents the portion of the group cost that would have been accrued if current forecasts were used throughout the life of the group for future depreciation accruals. The computation involves multiplying the vintage balances within the group by the theoretical reserve ratio for each vintage. The average life group method requires an estimate of dispersion and service life to establish how much of each vintage is expected to be retired in each year until all property within the group is retired. Estimated average service lives and dispersion determine the amount within each average life group. The straight-line remaining-life theoretical reserve ratio at any given age (RR) is calculated as:

$$RR = 1 - \frac{(Average\ Remaining\ Life)}{(Average\ Service\ Life)} * (1 - Net\ Salvage\ Ratio)$$

## DETAILED DISCUSSION

### Depreciation Study Process

This depreciation study encompassed four distinct phases. The first phase involved data collection and field interviews. The second phase was where the initial data analysis occurred. The third phase was where the information and analysis was evaluated. Once the first three stages were complete, the fourth phase began. This phase involved the calculation of depreciation rates and the documenting the corresponding recommendations.

During the Phase 1 data collection process, historical data was compiled from continuing property records and general ledger systems. Data was validated for accuracy by extracting and comparing to multiple financial system sources. Audit of this data was validated against historical data from prior periods, historical general ledger sources, and field personnel discussions. This data was reviewed extensively to put in the proper format for a depreciation study. Further discussion on data review and adjustment is found in the Salvage Considerations Section of this study. Also as part of the Phase 1 data collection process, numerous discussions were conducted with engineers and field operations personnel to obtain information that would assist in formulating life and salvage recommendations in this study. One of the most important elements of performing a proper depreciation study is to understand how the Company utilizes assets and the environment of those assets. Interviews with engineering and operations personnel are important ways to allow the analyst to obtain information that is beneficial when evaluating the output from the life and net salvage programs in relation to the Company's actual asset utilization and environment. Information that was gleaned in these discussions is found both in the Detailed Discussion of this study in the life analysis and salvage analysis sections and also in workpapers.

Phase 2 is where the actuarial analysis is performed. Phases 2 and 3 overlap to a significant degree. The detailed property records information is used in Phase 2 to develop observed life tables for life analysis. These tables are visually compared to industry standard tables to determine historical life characteristics. It is possible that the analyst would cycle back to this phase based on the evaluation process performed in Phase 3. Net salvage analysis consists of compiling historical salvage and removal data by functional group to determine values and trends in gross salvage and removal cost. This information is then carried forward into Phase 3 for the evaluation process.

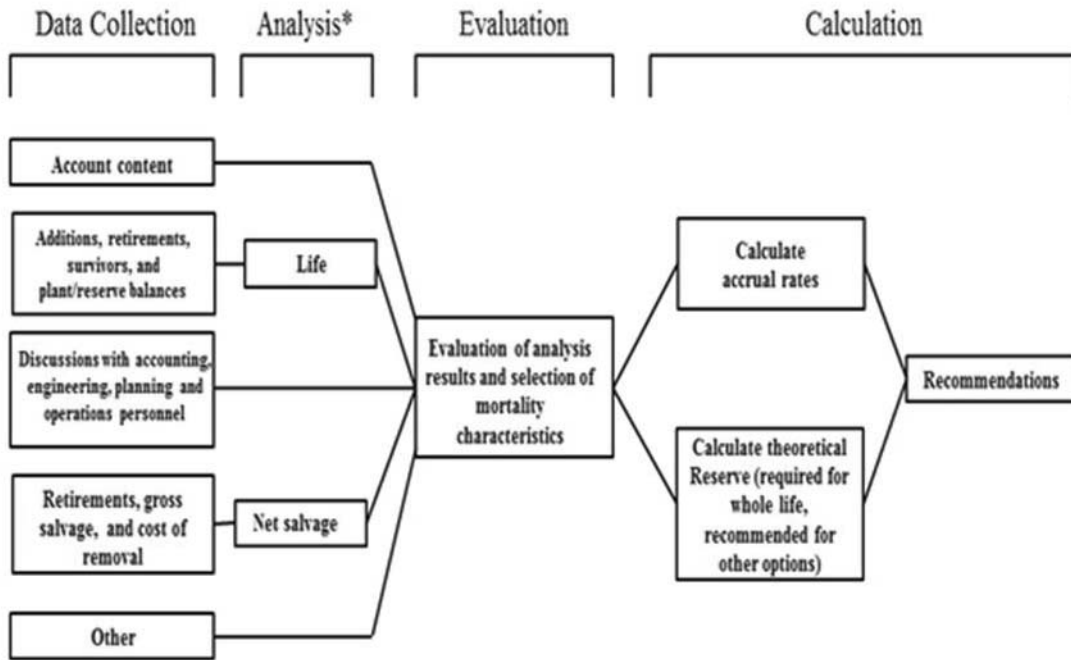
Phase 3 is the evaluation process which synthesizes analysis, interviews, and operational characteristics into a final selection of asset lives and net salvage parameters. The historical analysis from Phase 2 is further enhanced by the incorporation of recent or future changes in the characteristics or operations of assets that were revealed in Phase 1. Phases 2 and 3 allow the depreciation analyst to validate the asset characteristics as seen in the accounting transactions with actual Company operational experience.

Finally, Phase 4 involves calculating accrual rates, making recommendations and documenting the conclusions in a final report. The calculation of accrual rates is found in Schedule A. Recommendations for the various accounts are contained within the Detailed Discussion of this report. The depreciation study flow diagram shown as Figure 1<sup>1</sup> documents the steps used in conducting this study. Depreciation Systems, page 289 documents the same basic processes in performing a depreciation study which are: statistical analysis, evaluation of statistical analysis, discussions with management, forecast assumptions, write logic supporting forecasts and estimation, and write final report.

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<sup>1</sup> Introduction to Depreciation for Public Utilities and Other Industries, AGA EEI, 2013, p. 49.

### Book Depreciation Study Flow Diagram



Source: Introduction to Depreciation for Public Utilities and Other Industries, AGA EEI, 2013.

\*Although not specifically noted, the mathematical analysis may need some level of input from other sources (for example, to determine analysis bands for life and adjustments to data used in all analysis).

Figure 1

## **SOUTHWEST GAS DEPRECIATION STUDY PROCESS**

### **Depreciation Rate Calculation**

Annual depreciation expense amounts for the depreciable accounts of Southwest Gas were calculated by the straight line, average life group, remaining life procedure.

In a whole life representation, the annual accrual rate is computed by the following equation,

$$AnnualAccrualRate = \frac{(100\% - NetSalvagePercent)}{AverageServiceLife}$$

Use of the remaining life depreciation system adds a self-correcting mechanism, which accounts for any differences between theoretical and book depreciation reserve over the remaining life of the group. With the straight line, remaining life, average life group system using Iowa Curves, composite remaining lives were calculated according to standard broad group expectancy techniques, noted in the formula below:

$$Composite RemainingLife = \frac{\sum OriginalCost - Theoretical Reserve}{\sum WholeLifeAnnualAccrual}$$

For each plant account, the difference between the surviving investment, adjusted for estimated net salvage and the book depreciation reserve, was divided by the composite remaining life to yield the annual depreciation expense as noted in this equation.

$$AnnualDepreciationExpense = \frac{OriginalCost - Book Reserve - (OriginalCost) * (1 - NetSalvage\%)}{Composite RemainingLife}$$

where the *Net Salvage%* represents future net salvage.

Within a group, the sum of the group annual depreciation expense amounts, as a percentage of the depreciable original cost investment summed, gives the annual depreciation rate as shown below:

$$AnnualDepreciationRate = \frac{\sum AnnualDepreciationExpense}{\sum OriginalCost}$$

These calculations are shown in Schedule B. The calculations of the theoretical depreciation reserve values and the corresponding remaining life calculations are shown in workpapers. The theoretical reserve computation was used to compute a composite remaining life for each account.

### **Remaining Life Calculation**

The establishment of appropriate average service lives and retirement dispersions for each account within a functional group was based on engineering judgment that incorporated available accounting information analyzed using the Retirement Rate actuarial methods. After establishment of appropriate average service lives and retirement dispersion, remaining life was computed for each account. Theoretical depreciation reserve with zero net salvage was calculated using theoretical reserve ratios as defined in the theoretical reserve portion of the General Discussion section. The difference between plant balance and theoretical reserve was then spread over the ALG depreciation accruals. Remaining life computations are found for each account in Schedule B.

### **LIFE ANALYSIS**

The retirement rate actuarial analysis method was applied to all Southwest Gas System Allocable accounts. For each account, an actuarial retirement rate analysis was made with placement and experience bands of varying width. The historical observed life table was plotted and compared with various Iowa Survivor Curves to obtain the most appropriate match. A selected curve for each account is shown in the Life Analysis Section of this report. The observed life

tables for all analyzed placement and experience bands are provided in workpapers.

For each account, on the overall band (i.e., placement from earliest vintage year, which varied for each account, through 2022), survivor curves approved in Nevada Docket No. 18-05031 were used as a starting point. Then using the same average life, various dispersion curves were plotted. Frequently, visual matching would confirm one specific dispersion pattern (i.e., L, S, or R) as an obviously better match than others. The next step would be to determine the most appropriate life using that dispersion pattern. Then, after looking at the overall experience band, different experience bands were plotted and analyzed: in increments of approximately ten years, for instance 1983-2022, 1993-2022, 2003-2022, etc. Next placement bands of varying width were plotted with each experience band discussed above. Repeated matching usually pointed to a focus on one dispersion family and small range of service lives. The goal of visual matching was to minimize the differential between the observed life table and Iowa Curve in top and mid-range of the plots. These results are used in conjunction with all other factors that may influence asset lives.

## **GENERAL PLANT DEPRECIATED**

### **Account 390.10 Structures and Improvements (45 R3)**

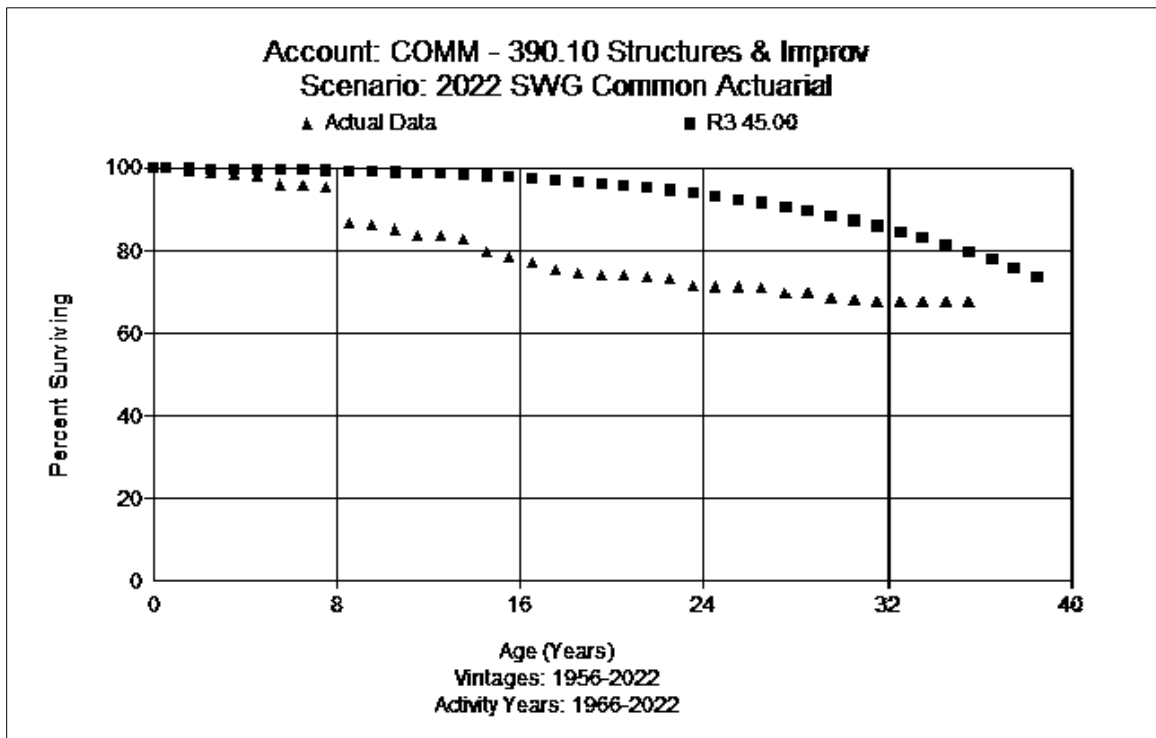
This account includes the cost of buildings, A/C, roof, carpet, and other structures and improvements used for utility service. There is approximately \$40.4 million in this account. The current average age of the surviving balance is 2.90 years, and the average age of the retirements is 11.20 years. The current life for this account is a 45 R3.

Discussions with Company personnel indicated that they moved their headquarters to a building that was extensively remodeled. Approximately half of the investment is related to buildings. The remaining half is spread between



HVAC, security, flooring, paving, and other related assets. The Company believes the existing life is reasonable for the type of assets.

The OLT drops to about 68% surviving and some of the fits indicated a shorter life than expected for half of the investment in the account. Considering all the information, this study recommends retention of the existing 45 R3. A graph of the proposed curve and the observed life table for this account is shown below.



## **GENERAL PLANT AMORTIZED**

Under Vintage Group Amortization, each account has a fixed life that has been reviewed and validated with Company personnel during this study. In most cases, the existing life is retained. For rate calculation purposes, each amortizable account will utilize the SQ dispersion. No graphs are provided.

### **Account 391.00 Office Furniture and Equipment (15 SQ)**

This account consists of miscellaneous office furniture such as desks, chairs, filing cabinets, and tables used for general utility service. There is approximately \$9.3 million in this account. This account currently has a fixed life for amortization of 15 years. This study recommends retaining the 15-year amortization life for this account.

### **Account 391.10 Computer Equipment (5 SQ)**

This account consists of computer equipment used for general utility service. There is approximately \$18.8 million in this account. This account currently has a fixed life amortization of 5 years, which is retained.

### **Account 392.11 Transportation Equipment – Light (8 SQ)**

This account consists of cars, light trucks, and van transportation equipment used for general utility service. There is approximately \$2.0 million in this account. This account currently has a fixed life amortization of 8 years, which is retained.

### **Account 392.12 Transportation Equipment – Heavy (15 SQ)**

This account consists of heavy transportation equipment used for general utility service. There is currently no investment in this account. This account currently has a fixed life amortization of 15 years, which is retained.

### **Account 393.00 Stores Equipment (20 SQ)**

This account consists of stores equipment used for general utility service. There is approximately \$67 thousand in this account. This account currently has a fixed life amortization of 15 years. Discussions with Company personnel indicated that the assets could have a longer life than existing. The Company believes consistency across the divisions for this account is desirable. Based on Company input, type of assets, and judgment, this study moves the amortization life from the approved 15 to 20 years.

### **Account 394.00 Tools, Shop, and Garage Equipment (15 SQ)**

This account consists of various items or tools used in shop and garages such as air compressors, grinders, mixers, hoists, and cranes. There is approximately \$1.3 million in this account. This account currently has a fixed life amortization of 15 years, which is retained.

### **Account 395.00 Laboratory Equipment (15 SQ)**

This account consists of laboratory equipment used in general utility service. There is approximately \$1.8 million in this account. This account currently has a fixed life for amortization of 20 years. Based on discussions with Company personnel, the equipment in the lab has become electronic and technology based. Their expectation is that it will not last 20 years, and they would instead expect 10-15 years. This study recommends decreasing to a 15-year amortization life for this account.

### **Account 396.00 Power Operated Equipment (15 SQ)**

This account consists of bulldozers, forklifts, trenchers, and other power operated equipment that cannot be licensed on roadways. There is approximately \$259 thousand in this account. This account currently has a fixed life amortization of 15 years, which is retained.

**Account 397.00 Communication Equipment (15 SQ)**

This account consists of miscellaneous communication equipment used in general utility service. There is approximately \$8.3 million in this account. This account currently has a fixed life amortization of 15 years, which is retained.

**Account 397.20 Telemetry Equipment (15 SQ)**

This account consists of telemetry equipment used in general utility service. There is currently no investment in this account. This account currently has a fixed life amortization of 6 years. Six years is too short based on the type of assets, even though they are technology driven. This study recommends moving the life to 15-years for any new investment.

**Account 398.00 Miscellaneous Equipment (15 SQ)**

This account consists of miscellaneous equipment used in general utility service. There is approximately \$6.0 million in this account. This account currently has a fixed life for amortization of 15 years. This study recommends retaining the 15-year amortization life for this account.

## **SALVAGE ANALYSIS**

When a capital asset is retired, physically removed from service and finally disposed of, terminal retirement is said to have occurred. The residual value of a terminal retirement is called gross salvage. Net salvage is the difference between the gross salvage (what the asset was sold for) and the removal cost (cost to remove and dispose of the asset). Salvage and removal cost percentages are calculated by dividing the current cost of salvage or removal by the original installed cost of the asset.

The net salvage analysis uses the history of the individual accounts to estimate the future net salvage that Southwest Gas can expect in its operations. As a result, the analysis not only looks at the historical experience of Southwest Gas, but also considers recent and expected changes in operations that could reasonably lead to different expectations for net salvage than were experienced in the past. Recent experience is generally more heavily weighted in making net salvage recommendations than experience beyond a 10-year period.

### **Salvage Characteristics**

For each account, data for retirements, gross salvage, and cost of removal for each plant account adjusted, as discussed above, was derived from 1987-2022. Moving averages, which remove timing differences between retirement and salvage and removal cost, were analyzed over periods varying from one to 10 years.

### **GENERAL PLANT DEPRECIATED**

The accounts within General Plant have been split into two categories, depreciable and amortized. Net salvage account analysis discussions are presented first for the one depreciated account (390.10 – Structures & Improvement). Then follow the amortized accounts (391.00 – 398.00), which will

generally have a 0 percent net salvage factor, with a few exceptions: Accounts 392.11, 392.12, and 396.00. Individual net salvage analysis for each account is found in Schedule D.

**Account 390.10 Structures-Owned (Negative 5%)**

This account includes any salvage and removal cost related to structures used for general utility operations. The currently authorized net salvage rate for this account is 0 percent. No salvage has been recorded since 1993. Cost of removal has been recorded and is expected to exceed any salvage. The analysis indicates a 10-year moving average of negative 20.12 percent net salvage. The net salvage has been a negative 5 percent or higher since 2013. Based on the expectations as well as the most recent experience, this study recommends moving to a negative 5 percent net salvage rate for this account.

**GENERAL PLANT AMORTIZED**

**Account 391.00 Office Furniture and Equipment (0%)**

This account includes any salvage and removal cost related to miscellaneous office furniture such as desks, chairs, filing cabinets, and tables. The currently authorized net salvage rate for this account is 0 percent. Some salvage has been recorded as well as cost of removal. Overall, the most recent net salvage indications in the 5-year and 10-year moving averages are positive 2.64 percent and positive 2.36 percent, respectively. In 2019 and 2021, salvage that is recorded is impacting the current indications, but this salvage is not likely to reoccur. Discussions with Company personnel indicated that the new modular furniture and chairs are not expected to have as long of a life and will not result in much, if any, salvage when retired. Considering the analysis, Company input and future expectations, this study recommends retaining a 0 percent net salvage for this account.

### **Account 391.10 Computer Equipment (0%)**

This account includes any salvage and removal cost related to computer equipment used in general operations. The currently authorized net salvage rate for this account is positive 1 percent. Some salvage and cost of removal were recorded in the past, but nothing since 2017. The most recent 5-year and 10-year moving averages indicate a 0 percent and a negative 0.02 percent. These indications suggest salvage and cost of removal, if recorded, will generally offset each other. Based on discussions and analysis, and for consistency with the South and North recommendations, this study recommends moving to a 0 percent net salvage at this time.

### **Account 392.11 Transportation Equipment – Light (25%)**

This account includes any salvage and removal cost related to light transportation equipment used in general operations. The currently authorized net salvage rate for this account is a positive 19 percent. The current study analysis indicates salvage is increasing. The most recent 5-and 10-year moving averages are positive 20.91 and positive 24.72, respectively. Reviewing the historical activity in recent years, salvage has increased and is reflective of the current market. Company personnel indicated that these trends are expected to continue in the near future. Based on the overall analysis, Company input and expectations, and judgment, this study recommends increasing from a positive 19 to a positive 25 percent net salvage for this account.

### **Account 392.12 Transportation Equipment – Heavy (10%)**

This account includes any salvage and removal cost related to heavy transportation equipment used in general operations. There currently is no investment in this account. The currently authorized net salvage rate for this account is 10 percent. There has been no salvage recorded, but the most recent retirement is in 2021, which could indicate that there is a timing difference. Based on discussions with Company personnel, the current market for vehicles is

good and is expected to continue for the near term. While there has been no salvage or cost of removal recorded, expectations are that salvage would exceed any costs. This study recommends retaining the existing positive 10 percent net salvage at this time.

**Account 393.00 Stores Equipment (0%)**

This account includes any salvage and removal cost related to stores equipment. The currently authorized net salvage rate is 0 percent. Few retirements have been recorded recently (only one in the past 10 years in 2017) and no salvage or cost of removal was recorded. Based on the overall analysis, expectations, and judgment, a 0 percent net salvage is retained for this account.

**Account 394.00 Tools, Shop, and Garage Equipment (0%)**

This account includes any salvage and removal cost related to various items or tools used in shop and garages such as air compressors, grinders, mixers, hoists, and cranes. The currently authorized net salvage rate for this account is 0 percent. Only one year, 2007, had salvage recorded. Based on the overall analysis, expectations, and judgment, the existing 0 percent net salvage is retained for this account.

**Account 395.00 Laboratory Equipment (0%)**

This account includes any salvage and removal cost related to laboratory equipment. The currently authorized net salvage rate for this account is 0 percent. No salvage or cost of removal has been recorded and none is expected in the future. Based on the overall analysis, expectations, and judgment, the existing 0 percent net salvage is retained for this account.



### **Account 396.00 Power Operated Equipment (10%)**

This account includes any salvage and removal cost related to bulldozers, forklifts, trenchers, and other power operated equipment. The currently authorized net salvage rate for this account is 15 percent. The overall 5- and 10-year moving averages are positive 3 percent based on one retirement in 2019. Similar to the other transportation assets, current market conditions indicate salvage will be received, and this is likely to continue for the near future. Considering that there is less salvage recorded, this study recommends decreasing from existing, but limiting it with a positive 10 percent net salvage recommendation for this account.

### **Account 397.00 Communication Equipment (0%)**

This account includes any salvage and removal cost related to miscellaneous communication equipment. The currently authorized net salvage rate for this account is 0 percent. The last salvage recorded for this account was in 1997 and cost of removal in 1988. None is expected in the future. Based on the overall analysis, with reliance on the more recent activity, this study recommends retention of the 0 percent net salvage for this account.

### **Account 397.20 Telemetry Equipment (0%)**

This account includes any salvage and removal cost related to telemetry equipment. The currently authorized net salvage rate for this account is positive 0 percent. There has been no salvage or cost of removal recorded in the last 20+ years and none is expected. Considering the type of assets and the age when they are expected to retire, the analysis, and expectations, this study recommends moving to a 0 percent net salvage for this account.

**Account 398.00 Miscellaneous Equipment (0%)**

This account includes any salvage and removal cost related to miscellaneous equipment. The currently authorized net salvage rate for this account is 0 percent. The last salvage recorded for this account was in 2019, but was less than 1 percent. No cost of removal has been recorded. Little to no salvage or removal cost is expected in the future for these assets. Based on the overall analysis, expectations, and judgment, the 0 percent net salvage is retained for this account.

**SCHEDULE A**  
**Comparison of Depreciation Accrual Rates**

**Southwest Gas Corporation  
System Allocable Division  
Comparison of Depreciation Rates and Expense  
As of December 31, 2022**

**Schedule A  
Page 1 of 1**

Account	Description	Plant Balance at 12/31/22	Approved		Proposed		Difference
			Rate %	Amount \$	Rate %	Amount \$	
<b>After Retirement</b>							
390.10	Structures-Owned	\$ 40,373,231	2.25%	\$ 908,398	2.34%	\$ 946,320	\$ 37,922
391.00	Office Furniture & Equipment	9,263,482	6.67%	617,874	6.67%	617,874	-
391.10	Computer Equipment	18,758,355	19.80%	3,714,154	20.00%	3,751,671	37,517
392.11	Transportation Equipment-Light	2,010,299	10.13%	203,643	9.38%	188,566	(15,077)
392.12	Transportation Equipment-Heavy	*	6.00%	-	6.00%	-	-
393.00	Stores Equipment	66,522	6.67%	4,437	5.00%	3,326	(1,111)
394.00	Tools, Shop, & Garage Equipment	1,257,857	6.67%	83,899	6.67%	83,899	-
395.00	Laboratory Equipment	1,814,642	5.00%	90,732	6.67%	121,037	30,305
396.00	Power Operated Equipment	259,442	5.67%	14,710	6.00%	15,567	856
397.00	Communication Equipment	8,305,541	6.67%	553,980	6.67%	553,980	-
397.20	Telemetry Equipment*	-	16.67%	-	6.67%	-	-
398.00	Miscellaneous Equipment	5,997,862	6.67%	400,057	6.67%	400,057	-
<b>Total Depreciable &amp; Amortized</b>		<b>\$ 88,107,233</b>	<b>7.48%</b>	<b>\$ 6,591,885</b>	<b>7.58%</b>	<b>\$ 6,682,296</b>	<b>\$ 90,411</b>
<b>RENEWABLE NATURAL GAS PROJECTS</b>							
342.00	Renewable Natural Gas Owned				3.33%		
342.00	Renewable Natural Gas Contract				5.00%		

\*Note: If new additions are recorded, this is the recommended rate.

Assets > ASL Retirements 101,984

**SCHEDULE B**  
**Computation of Depreciation Accrual Rates**

**Southwest Gas Corporation**  
**System Allocable Nevada Division**  
**Computation of Depreciation and Amortization Accrual Rates**  
**As of December 31, 2022**

Schedule B  
Page 1 of 2

Account	Description	Plant Balance at 12/31/22	Book Reserve at 12/31/22	Net Salvage %	Net Salvage Amount	Unrecovered Investment	Remaining Life	Annual Accrual Amount	Rate %
<b>Depreciable</b>									
390.10	Structures-Owned	\$ 40,373,231	\$ 2,444,289	-5%	\$ (2,018,662)	\$ 39,947,603	42.21	\$ 946,320	2.34%
	<b>Total General - Depreciated</b>	<b>40,373,231</b>	<b>2,444,289</b>		<b>(2,018,662)</b>	<b>39,947,603</b>		<b>946,320</b>	<b>2.34%</b>

Amortization Accounts	Plant Balance at 12/31/22	Book Reserve at 12/31/22	Theoretical Reserve at 12/31/22	Reserve Difference	Assets to Retire > ASL
391.00 Office Furniture & Equipment	\$ 9,263,482	\$ 3,133,761	\$ 3,268,183	\$ (134,422)	\$ -
391.10 Computer Equipment	18,758,355	8,594,872	10,189,608	(1,594,736)	0
392.11 Transportation Equipment-Light	2,010,299	507,122	944,599	(437,477)	0
392.12 Transportation Equipment-Heavy	-	6,113	0	6,113	NA
393.00 Stores Equipment	66,522	42,973	23,035	19,938	0
394.00 Tools, Shop, & Garage Equipment	1,257,857	552,962	578,425	(25,463)	0
395.00 Laboratory Equipment	1,916,626	589,453	843,354	(253,901)	101,984
396.00 Power Operated Equipment	259,442	21,158	48,168	(27,010)	0
397.00 Communication Equipment	8,305,541	4,604,265	4,712,552	(108,287)	0
397.20 Telemetering Equipment	-	17,044	0	17,044	NA
398.00 Miscellaneous Equipment	5,997,862	1,305,671	1,538,855	(233,184)	0
<b>Total Amortized Befor Retirements</b>	<b>47,835,986</b>	<b>19,375,394</b>	<b>22,146,779</b>	<b>(2,771,385)</b>	<b>101,984</b>

**Southwest Gas Corporation**  
**System Allocable Nevada Division**  
**Computation of Depreciation and Amortization Accrual Rates**  
**As of December 31, 2022**

**Schedule B**  
**Page 2 of 2**

<b>Amortized After Retirements&gt;ASL</b>		<b>Plant Balance at 12/31/22</b>	<b>Book Reserve at 12/31/22</b>	<b>Annual Amortization</b>	<b>Amortization Life</b>	<b>Annual Amortization Rate %</b>
391.00	Office Furniture & Equipment	\$ 9,263,482	\$ 3,133,761	617,565	15	6.67%
391.10	Computer Equipment	18,758,355	8,594,872	3,751,671	5	20.00%
392.11	Transportation Equipment-Light	2,010,299	507,122	188,466	8	9.38%
392.12	Transportation Equipment-Heavy *	-	6,113	-	15	6.00%
393.00	Stores Equipment	66,522	42,973	3,326	20	5.00%
394.00	Tools, Shop, & Garage Equipment	1,257,857	552,962	83,857	15	6.67%
395.00	Laboratory Equipment	1,814,642	487,469	120,976	15	6.67%
396.00	Power Operated Equipment	259,442	21,158	15,567	15	6.00%
397.00	Communication Equipment	8,305,541	4,604,265	553,703	15	6.67%
397.20	Telemetering Equipment*	-	17,044	-	15	6.67%
398.00	Miscellaneous Equipment	5,997,862	1,305,671	399,857	15	6.67%
<b>Total Amortized After Retirements</b>		<b>47,734,002</b>	<b>19,273,410</b>	<b>5,734,988</b>		
<b>Total Depreciated &amp; Amortized</b>		<b>\$ 88,107,233</b>	<b>\$ 21,717,699</b>			

\*Note: If new additions are recorded, this is the recommended rate.

Assets to retire with life > ASL	101,984	101,984
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**SCHEDULE C**  
**Current Commission Approved Rates and**  
**Parameter Comparison**



**Southwest Gas Corporation**  
**Plant Account Summary and Depreciation Parameters**  
**System Allocable Rate Jurisdiction**  
**as of December 31, 2022**

**Schedule C**  
**Page 1 of 1**

Account	Description	Plant Balance	Reserve Balance	Existing			Proposal		
				Depreciation Rate	ASL Curve	NS	ASL Curve	NS%	
390.10	Structures & Improvement	\$ 40,373,231	\$ 2,444,289	2.25%	45 R3	0%	45 R3	-5%	
391.00	Office Furniture & Equipment	9,263,482	3,133,761	6.67%	15 SQ	0%	15 SQ	0%	
391.10	Computer Equipment	18,758,355	8,594,872	19.80%	5 SQ	1%	5 SQ	0%	
392.11	Transportation Equipment - Light	2,010,299	507,122	10.13%	8 SQ	19%	8 SQ	25%	
392.12	Transportation Equipment - Heavy	0	6,113	6.00%	15 SQ	10%	15 SQ	10%	
393.00	Stores Equipment	66,522	42,973	6.67%	15 SQ	0%	20 SQ	0%	
394.00	Tools, Shop, & Garage Equipment	1,257,857	552,962	6.67%	15 SQ	0%	15 SQ	0%	
395.00	Laboratory Equipment	1,916,627	589,453	5.00%	20 SQ	0%	15 SQ	0%	
396.00	Power Operated Equipment	259,442	21,158	5.67%	15 SQ	15%	15 SQ	10%	
397.00	Communication Equipment	8,305,541	4,604,265	6.67%	15 SQ	0%	15 SQ	0%	
397.20	Telemetry Equipment	0	17,044	16.67%	6 SQ	0%	15 SQ	0%	
398.00	Miscellaneous Equipment	5,997,862	1,305,671	6.67%	15 SQ	0%	15 SQ	0%	
<b>Total System Allocable Depreciable &amp; Amortized</b>		<b>\$ 88,209,218</b>	<b>\$ 21,819,683</b>						
Renewable Natural Gas Owned - Account 342								30	0%
Renewable Natural Gas Contract - Account 342								20	0%

**Schedule D**  
**Net Salvage**

**SOUTHWEST GAS CORPORATION**  
**SYSTEM ALLOCABLE - NET SALVAGE ANALYSIS**  
Depreciation Study as of December 31, 2022

Schedule D  
Page 1 of 14

FERC	Activity Year	Retirements	Salvage	Removal Cost	Net Salvage	Net Salv. %	2-yr Net Salv. %	3-yr Net Salv. %	4-yr Net Salv. %	5-yr Net Salv. %	6-yr Net Salv. %	7-yr Net Salv. %	8-yr Net Salv. %	9-yr Net Salv. %	10-yr Net Salv. %
<b>Structures &amp; Improvements</b>															
390.1	1988	1,389	0	0	0	0.00%									
390.1	1989	0	0	0	0	NA	0.00%								
390.1	1990	0	0	0	0	NA	NA	0.00%							
390.1	1991	0	0	0	0	NA	NA	NA	0.00%						
390.1	1992	0	0	0	0	NA	NA	NA	NA	0.00%					
390.1	1993	529,082	212,800	176,742	36,058	6.82%	6.82%	6.82%	6.82%	6.82%	6.80%				
390.1	1994	7,406	0	0	0	0.00%	6.72%	6.72%	6.72%	6.72%	6.72%	6.70%			
390.1	1995	0	0	0	0	NA	0.00%	6.72%	6.72%	6.72%	6.72%	6.72%	6.70%		
390.1	1996	0	0	0	0	NA	NA	0.00%	6.72%	6.72%	6.72%	6.72%	6.72%	6.70%	
390.1	1997	0	0	0	0	NA	NA	NA	0.00%	6.72%	6.72%	6.72%	6.72%	6.72%	6.70%
390.1	1998	9,199	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	6.61%	6.61%	6.61%	6.61%	6.61%
390.1	1999	13,329	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	6.45%	6.45%	6.45%	6.45%
390.1	2000	212,304	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	4.67%	4.67%	4.67%
390.1	2001	21,000	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	4.55%	4.55%
390.1	2002	0	0	0	0	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	4.55%
390.1	2003	3,978	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
390.1	2004	255,263	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
390.1	2005	357,336	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
390.1	2006	78,000	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
390.1	2007	85,000	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
390.1	2008	2,600	0	18,000	-18,000	-692.31%	-20.55%	-10.87%	-3.44%	-2.31%	-2.30%	-2.30%	-2.24%	-1.77%	-1.75%
390.1	2009	58,590	0	0	0	0.00%	-29.42%	-12.31%	-8.03%	-3.10%	-2.15%	-2.14%	-2.14%	-2.09%	-1.68%
390.1	2010	0	0	0	0	NA	0.00%	-29.42%	-12.31%	-8.03%	-3.10%	-2.15%	-2.14%	-2.14%	-2.09%
390.1	2011	9,000	0	0	0	0.00%	0.00%	0.00%	-25.64%	-11.60%	-7.72%	-3.05%	-2.13%	-2.12%	-2.12%
390.1	2012	138,712	0	26,920	-26,920	-19.41%	-18.22%	-18.22%	-13.05%	-21.50%	-15.28%	-12.08%	-6.16%	-4.56%	-4.54%
390.1	2013	0	0	0	0	NA	-19.41%	-18.22%	-18.22%	-13.05%	-21.50%	-15.28%	-12.08%	-6.16%	-4.56%
390.1	2014	0	0	0	0	NA	NA	-19.41%	-18.22%	-18.22%	-13.05%	-21.50%	-15.28%	-12.08%	-6.16%
390.1	2015	114,884	0	0	0	0.00%	0.00%	0.00%	-10.62%	-10.25%	-10.25%	-8.38%	-13.87%	-10.99%	-9.23%
390.1	2016	300,256	0	144,055	-144,055	-47.98%	-34.70%	-34.70%	-34.70%	-30.87%	-30.38%	-30.38%	-27.51%	-30.28%	-26.65%
390.1	2017	391,680	0	38,543	-38,543	-9.84%	-26.39%	-22.63%	-22.63%	-22.63%	-22.16%	-21.95%	-21.95%	-20.68%	-22.40%

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390.1	2018	249,896	0	7,323	-7,323	-2.93%	-7.15%	-20.17%	-17.97%	-17.97%	-17.97%	-18.14%	-18.00%	-18.00%	-17.17%
390.1	2019	1,002,622	0	96,848	-96,848	-9.66%	-8.32%	-8.68%	-14.75%	-13.93%	-13.93%	-13.93%	-14.27%	-14.21%	-14.21%
390.1	2020	328,937	0	201,185	-201,185	-61.16%	-22.38%	-19.31%	-17.43%	-21.46%	-20.43%	-20.43%	-20.43%	-20.37%	-20.30%
390.1	2021	8,020	0	0	0	0.00%	-59.71%	-22.25%	-19.21%	-17.36%	-21.39%	-20.36%	-20.36%	-20.36%	-20.31%
390.1	2022	52,140	0	4,700	-4,700	-9.01%	-7.81%	-52.91%	-21.75%	-18.89%	-17.14%	-21.11%	-20.12%	-20.12%	-20.12%

**Office Furniture & Equipment**

391	1987	24,871	0	0	0	0.00%									
391	1988	19,454	500	0	500	2.57%	1.13%								
391	1989	3,220	20	0	20	0.62%	2.29%	1.09%							
391	1990	57,291	600	0	600	1.05%	1.02%	1.40%	1.07%						
391	1991	12,124	0	0	0	0.00%	0.86%	0.85%	1.22%	0.96%					
391	1992	17,130	0	0	0	0.00%	0.00%	0.69%	0.69%	1.03%	0.84%				
391	1993	566,774	8,000	0	8,000	1.41%	1.37%	1.34%	1.32%	1.31%	1.35%	1.30%			
391	1994	58,107	4,200	0	4,200	7.23%	1.95%	1.90%	1.87%	1.80%	1.79%	1.81%	1.76%		
391	1995	59,684	0	0	0	0.00%	3.57%	1.78%	1.74%	1.71%	1.66%	1.66%	1.68%	1.63%	
391	1996	538,103	1,000	0	1,000	0.19%	0.17%	0.79%	1.08%	1.06%	1.05%	1.05%	1.05%	1.08%	1.06%
391	1997	220,338	0	0	0	0.00%	0.13%	0.12%	0.59%	0.91%	0.90%	0.90%	0.90%	0.90%	0.92%
391	1998	230,179	0	0	0	0.00%	0.00%	0.10%	0.10%	0.47%	0.79%	0.78%	0.78%	0.78%	0.78%
391	1999	147,455	0	0	0	0.00%	0.00%	0.00%	0.09%	0.08%	0.41%	0.73%	0.72%	0.71%	0.72%
391	2000	1,399,741	0	0	0	0.00%	0.00%	0.00%	0.00%	0.04%	0.04%	0.20%	0.41%	0.41%	0.41%
391	2001	2,098,383	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.02%	0.02%	0.11%	0.25%	0.25%
391	2002	688,596	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.02%	0.02%	0.10%	0.22%
391	2003	619,597	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.02%	0.02%	0.09%
391	2004	82,715	3,440	0	3,440	4.16%	0.49%	0.25%	0.10%	0.07%	0.07%	0.07%	0.06%	0.07%	0.07%
391	2005	108,384	0	0	0	0.00%	1.80%	0.42%	0.23%	0.10%	0.07%	0.07%	0.06%	0.06%	0.07%
391	2006	108,269	20,000	0	20,000	18.47%	9.23%	7.83%	2.55%	1.46%	0.63%	0.46%	0.45%	0.43%	0.41%
391	2007	2,203,418	0	0	0	0.00%	0.87%	0.83%	0.94%	0.75%	0.62%	0.40%	0.32%	0.31%	0.30%
391	2008	1,991,130	0	0	0	0.00%	0.00%	0.46%	0.45%	0.52%	0.46%	0.40%	0.30%	0.25%	0.25%

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391	2009	273,154	0	0	0	0.00%	0.00%	0.00%	0.44%	0.43%	0.49%	0.44%	0.39%	0.29%	0.24%
391	2010	603,291	0	0	0	0.00%	0.00%	0.00%	0.00%	0.39%	0.38%	0.44%	0.39%	0.35%	0.27%
391	2011	172,055	0	-1,000	1,000	0.58%	0.13%	0.10%	0.03%	0.02%	0.39%	0.38%	0.44%	0.40%	0.36%
391	2012	260,546	0	0	0	0.00%	0.23%	0.10%	0.08%	0.03%	0.02%	0.37%	0.37%	0.42%	0.38%
391	2013	312,237	0	0	0	0.00%	0.00%	0.13%	0.07%	0.06%	0.03%	0.02%	0.35%	0.35%	0.40%
391	2014	147,185	0	0	0	0.00%	0.00%	0.00%	0.11%	0.07%	0.06%	0.03%	0.02%	0.35%	0.34%
391	2015	111,899	0	0	0	0.00%	0.00%	0.00%	0.00%	0.10%	0.06%	0.05%	0.03%	0.02%	0.34%
391	2016	236,858	16,716	0	16,716	7.06%	4.79%	3.37%	2.07%	1.56%	1.43%	0.96%	0.84%	0.43%	0.28%
391	2017	515,372	0	0	0	0.00%	2.22%	1.93%	1.65%	1.26%	1.06%	1.01%	0.75%	0.67%	0.38%
391	2018	416,550	0	0	0	0.00%	0.00%	1.43%	1.31%	1.17%	0.96%	0.84%	0.82%	0.64%	0.58%
391	2019	218,068	34,000	0	34,000	15.59%	5.36%	2.96%	3.66%	3.38%	3.08%	2.59%	2.29%	2.16%	1.73%
391	2020	146,298	0	0	0	0.00%	9.33%	4.35%	2.62%	3.31%	3.08%	2.83%	2.41%	2.14%	2.04%
391	2021	1,382,849	98,000	0	98,000	7.09%	6.41%	7.55%	6.10%	4.93%	5.10%	4.91%	4.68%	4.26%	3.97%
391	2022	2,831,972	0	0	0	0.00%	2.33%	2.25%	2.88%	2.64%	2.40%	2.59%	2.54%	2.48%	2.35%

**Computer Equipment**

391.1	1987	1,182	0	0	0	0.00%									
391.1	1988	511,339	83,500	0	83,500	16.33%	16.29%								
391.1	1989	14,769	0	0	0	0.00%	15.87%	15.84%							
391.1	1990	166,520	0	0	0	0.00%	0.00%	12.06%	12.03%						
391.1	1991	1,605,116	122,147	0	122,147	7.61%	6.89%	6.84%	8.95%	8.95%					
391.1	1992	569,201	13,195	0	13,195	2.32%	6.22%	5.78%	5.75%	7.63%	7.63%				
391.1	1993	1,521,380	0	0	0	0.00%	0.63%	3.66%	3.50%	3.49%	4.99%	4.99%			
391.1	1994	1,489,229	1,000	0	1,000	0.07%	0.03%	0.40%	2.63%	2.55%	2.54%	3.74%	3.74%		
391.1	1995	2,102,007	400	0	400	0.02%	0.04%	0.03%	0.26%	1.88%	1.83%	1.83%	2.76%	2.76%	
391.1	1996	7,127,234	0	0	0	0.00%	0.00%	0.01%	0.01%	0.11%	0.95%	0.94%	0.94%	1.46%	1.46%
391.1	1997	5,752,981	1,000	0	1,000	0.02%	0.01%	0.01%	0.01%	0.01%	0.08%	0.68%	0.68%	0.68%	1.06%
391.1	1998	454,126	0	0	0	0.00%	0.02%	0.01%	0.01%	0.01%	0.01%	0.08%	0.67%	0.66%	0.66%
391.1	1999	1,472,385	57,120	0	57,120	3.88%	2.96%	0.76%	0.39%	0.35%	0.32%	0.30%	0.35%	0.88%	0.88%

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391.1	2000	74,049	1,800	0	1,800	2.43%	3.81%	2.95%	0.77%	0.40%	0.36%	0.33%	0.31%	0.36%	0.89%
391.1	2001	3,870,670	0	0	0	0.00%	0.05%	1.09%	1.00%	0.52%	0.32%	0.29%	0.27%	0.26%	0.30%
391.1	2002	1,988,257	0	0	0	0.00%	0.00%	0.03%	0.80%	0.75%	0.44%	0.29%	0.26%	0.25%	0.24%
391.1	2003	2,311,685	0	0	0	0.00%	0.00%	0.00%	0.02%	0.61%	0.58%	0.38%	0.26%	0.24%	0.23%
391.1	2004	527,982	15,876	0	15,876	3.01%	0.56%	0.33%	0.18%	0.20%	0.73%	0.70%	0.46%	0.32%	0.30%
391.1	2005	1,967,362	21,650	0	21,650	1.10%	1.50%	0.78%	0.55%	0.35%	0.37%	0.79%	0.76%	0.53%	0.38%
391.1	2006	1,090,976	22,652	0	22,652	2.08%	1.45%	1.68%	1.02%	0.76%	0.51%	0.52%	0.90%	0.87%	0.62%
391.1	2007	2,738,801	0	0	0	0.00%	0.59%	0.76%	0.95%	0.70%	0.57%	0.42%	0.43%	0.74%	0.72%
391.1	2008	6,835,404	0	0	0	0.00%	0.00%	0.21%	0.35%	0.46%	0.39%	0.34%	0.28%	0.29%	0.52%
391.1	2009	1,761,590	2,522	0	2,522	0.14%	0.03%	0.02%	0.20%	0.33%	0.42%	0.36%	0.33%	0.27%	0.28%
391.1	2010	972,514	2,666	0	2,666	0.27%	0.19%	0.05%	0.04%	0.21%	0.32%	0.41%	0.36%	0.32%	0.27%
391.1	2011	2,446,113	26,341	0	26,341	1.08%	0.85%	0.61%	0.26%	0.21%	0.34%	0.43%	0.50%	0.44%	0.41%
391.1	2012	969,652	230	0	230	0.02%	0.78%	0.67%	0.52%	0.24%	0.20%	0.32%	0.40%	0.48%	0.43%
391.1	2013	800,680	0	0	0	0.00%	0.01%	0.63%	0.56%	0.46%	0.23%	0.19%	0.31%	0.39%	0.46%
391.1	2014	5,633,441	0	0	0	0.00%	0.00%	0.00%	0.27%	0.25%	0.16%	0.14%	0.14%	0.23%	0.30%
391.1	2015	1,450,554	0	0	0	0.00%	0.00%	0.00%	0.00%	0.24%	0.24%	0.23%	0.15%	0.13%	0.22%
391.1	2016	2,380,385	1,500	0	1,500	0.06%	0.04%	0.02%	0.01%	0.02%	0.21%	0.21%	0.20%	0.14%	0.13%
391.1	2017	2,747,402	2,237	10,630	-8,393	-0.31%	-0.13%	-0.10%	-0.06%	-0.05%	-0.05%	0.12%	0.13%	0.13%	0.10%
391.1	2018	8,267,034	0	0	0	0.00%	-0.08%	-0.05%	-0.05%	-0.03%	-0.03%	-0.03%	0.08%	0.09%	0.09%
391.1	2019	1,850,410	0	0	0	0.00%	0.00%	-0.07%	-0.05%	-0.04%	-0.03%	-0.03%	-0.03%	0.07%	0.08%
391.1	2020	1,520,345	0	0	0	0.00%	0.00%	0.00%	-0.06%	-0.04%	-0.04%	-0.03%	-0.03%	-0.03%	0.07%
391.1	2021	4,387,450	0	0	0	0.00%	0.00%	0.00%	0.00%	-0.04%	-0.03%	-0.03%	-0.02%	-0.02%	-0.02%
391.1	2022	5,726,511	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	-0.03%	-0.03%	-0.02%	-0.02%	-0.02%
<b>Transportation Equip, Light</b>															
392.11	1987	69,446	2,706	0	2,706	3.90%									
392.11	1988	183,866	6,533	0	6,533	3.55%	3.65%								
392.11	1989	206,022	13,566	0	13,566	6.58%	5.16%	4.96%							
392.11	1990	240,588	62,066	0	62,066	25.80%	16.93%	13.03%	12.13%						
392.11	1991	195,997	6,762	0	6,762	3.45%	15.77%	12.82%	10.76%	10.23%					
392.11	1992	36,775	1,254	0	1,254	3.41%	3.44%	14.81%	12.31%	10.45%	9.96%				
392.11	1993	327,269	43,851	0	43,851	13.40%	12.39%	9.26%	14.23%	12.67%	11.26%	10.85%			

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392.11	1994	191,386	53,178	0	53,178	27.79%	18.71%	17.69%	13.98%	16.85%	15.08%	13.55%	13.09%		
392.11	1995	231,960	44,986	0	44,986	19.39%	23.19%	18.92%	18.20%	15.26%	17.33%	15.78%	14.39%	13.95%	
392.11	1996	126,200	28,854	0	28,854	22.86%	20.62%	23.11%	19.49%	18.84%	16.12%	17.85%	16.36%	15.00%	14.58%
392.11	1997	236,902	29,293	0	29,293	12.37%	16.01%	17.33%	19.88%	17.97%	17.51%	15.46%	17.03%	15.83%	14.69%
392.11	1998	67,466	16,874	0	16,874	25.01%	15.17%	17.42%	18.11%	20.28%	18.37%	17.92%	15.92%	17.35%	16.16%
392.11	1999	391,059	142,417	0	142,417	36.42%	34.74%	27.12%	26.46%	24.91%	25.35%	22.86%	22.42%	20.36%	21.00%
392.11	2000	308,538	10,115	0	10,115	3.28%	21.80%	22.09%	19.79%	20.13%	20.01%	20.97%	19.65%	19.34%	17.86%
392.11	2001	377,482	122,683	0	122,683	32.50%	19.36%	25.55%	25.52%	23.26%	23.23%	22.72%	23.22%	21.80%	21.50%
392.11	2002	398,945	91,061	0	91,061	22.83%	27.53%	20.63%	24.82%	24.82%	23.17%	23.15%	22.74%	23.15%	21.95%
392.11	2003	555,149	150,617	0	150,617	27.13%	25.33%	27.36%	22.83%	25.45%	25.43%	24.11%	24.04%	23.64%	23.92%
392.11	2004	308,961	127,026	35,342	91,684	29.67%	28.04%	26.39%	27.80%	23.92%	26.01%	25.98%	24.76%	24.67%	24.26%
392.11	2005	590,139	112,688	0	112,688	19.10%	22.73%	24.41%	24.07%	25.50%	22.80%	24.61%	24.62%	23.73%	23.69%
392.11	2006	569,329	93,471	0	93,471	16.42%	17.78%	20.28%	22.16%	22.27%	23.65%	21.63%	23.28%	23.31%	22.63%
392.11	2007	449,239	85,822	0	85,822	19.10%	17.60%	18.15%	20.01%	21.61%	21.78%	23.02%	21.31%	22.81%	22.84%
392.11	2008	630,567	77,861	0	77,861	12.35%	15.16%	15.59%	16.52%	18.11%	19.73%	20.08%	21.29%	19.96%	21.37%
392.11	2009	542,396	17,249	-30,268	47,517	8.76%	10.69%	13.02%	13.90%	15.00%	16.47%	18.09%	18.56%	19.75%	18.68%
392.11	2010	573,353	155,924	0	155,924	27.20%	18.23%	16.11%	16.72%	16.66%	17.09%	18.15%	19.33%	19.63%	20.60%
392.11	2011	519,832	79,913	0	79,913	15.37%	21.57%	17.32%	15.94%	16.46%	16.46%	16.86%	17.80%	18.90%	19.20%
392.11	2012	1,028,629	76,789	-27,900	104,689	10.18%	11.92%	16.05%	14.57%	14.14%	14.74%	14.96%	15.46%	16.30%	17.34%
392.11	2013	122,109	0	0	0	0.00%	9.10%	11.05%	15.18%	13.93%	13.64%	14.27%	14.55%	15.08%	15.93%
392.11	2014	223,827	0	0	0	0.00%	0.00%	7.62%	9.74%	13.80%	12.89%	12.80%	13.49%	13.85%	14.44%
392.11	2015	279,781	0	0	0	0.00%	0.00%	0.00%	6.33%	8.49%	12.39%	11.79%	11.88%	12.63%	13.06%
392.11	2016	416,754	381,471	0	381,471	91.53%	54.77%	41.45%	36.59%	23.47%	21.85%	22.82%	20.76%	19.54%	19.50%
392.11	2017	468,260	83,507	0	83,507	17.83%	52.54%	39.92%	33.48%	30.78%	22.43%	21.23%	22.17%	20.43%	19.37%
392.11	2018	451,094	177,083	0	177,083	39.26%	28.34%	48.05%	39.73%	34.90%	32.73%	24.97%	23.55%	24.06%	22.27%
392.11	2019	585,575	176,121	236	175,885	30.04%	34.05%	29.00%	42.56%	37.15%	33.73%	32.11%	25.80%	24.48%	24.81%
392.11	2020	271,760	98,843	0	98,843	36.37%	32.04%	34.53%	30.13%	41.80%	37.07%	33.99%	32.52%	26.55%	25.22%
392.11	2021	71,888	40,950	0	40,950	56.96%	40.68%	33.97%	35.70%	31.17%	42.28%	37.63%	34.59%	33.13%	27.10%
392.11	2022	1,027,779	10,850	0	10,850	1.06%	4.71%	10.98%	16.69%	20.91%	20.41%	29.41%	27.11%	25.51%	24.72%

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<b>Transportation Equip, Heavy</b>															
392.12	1993	0	0	0	0	NA									
392.12	1994	0	0	0	0	NA	20.91%								
392.12	1995	0	0	0	0	NA	NA	20.91%							
392.12	1996	0	0	0	0	NA	NA	NA	20.91%						
392.12	1997	0	0	0	0	NA	NA	NA	NA	20.91%					
392.12	1998	0	0	0	0	NA	NA	NA	NA	NA	20.91%				
392.12	1999	0	0	0	0	NA	NA	NA	NA	NA	NA	20.91%			
392.12	2000	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	20.91%		
392.12	2001	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	20.91%	
392.12	2002	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	20.91%
392.12	2003	54,838	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
392.12	2004	0	0	0	0	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
392.12	2005	24,990	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
392.12	2006	0	0	0	0	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
392.12	2007	0	0	0	0	NA	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
392.12	2008	0	0	0	0	NA	NA	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
392.12	2009	0	0	0	0	NA	NA	NA	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
392.12	2010	0	0	0	0	NA	NA	NA	NA	NA	0.00%	0.00%	0.00%	0.00%	0.00%
392.12	2011	0	0	0	0	NA	NA	NA	NA	NA	NA	0.00%	0.00%	0.00%	0.00%
392.12	2012	86,303	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
392.12	2013	0	0	0	0	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
392.12	2014	0	0	0	0	NA	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
392.12	2015	0	0	0	0	NA	NA	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
392.12	2016	0	0	0	0	NA	NA	NA	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
392.12	2017	0	0	0	0	NA	NA	NA	NA	NA	0.00%	0.00%	0.00%	0.00%	0.00%
392.12	2018	0	0	0	0	NA	NA	NA	NA	NA	NA	0.00%	0.00%	0.00%	0.00%
392.12	2019	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	0.00%	0.00%	0.00%
392.12	2020	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	0.00%	0.00%
392.12	2021	66,922	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
392.12	2022	0	0	0	0	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%



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<b>Stores Equipment</b>															
393	1993	4,226	0	0	0	0.00%									
393	1994	0	0	0	0	NA	0.00%								
393	1995	0	0	0	0	NA	NA	0.00%							
393	1996	0	0	0	0	NA	NA	NA	0.00%						
393	1997	0	0	0	0	NA	NA	NA	NA	0.00%					
393	1998	557	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%				
393	1999	0	0	0	0	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%			
393	2000	11,193	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%		
393	2001	6,016	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
393	2002	0	0	0	0	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
393	2003	5,324	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
393	2004	0	0	0	0	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
393	2005	0	0	0	0	NA	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
393	2006	0	0	0	0	NA	NA	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
393	2007	0	0	0	0	NA	NA	NA	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
393	2008	20,108	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
393	2009	0	1,405	0	1,405	NA	6.99%	6.99%	6.99%	6.99%	6.99%	5.52%	5.52%	4.47%	3.29%
393	2010	0	0	0	0	NA	NA	6.99%	6.99%	6.99%	6.99%	6.99%	5.52%	5.52%	4.47%
393	2011	0	0	0	0	NA	NA	NA	6.99%	6.99%	6.99%	6.99%	6.99%	5.52%	5.52%
393	2012	0	0	0	0	NA	NA	NA	NA	6.99%	6.99%	6.99%	6.99%	6.99%	5.52%
393	2013	0	0	0	0	NA	NA	NA	NA	NA	6.99%	6.99%	6.99%	6.99%	6.99%
393	2014	0	0	0	0	NA	NA	NA	NA	NA	NA	6.99%	6.99%	6.99%	6.99%
393	2015	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	6.99%	6.99%	6.99%
393	2016	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	6.99%	6.99%
393	2017	3,998	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	35.14%	5.83%
393	2018	0	0	0	0	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	35.14%
393	2019	0	0	0	0	NA	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
393	2020	0	0	0	0	NA	NA	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
393	2021	0	0	0	0	NA	NA	NA	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
393	2022	0	0	0	0	NA	NA	NA	NA	NA	0.00%	0.00%	0.00%	0.00%	0.00%

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<b>Tools, Shop &amp; Garage Equipment</b>															
394	1989	6,288	0	0	0	0.00%									
394	1990	0	0	0	0	NA	0.00%								
394	1991	5,448	0	0	0	0.00%	0.00%	0.00%							
394	1992	0	0	0	0	NA	0.00%	0.00%	0.00%						
394	1993	8,916	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%					
394	1994	0	0	0	0	NA	0.00%	0.00%	0.00%	0.00%	0.00%				
394	1995	0	0	0	0	NA	NA	NA	0.00%	0.00%	0.00%	0.00%	0.00%		
394	1996	0	0	0	0	NA	NA	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
394	1997	1,332	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
394	1998	424	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
394	1999	2,380	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
394	2000	64,136	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
394	2001	30,674	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
394	2002	26,047	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
394	2003	14,059	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
394	2004	41,869	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
394	2005	14,494	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
394	2006	10,072	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
394	2007	48,065	6,750	0	6,750	14.04%	11.61%	9.29%	5.90%	5.25%	4.37%	3.64%	2.71%	2.68%	2.68%
394	2008	35,560	0	0	0	0.00%	8.07%	7.20%	6.24%	4.50%	4.11%	3.55%	3.06%	2.37%	2.35%
394	2009	24,555	0	0	0	0.00%	0.00%	6.24%	5.71%	5.08%	3.87%	3.58%	3.14%	2.75%	2.18%
394	2010	6,867	0	0	0	0.00%	0.00%	0.00%	5.87%	5.39%	4.83%	3.72%	3.45%	3.05%	2.68%
394	2011	7,203	0	0	0	0.00%	0.00%	0.00%	0.00%	5.52%	5.10%	4.60%	3.58%	3.33%	2.95%
394	2012	0	0	0	0	NA	0.00%	0.00%	0.00%	0.00%	5.52%	5.10%	4.60%	3.58%	3.33%
394	2013	0	0	0	0	NA	NA	0.00%	0.00%	0.00%	0.00%	5.52%	5.10%	4.60%	3.58%
394	2014	21,393	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	4.70%	4.39%	4.01%
394	2015	16,336	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	4.22%	3.97%
394	2016	28,216	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	3.59%
394	2017	3,117	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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394	2018	0	0	0	0	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
394	2019	9,686	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
394	2020	26,730	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
394	2021	5,013	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
394	2022	80,661	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Laboratory Equipment</b>															
395	1991	398	0	0	0	0.00%									
395	1992	0	0	0	0	NA	0.00%								
395	1993	11,827	0	0	0	0.00%	0.00%	0.00%							
395	1994	0	0	0	0	NA	0.00%	0.00%	0.00%						
395	1995	0	0	0	0	NA	NA	0.00%	0.00%	0.00%					
395	1996	0	0	0	0	NA	NA	NA	0.00%	0.00%	0.00%				
395	1997	0	0	0	0	NA	NA	NA	NA	0.00%	0.00%	0.00%			
395	1998	4,979	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%		
395	1999	15,336	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
395	2000	20,265	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
395	2001	15,515	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
395	2002	2,466	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
395	2003	5,972	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
395	2004	11,622	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
395	2005	30,702	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
395	2006	0	0	0	0	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
395	2007	8,705	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
395	2008	17,416	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
395	2009	105,926	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
395	2010	3,315	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
395	2011	13,081	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
395	2012	1,364	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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395	2013	8,036	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
395	2014	0	0	0	0	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
395	2015	6,021	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
395	2016	8,212	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
395	2017	0	0	0	0	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
395	2018	0	0	0	0	NA	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
395	2019	0	0	0	0	NA	NA	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
395	2020	0	0	0	0	NA	NA	NA	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
395	2021	0	0	0	0	NA	NA	NA	NA	NA	0.00%	0.00%	0.00%	0.00%	0.00%
395	2022	46,970	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

**Power Operated Equipment**

396	1993	0	0	0	0	NA									
396	1994	0	0	0	0	NA	NA								
396	1995	0	0	0	0	NA	NA	NA							
396	1996	0	0	0	0	NA	NA	NA	NA						
396	1997	0	0	0	0	NA	NA	NA	NA	NA					
396	1998	0	0	0	0	NA	NA	NA	NA	NA	NA				
396	1999	0	0	0	0	NA	NA	NA	NA	NA	NA	NA			
396	2000	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA		
396	2001	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	
396	2002	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
396	2003	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
396	2004	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
396	2005	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
396	2006	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
396	2007	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
396	2008	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
396	2009	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
396	2010	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
396	2011	10,254	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
396	2012	0	830	0	830	NA	8.09%	8.09%	8.09%	8.09%	8.09%	8.09%	8.09%	8.09%	8.09%

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396	2013	0	0	0	0	NA	NA	8.09%	8.09%	8.09%	8.09%	8.09%	8.09%	8.09%	8.09%
396	2014	0	0	0	0	NA	NA	8.09%	8.09%	8.09%	8.09%	8.09%	8.09%	8.09%	8.09%
396	2015	0	0	0	0	NA	NA	NA	NA	8.09%	8.09%	8.09%	8.09%	8.09%	8.09%
396	2016	0	0	0	0	NA	NA	NA	NA	NA	8.09%	8.09%	8.09%	8.09%	8.09%
396	2017	0	0	0	0	NA	NA	NA	NA	NA	8.09%	8.09%	8.09%	8.09%	8.09%
396	2018	0	0	0	0	NA	NA	NA	NA	NA	NA	8.09%	8.09%	8.09%	8.09%
396	2019	44,694	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.86%	1.51%	1.51%
396	2020	0	0	0	0	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.86%	1.51%
396	2021	0	1,350	0	1,350	NA	NA	3.02%	3.02%	3.02%	3.02%	3.02%	3.02%	3.02%	4.88%
396	2022	0	0	0	0	NA	NA	NA	3.02%	3.02%	3.02%	3.02%	3.02%	3.02%	3.02%

**Communication Equipment**

397	1988	5,400	0	320	-320	-5.93%									
397	1989	1,072	0	0	0	0.00%	-4.94%								
397	1990	0	0	0	0	NA	0.00%	-4.94%							
397	1991	0	0	0	0	NA	NA	0.00%	-4.94%						
397	1992	0	0	0	0	NA	NA	NA	0.00%	-4.94%					
397	1993	1,441	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	-4.04%				
397	1994	869,629	2,557	0	2,557	0.29%	0.29%	0.29%	0.29%	0.29%	0.29%	0.25%			
397	1995	150,761	0	0	0	0.00%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.22%		
397	1996	0	0	0	0	NA	0.00%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.22%	
397	1997	12,880	400	0	400	3.11%	3.11%	0.24%	0.29%	0.29%	0.29%	0.29%	0.29%	0.29%	0.25%
397	1998	6,824	0	0	0	0.00%	2.03%	2.03%	0.23%	0.28%	0.28%	0.28%	0.28%	0.28%	0.28%
397	1999	9,915	0	0	0	0.00%	0.00%	1.35%	1.35%	0.22%	0.28%	0.28%	0.28%	0.28%	0.28%
397	2000	54,323	0	0	0	0.00%	0.00%	0.00%	0.48%	0.48%	0.17%	0.27%	0.27%	0.27%	0.27%
397	2001	166,016	0	0	0	0.00%	0.00%	0.00%	0.00%	0.16%	0.16%	0.10%	0.23%	0.23%	0.23%
397	2002	39,820	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.14%	0.14%	0.09%	0.23%	0.23%
397	2003	567,211	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.05%	0.05%	0.04%	0.16%
397	2004	11,774	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.05%	0.05%	0.04%
397	2005	2,114	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.05%	0.05%
397	2006	0	0	0	0	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.05%
397	2007	21,792	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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397	2008	120,379	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
397	2009	503,169	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
397	2010	106,486	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
397	2011	2,289,092	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
397	2012	196,794	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
397	2013	226,235	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
397	2014	48,527	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
397	2015	423,139	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
397	2016	98,058	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
397	2017	580,933	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
397	2018	266,051	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
397	2019	53,733	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
397	2020	417,383	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
397	2021	41,782	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
397	2022	0	0	0	0	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

**Telemetering Equipment**

397.2	1993	0	0	0	0	NA									
397.2	1994	0	0	0	0	NA	NA								
397.2	1995	0	0	0	0	NA	NA	NA							
397.2	1996	0	0	0	0	NA	NA	NA	NA						
397.2	1997	0	0	0	0	NA	NA	NA	NA	NA					
397.2	1998	992,784	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%				
397.2	1999	0	0	0	0	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%			
397.2	2000	11,296	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%		
397.2	2001	0	0	0	0	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
397.2	2002	0	0	0	0	NA	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
397.2	2003	56,450	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
397.2	2004	15,957	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
397.2	2005	127,621	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
397.2	2006	0	0	0	0	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
397.2	2007	1,460	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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397.2	2008	259,593	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
397.2	2009	0	0	0	0	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
397.2	2010	3,729	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
397.2	2011	22,176	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
397.2	2012	0	0	0	0	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
397.2	2013	12,014	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
397.2	2014	0	0	0	0	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
397.2	2015	332,868	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
397.2	2016	0	0	0	0	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
397.2	2017	0	0	0	0	NA	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
397.2	2018	0	0	0	0	NA	NA	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
397.2	2019	0	0	0	0	NA	NA	NA	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
397.2	2020	2,241	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
397.2	2021	0	0	0	0	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
397.2	2022	0	0	0	0	NA	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

**Miscellaneous Equipment**

398	1988	9,319	4,000	0	4,000	42.92%									
398	1989	24,476	0	0	0	0.00%	11.84%								
398	1990	1	0	0	0	0.00%	0.00%	11.84%							
398	1991	10,106	405	0	405	4.01%	4.01%	1.17%	10.03%						
398	1992	349	0	0	0	0.00%	3.87%	3.87%	1.16%	9.95%					
398	1993	0	0	0	0	NA	0.00%	3.87%	3.87%	1.16%	9.95%				
398	1994	0	0	0	0	NA	NA	0.00%	3.87%	3.87%	1.16%	9.95%			
398	1995	0	0	0	0	NA	NA	NA	0.00%	3.87%	3.87%	1.16%	9.95%		
398	1996	346	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	3.75%	3.75%	1.15%	9.88%	
398	1997	279,659	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.14%	0.14%	0.13%	1.36%
398	1998	4,113	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.14%	0.14%	0.13%
398	1999	80,057	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.11%	0.11%
398	2000	137,977	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.08%
398	2001	155,842	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
398	2002	89,842	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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398	2003	47,016	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
398	2004	112,673	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
398	2005	59,535	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
398	2006	47,551	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
398	2007	33,237	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
398	2008	156,188	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
398	2009	87,114	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
398	2010	34,033	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
398	2011	13,455	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
398	2012	2,591	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
398	2013	0	0	0	0	NA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
398	2014	62,714	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
398	2015	16,114	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
398	2016	34,477	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
398	2017	66,614	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
398	2018	235,306	0	0	0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
398	2019	26,454	238	0	238	0.90%	0.09%	0.07%	0.07%	0.06%	0.05%	0.05%	0.05%	0.05%	0.05%
398	2020	36,478	0	0	0	0.00%	0.38%	0.08%	0.07%	0.06%	0.06%	0.05%	0.05%	0.05%	0.05%
398	2021	88,395	0	0	0	0.00%	0.00%	0.16%	0.06%	0.05%	0.05%	0.05%	0.04%	0.04%	0.04%
398	2022	8,989	0	0	0	0.00%	0.00%	0.00%	0.15%	0.06%	0.05%	0.05%	0.05%	0.04%	0.04%



1 **AFFIRMATION OF DANE WATSON**

2 Pursuant to NAC 703.710, Dane Watson affirms and declares the following:

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

13 EXECUTED and DATED this 14th day of August, 2023

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16 \_\_\_\_\_  
DANE WATSON