Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

ANNUAL REPORT
PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2017

Commission File Number	*Exact name of registrant as specified in its charter and principal office address and telephone number*	*State of Incorporation*	*I.R.S. Employer Identification No.*
001-37976	Southwest Gas Holdings, Inc. 5241 Spring Mountain Road Post Office Box 98510 Las Vegas, Nevada 89193-8510 (702) 876-7237	California	81-3881866
1-7850	Southwest Gas Corporation 5241 Spring Mountain Road Post Office Box 98510 Las Vegas, Nevada 89193-8510 (702) 876-7237	California	88-0085720

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Southwest Gas Holdings Inc. Common Stock, $1 par value	**New York Stock Exchange, Inc.**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Southwest Gas Holdings, Inc.	Yes ☒	No ☐
Southwest Gas Corporation	Yes ☐	No ☒

Indicate by check mark if each registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. **Yes** ☐ **No** ☒

Indicate by check mark whether each registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. **Yes** ☒ **No** ☐

Indicate by check mark whether each registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 229.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). **Yes** ☒ **No** ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of each registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

Indicate by check mark whether each registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Southwest Gas Holdings, Inc.:

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
Emerging growth company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Southwest Gas Corporation:

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☐
Emerging growth company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether each registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). **Yes** ☐ **No** ☒

Aggregate market value of the voting and non-voting common stock held by nonaffiliates of the registrant Southwest Gas Holdings Inc.
$3,476,422,674 as of June 30, 2017

The number of shares outstanding of Southwest Gas Holdings Inc. common stock:
Common Stock, $1 Par Value, 48,159,162 shares as of February 15, 2018

All of the outstanding shares of common stock ($1 par value) of Southwest Gas Corporation were held by Southwest Gas Holdings, Inc. as of February 15, 2018.

SOUTHWEST GAS CORPORATION MEETS THE CONDITIONS SET FORTH IN GENERAL INSTRUCTION (I)(1)(a) and (b) OF FORM 10-K AND IS THEREFORE FILING THIS REPORT WITH THE REDUCED DISCLOSURE FORMAT AS PERMITTED BY GENERAL INSTRUCTION I(2).

DOCUMENTS INCORPORATED BY

REFERENCE **Description**	**Part Into Which Incorporated**
Annual Report to Shareholders for the Year Ended December 31, 2017	Parts I, II, and IV
2018 Proxy Statement	Part III

TABLE OF CONTENTS

FILING FORMAT

This annual report on Form 10-K is a combined report being filed by two separate registrants: Southwest Gas Holdings, Inc. and Southwest Gas Corporation. Except where the content clearly indicates otherwise, any reference in the report to "we," "us" or "our" is to the holding company or the consolidated entity of Southwest Gas Holdings, Inc. and all of its subsidiaries, including Southwest Gas Corporation, which is a distinct registrant that is a wholly owned subsidiary of Southwest Gas Holdings, Inc. Information contained herein relating to any individual company is filed by such company on its own behalf. Each company makes representations only as to itself and makes no other representation whatsoever as to any other company.

Part II—Item 8. Financial statements and supplementary data in this Annual Report on Form 10-K includes separate financial statements (i.e. balance sheets, statements of income, statements of comprehensive income, statements of cash flows, and statements of equity) for Southwest Gas Holdings, Inc. and Southwest Gas Corporation, in that order. The Notes to Consolidated Financial Statements are presented on a combined basis for both entities. All Items other than Part II – Item 8. are combined for the reporting companies.

PART I

Item 1. BUSINESS

Southwest Gas Holdings, Inc., a California corporation (the "Company"), is a holding company headquartered in Las Vegas, Nevada. Through its wholly owned subsidiaries, Southwest Gas Corporation ("Southwest" or the "natural gas operations segment") and Centuri Construction Group, Inc. ("Centuri" or the "construction services" segment), the Company operates in two business segments: natural gas operations and construction services.

In January 2017, the Company completed a reorganization into its present holding company structure. The holding company structure provides further legal separation between the Company's regulated natural gas operations and unregulated construction services businesses and additional financing flexibility. Through the reorganization, shareholders of Southwest (the predecessor publicly held parent company) became shareholders of the Company, on a one-for-one basis, with the same number of shares and same ownership percentage as they held immediately prior to the reorganization, and Southwest became an indirect, wholly owned subsidiary of the Company. Also as a part of the reorganization, Southwest transferred its equity interest in Centuri to a direct, wholly owned subsidiary of the Company ; whereas, historically, Centuri had been a direct subsidiary of Southwest.

Southwest was incorporated in March 1931 under the laws of the state of California and provides regulated natural gas delivery services to customers in portions of Arizona, Nevada, and California. Public utility rates, practices, facilities, and service territories of Southwest are subject to regulatory oversight. The timing and amount of rate relief can materially impact results of operations. Natural gas purchases and the timing of related recoveries can materially impact liquidity. Results for the natural gas operations segment are higher during winter periods due to the seasonality incorporated in its regulatory rate structures.

Centuri is a comprehensive construction services enterprise dedicated to meeting the growing demands of North American utilities, energy and industrial markets. Centuri derives revenue from installation, replacement, repair, and maintenance of energy distribution systems, and developing industrial construction solutions. Centuri operations are generally conducted under the business names of NPL Construction Co. ("NPL"), Canyon Pipeline Construction, Inc. ("Canyon"), NPL Canada Ltd. ("NPL Canada", formerly Link-Line Contractors Ltd.), W.S. Nicholls Construction, Inc. and related companies ("W.S. Nicholls"), and Brigadier Pipelines Inc. ("Brigadier"). In November 2017, the Company, through its subsidiaries, led principally by Centuri, completed the acquisition of a privately held construction business; New England Utility Contructors Inc. ("Neuco"). Typically, Centuri revenues are lowest during the first quarter of the year due to unfavorable winter weather conditions. Operating revenues typically improve as more favorable weather conditions occur during the summer and fall months. Prior to August 2017, 3.4% of the shares of common stock of Centuri were beneficially held by third parties. During August 2017, the Company acquired that equity interest (which was previously reflected as a redeemable noncontrolling interest), and Centuri became a wholly owned subsidiary of the Company.

Financial information concerning the Company's business segments is included in Note 15 of the Notes to Consolidated Financial Statements, which is included in the 2017 Annual Report to Shareholders and is incorporated herein by reference.

Southwest Gas Holdings maintains a website (www.swgasholdings.com) for the benefit of shareholders, investors, customers, and other interested parties. Similarly, Southwest maintains a website (www.swgas.com) mainly focused on utility operations. The annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and all amendments to those reports are available, free of charge, through the www.swgasholdings.com website as soon as reasonably practicable after such material is electronically filed with, or furnished to, the Securities and Exchange Commission ("SEC"). All Company SEC filings are also available on the www.swgasholdings.com website. The Corporate Governance Guidelines, Code of Business Conduct and Ethics, and charters of the nominating and corporate governance, audit, and compensation committees of the board of directors of the Company are also available on the www.swgasholdings.com website. Print versions of these documents are available to shareholders upon request directed to the Corporate Secretary, Southwest Gas Holdings, Inc., 5241 Spring Mountain Road, Las Vegas, NV 89150.

NATURAL GAS OPERATIONS

General Description

Southwest is subject to regulation by the Arizona Corporation Commission ("ACC"), the Public Utilities Commission of Nevada ("PUCN"), and the California Public Utilities Commission ("CPUC"). These commissions regulate public utility rates, practices, facilities, and service territories in their respective states. The CPUC also regulates the issuance of all debt securities by Southwest, with the exception of short-term borrowings. Certain accounting practices, transmission facilities, and rates are subject to regulation by the Federal Energy Regulatory Commission ("FERC"). Centuri is not regulated by the state utilities commissions or by the FERC in any of its operating areas.

As of December 31, 2017, Southwest purchased and distributed or transported natural gas to 2,015,000 residential, commercial, and industrial customers in geographically diverse portions of Arizona, Nevada, and California. Southwest added 31,000 net new customers during 2017. Southwest expects similar customer growth in 2018.

The table below lists the percentage of operating margin (operating revenues less net cost of gas) by major customer class for the years indicated:

	Distribution		
For the Year Ended	Residential and Small Commercial	Other Sales Customers	Transportation
December 31, 2017	85%	3%	12%
December 30, 2016	85%	3%	12%
December 31, 2015	85%	4%	11%

Southwest is not dependent on any one or a few customers such that the loss of any one or several would have a significant adverse impact on earnings or cash flows.

Transportation of customer-secured gas to end-users accounted for 47% of total system throughput in 2017, but only 12% of operating margin as shown in the table above. Customers who utilized this service transported 97 million dekatherms in 2017, 97 million dekatherms in 2016, and 104 million dekatherms in 2015.

The demand for natural gas is seasonal, with greater demand in the colder winter months and decreased demand in the warmer summer months. It is the opinion of management that comparisons of earnings for interim periods do not reliably reflect overall trends and changes in operations due to this seasonality. The decoupled rate mechanisms in place in the three-state service territory are structured with seasonal variations. Also, earnings for interim periods can be significantly affected by the timing of general rate relief.

Rates and Regulation

Rates that Southwest is authorized to charge its distribution system customers are determined by the ACC, PUCN, and CPUC in general rate cases and are derived using rate base, cost of service, and cost of capital experienced in an historical test year, as adjusted in Arizona and Nevada, and projected for a future test year in California. The FERC regulates the northern Nevada transmission and liquefied natural gas ("LNG") storage facilities of Paiute Pipeline Company ("Paiute"), a wholly owned subsidiary, and the rates it charges for transportation of gas directly to certain end-users and to various local distribution companies ("LDCs"). The LDCs transporting on the Paiute system are: NV Energy (serving Reno and Sparks, Nevada) and Southwest (serving Truckee, South and North Lake Tahoe in California and various locations throughout northern Nevada).

Rates charged to customers vary according to customer class and rate jurisdiction and are set at levels that are intended to allow for the recovery of all commission-approved prudently incurred costs, including a return on rate base sufficient to

pay interest on debt as well as a reasonable return on common equity. Rate base consists generally of the original cost of utility plant in service net of amounts associated with costs borne by third parties, plus certain other assets such as working capital and inventories, less accumulated depreciation on utility plant in service, net deferred income tax liabilities, and certain other deductions. In association with the enactment of the legislation known as the Tax Cuts and Jobs Act ("TCJA") in December 2017, which, among other things, reduced the corporate income tax rate from 35% to 21%, management was required under current accounting guidance to remeasure deferred tax assets and liabilities based on rates expected to be applied to taxable income when temporary differences are refunded or settled. Excess net deferred taxes were reclassified to a regulatory liability. Management expects that the excess amount reclassified will reduce rate base in a similar fashion as when the amounts were included in the deferred tax liability.

Rate structures in all service territories allow Southwest to separate or "decouple" the recovery of operating margin from natural gas consumption, though decoupled structures (alternative revenue programs), vary by state. In California, authorized operating margin levels vary by month. In Nevada and Arizona, a decoupled rate structure applies to most customer classes providing stability in annual operating margin.

Rate schedules in all service areas contain deferred energy or purchased gas adjustment provisions, which allow Southwest to file for rate adjustments as the cost of purchased gas changes. Deferred energy and purchased gas adjustment (collectively "PGA") rate changes affect cash flows, but have no direct impact on profit margin. Filings to change rates in accordance with PGA clauses are subject to audit by the appropriate state regulatory commission staff.

Information with respect to recent general rate cases, PGA filings, and other regulatory proceedings is included in the Rates and Regulatory Proceedings section of Management's Discussion and Analysis ("MD&A") in the 2017 Annual Report to Shareholders.

The table below lists recent docketed general rate filings and the status of such filing within each ratemaking area:

Ratemaking Area	Type of Filing	Month Filed	Month Final Rates Effective
Arizona:	General rate case	May 2016	April 2017
California:			
Northern and Southern	Annual attrition	November 2017	January 2018
Northern and Southern	General rate case	December 2012	June 2014
Nevada:			
Northern and Southern	General rate case	April 2012	April 2013
FERC:			
Paiute	General rate case	February 2014	February 2015

Demand for Natural Gas

Deliveries of natural gas by Southwest are made under a priority system established by state regulatory commissions. The priority system is intended to ensure that the gas requirements of higher-priority customers, primarily residential customers and other customers who use 500 therms or less of gas per day, are fully satisfied on a daily basis before lower-priority customers, primarily electric utility and large industrial customers able to use alternative fuels, are provided any quantity of gas or capacity.

Demand for natural gas is greatly affected by temperature. On cold days, use of gas by residential and commercial customers can be as much as seven times greater than on warm days because of increased use of gas for space heating. To fully satisfy this increased high-priority demand, gas is withdrawn from storage in certain service areas, or peaking supplies are purchased from suppliers. If necessary, service to interruptible lower-priority customers may be curtailed to provide the needed delivery system capacity. Southwest maintains no significant backlog on its orders for gas service.

Natural Gas Supply

Southwest is responsible for acquiring and arranging delivery of natural gas to its system in sufficient quantities to meet its sales customers' needs. Southwest's primary natural gas procurement objective is to ensure that adequate supplies of natural gas are available at a reasonable cost. Southwest acquires natural gas from a wide variety of sources with a mix of purchase provisions, which includes spot market and firm supplies. The purchases may have terms from one day to several years and utilize both fixed and indexed pricing. During 2017, Southwest acquired natural gas from 42 suppliers. Southwest regularly monitors the number of suppliers, their performance, and their relative contribution to the overall customer supply

portfolio. New suppliers are contracted when possible, and solicitations for supplies are extended to the largest practicable list of suppliers, taking into account each supplier's creditworthiness. Competitive pricing, flexibility in meeting Southwest's requirements, and demonstrated reliability of service are instrumental to any one supplier's inclusion in Southwest's portfolio. The goal of this practice is to mitigate the risk of nonperformance by any one supplier and ensure competitive prices in the portfolio.

Balancing reliability with supply cost results in a continually changing mix of purchase provisions within the supply portfolios. To address the unique requirements of its various market areas, Southwest assembles and administers a separate natural gas supply portfolio for each of its jurisdictional areas. Southwest facilitates most natural gas purchases through competitive bid processes.

To mitigate customer exposure to short-term market price volatility, Southwest seeks to fix the price on a portion (up to 25% in the Arizona and California jurisdictions) of its forecasted annual normal-weather volume requirement, primarily using firm, fixed-price purchasing arrangements that are secured periodically throughout the year. Southwest's price volatility mitigation program includes the use of financial derivatives, in the form of fixed-for-floating-index-price swaps combined with indexed-price physical purchases, to secure a portion of the fixed-price portfolio for the Arizona rate jurisdiction. The combination of fixed-price contracts and financial derivatives is designed to increase flexibility for Southwest and increase supplier diversification. The cost of such financial derivatives combined with the associated indexed-price physical purchases is recovered from customers through the PGA mechanism.

In late 2013, the utilization of fixed-for-floating-index-price swaps and fixed-price purchases pursuant to the Volatility Mitigation Program ("VMP") was suspended for the Nevada territories served by Southwest. Management evaluates, on a quarterly basis, the suspension of Nevada VMP purchases in light of prevailing market fundamentals and regulatory conditions. Any future decision concerning Nevada VMP purchases will be documented and retained to facilitate regulatory review in accordance with a previous regulatory stipulation. Southwest schedules quarterly meetings with the PUCN Staff and the Bureau of Consumer Protection to discuss market fundamentals, along with any decision by management concerning VMP purchases for the Nevada service territories.

For the 2017/2018 heating season, fixed-price physical commodity purchases ranged from approximately $2.30 to approximately $3.40 per dekatherm. Southwest makes non-fixed-price natural gas purchases under variable-price contracts with firm quantities or on the spot market. Prices for these contracts are determined at the beginning of each month to reflect that month's published first-of-month index price or based on a published daily price index. These monthly or daily index prices are not published or known until the purchase period begins.

The firm natural gas supply arrangements are structured such that a stated volume of natural gas is required to be nominated by Southwest and delivered by the supplier. Contracts provide for fixed or market-based penalties to be paid by the non-performing party.

Storage availability can influence the average annual price of natural gas, as storage allows a company to purchase natural gas quantities during the off-peak season and store it for use in high demand periods when prices may be greater or supplies/capacity tighter. Southwest currently has no storage availability in its southern Nevada rate jurisdiction. Limited storage availability exists in southern and northern California, northern Nevada, and the Arizona rate jurisdiction.

Southwest has a contract with Southern California Gas Company that is intended for delivery only within Southwest's southern California rate jurisdiction. In addition, contracts with Paiute for its LNG facility allow for peaking capability only in northern Nevada and northern California. For all storage options, Southwest purchases natural gas for injection during the off-peak period for use in the high demand months, but these supplies have a limited impact on the overall price.

Southwest also has interruptible storage contracts with Northwest Pipeline Corporation ("NWPL") for the northern Nevada and northern California rate jurisdictions. NWPL has the discretion to limit Southwest's ability to inject or withdraw from this interruptible storage, which consequently limits Southwest's use of this interruptible storage capacity. As such, this storage provides limited operational flexibility to adjust daily flowing supplies to meet demand, and has limited impact on the overall price of natural gas supplies.

Southwest also has an agreement for its Arizona rate jurisdiction with Enstor Grama Ridge Storage and Transportation, LLC ("Enstor") which provides for a maximum quantity of 600,000 dekatherms of natural gas underground storage in New Mexico that is deliverable on the El Paso system. In January 2014, Southwest filed an application with the ACC seeking preapproval to construct, operate and maintain a 233,000 dekatherm LNG facility in southern Arizona. This facility is intended to enhance service reliability and flexibility in natural gas deliveries in the southern Arizona area by providing a

local storage option, to be operated by Southwest and connected directly to its distribution system. In December 2014, Southwest received an order from the ACC granting pre-approval of Southwest's application to construct the LNG facility and the deferral of costs, up to $50 million. Following the December 2014 preapproval, Southwest purchased the site for the facility and completed detailed engineering design specifications for the purpose of soliciting bids for the engineering, procurement and construction ("EPC") of the facility. Southwest solicited requests for proposals for the EPC phase of the project, and in October 2016 made a filing with the ACC to modify the previously issued Order to update the pre-approved costs to reflect a not-to-exceed amount of $80 million, which was approved by the ACC in December 2016. Through December 2017, Southwest has incurred approximately $34.8 million in capital expenditures toward the project (including land acquisition costs). Construction commenced during the third quarter of 2017 and is expected to be completed by the end of 2019.

Natural gas supplies for Southwest's southern system (Arizona, southern Nevada, and southern California properties) are primarily obtained from producing regions in Colorado and New Mexico (San Juan basin), Texas (Permian basin), and Rocky Mountain areas. For its northern system (northern Nevada and northern California properties), Southwest primarily obtains natural gas from Rocky Mountain producing areas and from Canada.

The landscape for national natural gas supply is continuously changing. Advanced drilling techniques continue to provide access to abundant and sustainable natural gas supplies. The natural gas market has responded to the abundant supply of natural gas with reductions to both price volatility and the total price of the commodity. Forecasts show that an ample and diverse natural gas supply is available to Southwest's customers at a highly competitive price when compared with competing forms of energy.

Southwest arranges for transportation of natural gas to its Arizona, Nevada, and California service territories through the pipeline systems of El Paso Natural Gas Company ("El Paso"), Kern River Gas Transmission Company ("Kern River"), Transwestern Pipeline Company ("Transwestern"), NWPL, Tuscarora Gas Pipeline Company ("Tuscarora"), Southern California Gas Company, Paiute and effective November 2017, Ruby Pipeline LLC ("Ruby"). Southwest regularly monitors short- and long-term supply and pipeline capacity availability to ensure the reliability of service to its customers. Southwest currently receives firm transportation service, both on a short- and long-term basis, for all of its service territories on the pipeline systems noted above. Southwest also contracts for firm natural gas supplies that are delivered to Southwest's city gates to supplement its firm capacity on the interstate pipelines and to meet projected peak-day demands. Southwest could also utilize its interruptible contracts on the interstate pipelines for the transportation of additional natural gas supplies.

Southwest believes that the current levels of contracted firm interstate capacity and delivered purchases are sufficient to serve each of its service territories' forecasted peak-day requirements. As the need arises to acquire additional capacity on one of the interstate pipeline transmission systems and to secure additional supply, primarily due to customer growth, Southwest will continue to consider available options to obtain that capacity (either through the use of firm contracts with a pipeline company or by purchasing capacity on the open market), and will also consider options for the purchase of additional firm delivered natural gas supplies.

Competition

Electric utilities are the principal competitors of Southwest for the residential and small commercial markets throughout its service areas. Competition for space heating, general household, and small commercial energy needs generally occurs at the initial installation phase when the customer/builder typically makes the decision as to which type of equipment to install and operate. The customer will generally continue to use the chosen energy source for the life of the equipment. Southwest interfaces directly with the various home builders and commercial property developers in its service territories to ensure that natural gas appliances are considered in new developments and commercial centers. As a result of its efforts, Southwest has continued to experience growth in the new construction market among residential and small commercial customer classes.

Unlike residential and small commercial customers, certain large commercial, industrial, and electric generation customers have the capability to switch to alternative energy sources. To date, Southwest has been successful in retaining most of these customers by setting rates (subject to conditions of the respective state tariffs) at levels competitive with commercially available alternative energy sources such as electricity, fuel oils, and coal. However, high natural gas prices can impact Southwest's ability to retain some of these customers. Overall, management does not anticipate any material adverse impact on operating margin from fuel switching by these large customers over the near term.

Southwest competes with interstate transmission pipeline companies, such as El Paso, Kern River, Transwestern, Tuscarora, and Ruby to provide service to certain large end-users. End-use customers located in proximity to these interstate pipelines pose a potential bypass threat. Southwest closely monitors each customer situation and provide competitive service in order to retain the customer. Southwest has remained competitive through the use of negotiated transportation contract rates (subject to conditions of the respective state tariffs), special long-term contracts with electric generation and cogeneration customers, and other tariff programs. These competitive response initiatives have mitigated the loss of operating margin earned from large customers.

Environmental Matters

Federal, state, and local laws and regulations governing the discharge of materials into the environment have a direct impact upon Southwest. Environmental efforts, with respect to matters such as storm water management, emissions of air pollutants, hazardous material management, protection of endangered species and archeological resources, directly impact the complexity and time required to obtain pipeline rights-of-way and construction permits. However, increased environmental legislation and regulation can also be beneficial to the natural gas industry. Natural gas is one of the most environmentally-friendly fossil fuels currently available and its use can help energy users to comply with stricter environmental air quality standards.

The United States Environmental Protection Agency (“EPA”) and the State of California Environmental Protection Agency (“Cal/EPA”) have issued regulations that require the reporting of greenhouse gas emissions (“GHG”) from large sources and suppliers in order to facilitate the development of policies and programs to reduce GHGs. Southwest reports required information to the EPA and Cal/EPA under respective rules including the volumes of natural gas that it receives for distribution to LDC customers, and the GHG emissions that result from the operation of its LDC pipelines. While some aspects of the mandatory reporting rules do not apply to Southwest, other required information is being reported to the Department of Energy, the Department of Transportation, or is available in existing databases. Management also monitors the development of climate legislation (including the State of California Global Warming Solutions Act), which could result in additional requirements or have financial implications.

California Assembly Bill Number 32 and the regulations promulgated by the California Air Resources Board (“CARB”), require Southwest, as a covered entity, to comply with all of the requirements associated with the California GHG Emissions Reporting Program and the California Cap and Trade Program. The objective of these programs is to reduce California statewide GHG emissions to 1990 levels by 2020. Southwest must report annual GHG emissions by April of each year and third-party verification of those reported amounts is required by September of each year. Starting in 2015, the CARB annually allocates to Southwest a certain number of allowances based on Southwest’s reported 2011 GHG emissions. Southwest received its allocation for 2016 in the third quarter of 2015; for 2017, in the third quarter of 2016; and for 2018, in the third quarter of 2017. Of those allocated allowances, Southwest must consign a certain percentage to the CARB for auction. Southwest can use any allocated allowances that remain after consignment, along with allowances it can purchase through CARB auctions or reserve sales, or through over the counter (“OTC”) purchases with other market participants, to meet its compliance obligations. In addition to allowances, Southwest can satisfy a portion of its compliance obligation through the purchase of offsets, which are credits available in the OTC market from industries that generate reductions in greenhouse gas emissions.

There were two three-year compliance periods established; one which ended in 2017 and the other, ending in 2020. To meet its compliance obligations, during each of these compliance periods, Southwest must surrender a combination of allowances and offsets equal to 30% of its annual reported GHG emissions for the prior year by November 1 of each year (2016 through 2020). Also by November 1 of the year following each of these three-year compliance periods (2018 and 2021), Southwest must surrender a sufficient number of allowances and offsets to meet the amount of GHG emissions reported during each three-year compliance period, less the amount previously surrendered. Beyond 2020, the duration of future compliance periods depend upon whether the EPA approves California’s plan for compliance with the Clean Power Plan. If the EPA approves California’s plan by January 1, 2019, then subsequent compliance periods have a duration of two calendar years. If the EPA has not approved California’s plan by January 1, 2019, then subsequent compliance periods have a duration of three calendar years.

The CPUC has issued a proposed decision that would provide for the regulatory treatment of the program costs. There is no expected impact on earnings.

Employees

At December 31, 2017, Southwest had 2,285 regular full-time equivalent employees. Southwest believes it has a good relationship with its employees and that compensation, benefits, and working conditions afforded its employees are comparable to those generally found in the utility industry. No employees are represented by a union.

CONSTRUCTION SERVICES

Centuri is a comprehensive construction services enterprise dedicated to meeting the growing demands of North American utilities, energy and industrial markets. Centuri derives revenue from installation, replacement, repair, and maintenance of energy distribution systems, and developing industrial construction solutions. Centuri contracts primarily with LDCs to install, repair, and maintain energy distribution systems from the town border station to the end-user. The primary focus of Centuri operations is distribution pipe and service hook-up replacements as well as line installations for new business development. Construction work varies from relatively small projects to the piping of entire communities. Construction activity is seasonal in most areas. Peak construction periods are the summer and fall months in colder climate areas, such as the Northeast, Midwest, and Canada. In the warmer climate areas, such as the southwestern United States, construction continues year round.

During the past few years, several factors have resulted in an increase in large multi-year distribution pipe replacement projects. The U.S. Department of Transportation's Pipeline and Hazardous Materials Safety Administration ("PHMSA") instituted Distribution Integrity Management Programs ("DIMP") which required operators of gas distribution pipelines to develop and implement integrity management programs to enhance safety by identifying and reducing pipeline integrity risks. Also contributing to the increase in replacement projects were bonus depreciation tax deduction incentives. The Protecting Americans from Tax Hikes Act of 2015 extended 50% bonus depreciation tax deduction incentives through 2017. The Tax Cuts and Jobs Act enacted in December 2017 eliminated bonus depreciation tax deduction incentives for most of Centuri's utility customers. In addition to regulatory actions supporting replacement activities, funding for customers' planned replacement projects improved due to greater access to credit markets.

Centuri bids on pipe replacement projects throughout the United States and Canada. The amount of work completed by Centuri on multi-year contracts will vary from year to year.

Centuri's business activities are often concentrated in utility service territories where existing energy lines are scheduled for replacement. An LDC will typically contract with Centuri to provide pipe replacement services and new line installations. Contract terms generally specify unit-price or fixed-price arrangements. Unit-price contracts establish prices for all of the various services to be performed during the contract period. These contracts often have annual pricing reviews. During 2017, approximately 90% of revenue was earned under unit-price contracts. As of December 31, 2017, a backlog of approximately $94 million existed with respect to outstanding fixed-priced construction contracts.

Materials used by Centuri in its construction activities are typically specified, purchased, and supplied by Centuri's customers. Construction contracts also contain provisions which make customers generally liable for remediating environmental hazards encountered during the construction process. Such hazards might include digging in an area that was contaminated prior to construction, finding endangered animals, digging in historically significant sites, etc. Otherwise, Centuri's operations have limited environmental impact (dust control, normal waste disposal, handling harmful materials, etc).

Competition within the industry has traditionally been limited to several regional and numerous local competitors in what has been a largely fragmented industry. Some national competitors also exist within the industry. Centuri currently operates in 23 major markets within the United States and also within the Canadian provinces of British Columbia and Ontario. Its customers are primarily the principal LDCs in those markets. During 2017, Centuri served over 100 customers, with Southwest accounting for approximately 8% of total revenues. Additionally, two customers combined accounted for approximately 23% of total revenue, while four other customers individually accounted for 5% or more of total revenue.

Employment fluctuates between seasonal construction periods, which are normally heaviest in the summer and fall months. At December 31, 2017, Centuri had 5,486 regular full-time equivalent employees. Employment peaked in November 2017 when there were 6,406 employees. Most employees are represented by unions and are covered by collective bargaining agreements, which is typical of the utility construction industry.

Centuri's operations are conducted from 26 field locations throughout the United States and 12 field locations within Canada, with its corporate headquarters located in Phoenix, Arizona. Buildings and equipment storage yards are normally leased from third parties. The lease terms are typically five years or less.

Centuri is not directly affected by regulations promulgated by the ACC, PUCN, CPUC, or FERC. Centuri is an unregulated subsidiary of the Company. However, because Centuri performs work for Southwest, its associated construction costs are subject indirectly to "prudency reviews" just as any other capital work that is performed by third parties or directly by Southwest. However, such "prudency reviews" would not bring Centuri under the regulatory jurisdiction of any of the commissions noted above.

Centuri has a 65% interest in IntelliChoice Energy, LLC ("ICE") and consolidates ICE as a majority owned subsidiary. ICE was established in 2009 and markets natural gas engine-driven heating, ventilating, and air conditioning ("HVAC") technology and products. To date, ICE has not been a significant component of Centuri operating results.

Centuri, through its subsidiaries, holds a 50% interest in W.S. Nicholls Western Construction LTD. ("Western"), a Canadian construction services company that is a variable interest entity that specializes in construction of underground aviation fueling systems and storage tanks. The Company is not the primary beneficiary of Western; therefore, Western is not consolidated with Centuri and is accounted for under the equity method of accounting. To date, Western, has not been a significant component of Centuri's financial results.

Item 1A. RISK FACTORS

*Described below (and in **Item 7A. Quantitative and Qualitative Disclosures about Market Risk** of this report) are risk factors that we have identified that may have a negative impact on our future financial performance or affect whether we achieve the goals or expectations expressed or implied in any forward-looking statements contained herein. References below to "we," "us," and "our" should be read to refer to Southwest Gas Holdings, Inc. and its subsidiaries, including Southwest Gas Corporation.*

As a holding company, Southwest Gas Holdings, Inc. depends on operating subsidiaries to meet financial obligations.

Southwest Gas Holdings, Inc. has no significant assets other than the stock of operating subsidiaries and is not expected to have significant operations on its own. Southwest Gas Holdings' ability to pay dividends to shareholders is dependent on the ability of its subsidiaries to generate sufficient net income and cash flows to service debt and pay upstream dividends. Because of the relative size of subsidiary operations, and their relative impacts to net income and cash flows, substantial dependency on the utility operations of Southwest Gas Corporation exists. The ability of Southwest Holdings' subsidiaries to pay upstream dividends and make other distributions would be subject to applicable state law and regulatory restrictions.

Risk Factors that Apply to Southwest Gas Holdings, Inc., Utility Operations, and Construction Services

A cybersecurity incident has the potential to disrupt normal business operations, expose sensitive information, and/or lead to physical damages, and may result in legal claims or damage to our reputation.

As a utility provider, maintaining business operations is critical for our customers, business partners, suppliers, and our employees. A disruption in service could adversely impact our reputation, ability to provide utility services for our customers, as well as impact the media used to communicate and exchange information both internally and externally.

We process and store sensitive information including personal identifiable information, intellectual property, and business proprietary information as part of normal business operations. A cybersecurity breach of this information could expose us to monetary and other damages from customers, suppliers, business partners, government agencies, and others. In addition, a breach could increase costs incurred to protect against such risks, introduce financial penalties, and increase regulation to which we may be subject.

Physical damage due to a cybersecurity incident or acts of cyber terrorism could impact utility and related services provided to customers and could lead to material liabilities. We have taken the initiative in fortifying the core infrastructure that supports the provision of utility services. While these measures provide layers of defense to mitigate these risks, there can be no assurance that the measures will be effective against any particular cyber attack. Even though we have insurance coverage in place for cyber-related risks, if such an attack or act of terrorism were to occur, our operations and financial results could be adversely affected to the extent not fully covered by such insurance coverage.

We may pursue acquisitions and other strategic transactions, the success of which may impact our results of operations, cash flows and financial condition.

The integration of acquisitions requires significant time and resources. Investments of resources would be required to support any acquisition, which could result in significant ongoing operating expenses and may divert resources and management attention from other areas of our business. If we fail to successfully integrate companies we acquire, we may not realize the benefits expected from the transaction and goodwill recorded as a result of the acquisition could be impaired. We assess existing goodwill for impairment annually or more frequently if events or circumstances occur that would more likely than not reduce the fair value of an operating segment below its carrying value. We also assess long-lived assets, including intangible assets associated with acquisitions for impairment whenever events or circumstances indicate that an asset's carrying amount may not be recoverable. To the extent the value of goodwill or long-lived assets becomes impaired, the impairment charges could have a material impact on our results of operations.

Risk Factors that Apply to Southwest Gas Holdings, Inc. and Utility Operations

Governmental policies and regulatory actions can reduce our earnings or cash flows.

Regulatory commissions set our utility customer rates and determine what we can charge for our rate-regulated services. Our ability to obtain timely future rate increases depends on regulatory discretion. Governmental policies and regulatory actions, including those of the ACC, CPUC, FERC, and PUCN relating to allowed rates of return, rate structure, purchased gas and investment recovery, operation and construction of facilities, present or prospective wholesale and retail competition, changes in tax laws and policies (including regulatory recovery or refunds thereof), and changes in and compliance with environmental and safety laws such as the Pipeline Safety, Regulatory Certainty, and Job Creation Act of 2011 and policies, can reduce our earnings. Risks and uncertainties relating to delays in obtaining, or failure to obtain, regulatory approvals, conditions imposed in regulatory approvals, and determinations in regulatory investigations can also impact financial performance. The timing and amount of rate relief can materially impact results of operations. The timing and amount associated with the recovery of regulatory assets and associated with the return of regulatory liabilities can materially impact cash flows. In its recent general rate case order, the ACC removed a monthly winter-period weather adjuster, while retaining the decoupling mechanism. Authorization to adjust Arizona rates associated with the revenue decoupling mechanism will now exclusively be considered in the annual filing with the ACC, making the Arizona decoupled rate mechanism fundamentally similar to the Nevada mechanism. While there is no effect on net income overall from this rate adjustment, the timing of operating cash flows could be impacted.

We recover federal and state income tax expense from our customers through the rates we charge. On December 22, 2017, new federal tax reform legislation from the Tax Cuts and Jobs Act was enacted in the United States, resulting in significant changes from previous tax law. The TCJA reduced the federal corporate income tax rate to 21% from 35% effective January 1, 2018. Accumulated deferred tax liabilities were required to be remeasured at the lower rates based on the date of enactment (2017). The reduction in plant-related deferred tax balances was reclassified to a regulatory liability. The lower tax rates will also reduce our ongoing cost of service. Depending on the regulatory approach chosen in our rate jurisdictions to reflect these tax differences in customer rates, cash flows could be materially impacted.

In general, we are unable to predict what types of conditions might be imposed on Southwest or what types of determinations might be made in pending or future regulatory proceedings or investigations. We nevertheless believe that it is not uncommon for conditions to be imposed in regulatory proceedings, for Southwest to agree to conditions as part of a settlement of a regulatory proceeding, or for determinations to be made in regulatory investigations that reduce our earnings and liquidity. For example, we may request recovery of a particular operating expense in a general rate case filing that a regulator disallows, negatively impacting our earnings if the expense continues to be incurred. Southwest records regulatory assets in its consolidated financial statements to reflect the ratemaking and regulatory decision-making authority of the regulators, as allowed by generally accepted accounting principles. The creation of a regulatory asset allows for the deferral of costs which, absent a mechanism to recover such costs from customers in rates approved by regulators, would be charged to expense in the consolidated income statement in the period incurred. If there was a change in regulatory positions surrounding the collection of these deferred costs, there could be a material impact on financial position, results of operations, and cash flows.

We may be subject to disallowances, penalties or fines related to the operation of natural gas pipelines under recent regulations concerning natural gas pipeline safety, which could have an adverse effect on our results of operations, financial condition, and/or cash flows.

We are committed to consistently monitoring and maintaining our distribution system and storage operations to ensure that natural gas is acquired, stored and delivered safely, reliably and efficiently. Due to the combustible nature of our product, we anticipate that the natural gas industry could be the subject of increased federal, state, and local regulatory oversight over time. We continue to work diligently with industry associations and federal, state, and local regulators to ensure compliance with any new laws, such as the Pipeline Safety, Regulatory Certainty, and Job Creation Act of 2011 and the series of significant rulemakings that the PHMSA is in the process of proposing. The Pipeline Safety, Regulatory Certainty, and Job Creation Act of 2011 required the United States Department of Transportation to conduct further study of existing programs and future requirements; these studies are nearing their completion and proposed regulation changes are anticipated in some form in 2018. We expect there to be increased costs associated with compliance (and potential penalties for any non-compliance) with these and similar laws. If these costs are not recoverable in our customer rates, or if there are delays in recoverability due to regulatory lag, they could have a negative impact on our operating costs and financial results.

Our operating results may be adversely impacted by an economic downturn.

If an economic slowdown occurs, our financial condition, results of operations, and cash flows could be adversely affected. Fluctuations and uncertainties in the economy make it challenging for us to accurately forecast and plan future business activities and to identify risks that may affect our business, financial condition, and operating results. We cannot predict the timing, strength, or duration of any future economic slowdowns. If the economy or the markets in which we operate decline from present levels, it may have an adverse effect on our business, financial condition, and results of operations.

We rely on having access to interstate pipelines' transportation capacity. If these pipelines were not available, it could impact our ability to meet our customers' full requirements.

We must acquire both sufficient natural gas supplies and interstate pipeline capacity to meet customer requirements. We must contract for reliable and adequate delivery capacity for our distribution system, while considering the dynamics of the interstate pipeline capacity market, our own in-system resources, as well as the characteristics of our customer base. Interruptions to or reductions of interstate pipeline service caused by physical constraints, excessive customer usage, or other force majeure could reduce our normal supply of gas. A prolonged interruption or reduction of interstate pipeline service or availability of natural gas by other means in any of our jurisdictions, particularly during the winter heating season, would reduce cash flow and earnings.

Our earnings may be materially impacted due to volatility in the cash surrender value of our company-owned life insurance policies during periods in which stock market changes are significant.

We have life insurance policies with a net death benefit value at December 31, 2017 of approximately $254 million on members of management and other key employees to indemnify ourselves against the loss of talent, expertise, and knowledge, as well as to provide indirect funding for certain nonqualified benefit plans. The net cash surrender value of these policies (which is the cash amount we would receive if we voluntarily terminated the policies) is approximately $118 million at December 31, 2017 and is included in the caption "Other property and investments" on the balance sheet. Cash surrender values are directly influenced by the investment portfolio underlying the insurance policies. This portfolio includes both equity and fixed income (mutual fund) investments. As a result, the cash surrender value (but not the net death benefits) moves up and down consistent with the movements in the broader stock and bond markets. During 2017, the Company recognized income of $10.3 million in Other income (deductions) due to increases in the cash surrender values of its company-owned life insurance policies compared to $7.4 million due to increases in cash surrender values and net death benefits recognized during 2016. Current tax regulations provide for tax-free treatment of life insurance (death benefit) proceeds. Therefore, changes in the cash surrender value components of company-owned life insurance policies, as they progress towards the ultimate death benefits, are also recorded without tax consequences. Currently, we intend to hold the company-owned life insurance policies for their duration. Changes in the cash surrender value of company-owned life insurance policies, except as related to the purchase of additional policies, affect our earnings but not our cash flows.

The cost of providing pension and postretirement benefits is subject to changes in pension asset values, changing demographics, and actuarial assumptions which may have an adverse effect on our financial results.

We provide pension and postretirement benefits to eligible employees. Our costs of providing such benefits are subject to changes in the market value of our pension fund assets, changing demographics, life expectancies of beneficiaries, current and future legislative changes, and various actuarial calculations and assumptions. The actuarial assumptions used may differ materially from actual results due to changing market and economic conditions, withdrawal rates, interest rates, and other factors. These differences may result in a significant impact on the amount of pension expense or other postretirement benefit costs recorded in future periods. For example, lower than assumed returns on investments and/or reductions in bond yields could result in increased contributions and higher pension expense which would have a negative impact on our cash flows and reduce net income.

Our liquidity, and in certain circumstances our earnings, may be reduced during periods in which natural gas prices are rising significantly or are more volatile.

Increases in the cost of natural gas may arise from a variety of factors, including weather, changes in demand, the level of production and availability of natural gas, transportation constraints, transportation capacity cost increases, federal and state energy and environmental regulation and legislation, the degree of market liquidity, natural disasters, wars and other catastrophic events, national and worldwide economic and political conditions, the price and availability of alternative fuels, and the success of our strategies in managing price risk.

Rate schedules in each of our service territories contain purchased gas adjustment clauses which permit us to file for rate adjustments to recover increases in the cost of purchased gas. Increases in the cost of purchased gas have no direct impact on our profit margins, but do affect cash flows and can therefore impact the amount of our capital resources. We have used short-term borrowings in the past to temporarily finance increases in purchased gas costs, and we expect to do so during 2018, if the need again arises.

We may file requests for rate increases to cover the rise in the cost of purchased gas. Due to the nature of the regulatory process, there is a risk of disallowance of full recovery of these costs during any period in which there has been a substantial run-up of these costs or our costs are more volatile. Any disallowance of purchased gas costs would reduce cash flow and earnings.

The nature of our operations presents inherent risks of loss that could adversely affect our results of operations.

Our operations are subject to inherent hazards and risks such as gas leaks, fires, natural disasters, catastrophic accidents, explosions, pipeline ruptures, and other hazards and risks that may cause unforeseen interruptions, personal injury, or property damage. Additionally, our facilities, machinery, and equipment, including our pipelines, are subject to third party damage from construction activities, vandalism, or acts of terrorism. Such incidents could result in severe business disruptions, significant decreases in revenues, and/or significant additional costs to us. Any such incident could have an adverse effect on our financial condition, earnings, and cash flows. In addition, any of these or similar events could result in legal claims against us, cause environmental pollution, personal injury or death claims, damage to our properties or the properties of others, or loss of revenue by us or others.

We maintain liability insurance for some, but not all, risks associated with the operation of our natural gas pipelines and facilities. In connection with these liability insurance policies, we are responsible for an initial deductible or self-insured retention amount per incident, after which the insurance carriers would be responsible for amounts up to the policy limits. These liability insurance policies require us to be responsible for the first $1 million (self-insured retention) of each incident plus the first $4 million in total claims above our self-insured retention in the policy year. We cannot predict the likelihood that any future event will occur which will result in a claim exceeding $1 million; however, a large claim for which we were deemed liable would reduce our earnings up to and including these self-insurance maximums.

Failure to attract and retain an appropriately qualified employee workforce could adversely affect operations.

Our ability to implement our business strategy and serve our customers is dependent upon our continuing ability to attract and retain talented professionals and a technically skilled workforce, and being able to transfer the knowledge and expertise of our workforce to new employees as our aging employees retire. Failure to hire and adequately train replacement employees, including the transfer of significant internal historical knowledge and expertise to the new employees, or the future availability and cost of contract labor could adversely affect our ability to manage and operate our business.

We may not be able to rely on rate decoupling to maintain stable financial position, results of operations, and cash flows.

Management has worked with regulatory commissions in designing rate structures that strive to provide affordable and reliable service to its customers while mitigating the volatility in prices to customers and stabilizing returns to investors. Rate structures in all service territories allow Southwest to separate or "decouple" the recovery of operating margin from natural gas consumption, though decoupled structures vary by state. In California, authorized operating margin levels vary by month. In Nevada and Arizona, a decoupled rate structure applies to most customer classes providing stability in annual operating margin. Significantly warmer-than-normal weather conditions in our service territories and other factors, such as climate change and alternative energy sources, may result in decreased cash flows attributable to lower natural gas sales and delays in recovering regulatory asset balances. Furthermore, continuation of the decoupled rate designs currently in place are subject to regulatory discretion, and if unfavorably modified or discontinued could adversely impact our financial position and results of operations.

A significant reduction in our credit ratings could materially and adversely affect our business, financial condition, and results of operations.

We cannot be certain that any of our current credit ratings will remain in effect for any given period of time or that a rating will not be lowered or withdrawn entirely by a rating agency if, in its judgment, circumstances in the future so warrant. Our credit ratings are subject to change at any time in the discretion of the applicable ratings agencies. Numerous factors, including many which are not within our control, are considered by the ratings agencies in connection with assigning credit ratings.

Any future downgrade could increase our borrowing costs, which would diminish our financial results. We would likely be required to pay a higher interest rate in certain current, as well as future, financings, and our potential pool of investors and funding sources could decrease. A downgrade could require additional support in the form of letters of credit or cash or other collateral and otherwise adversely affect our business, financial condition and results of operations.

Uncertain economic conditions may affect our ability to finance capital expenditures.

Our ability to finance capital expenditures and other matters will depend upon general economic conditions in the capital markets. Declining interest rates are generally believed to be favorable to utilities while rising interest rates are believed to be unfavorable because of the high capital costs of utilities. In addition, our authorized rate of return is based upon certain assumptions regarding interest rates. If interest rates are lower than assumed rates, our authorized rate of return in the future could be reduced. If interest rates are higher than assumed rates, it will be more difficult for us to earn our currently authorized rate of return.

We require numerous permits and other approvals from various federal, state, and local governmental agencies to operate our business; any failure to obtain or maintain required permits or approvals could negatively affect our business and results of operations.

All of our existing and planned development projects require multiple permits. The acquisition, ownership and operation of natural gas pipelines and storage facilities require numerous permits, approvals and certificates from federal, state, and local governmental agencies. Once received, approvals may be subject to litigation, and projects may be delayed or approvals reversed in litigation. If there is a delay in obtaining any required regulatory approvals or if we fail to obtain or maintain any required approvals or to comply with any applicable laws or regulations, we may not be able to construct or operate our facilities, or we may be forced to incur additional costs.

Risk Factors that Apply to Southwest Gas Holdings, Inc. and Construction Services

Weather conditions in Centuri's operating areas can adversely affect operations, financial position, and cash flows.

Centuri's results of operations, financial position, and cash flows can be significantly impacted by changes in weather that affect the ability of Centuri to provide utility companies with contracted-for trenching, installation, and replacement of underground pipes, as well as maintenance services for energy distribution systems. Generally, Centuri's revenues are lowest during the first quarter of the year due to less favorable winter weather conditions.

Fixed-price contracts at Centuri are subject to potential losses that could adversely affect results of operations.

Centuri enters into a variety of types of contracts customary in the underground utility construction industry. These contracts include unit-priced contracts, unit-priced contracts with revenue caps, and fixed-price (lump sum) contracts. Contracts with caps and fixed-price arrangements can be susceptible to constrained profits, or even losses, especially those contracts that cover an extended-duration performance period. This is due, in part, to the necessity of estimating costs far in advance of the completion date (at bid inception). Unforeseen inflation, or other costs unanticipated at inception, can detrimentally impact profitability for these types of contracts.

Loss of one or more significant customers could adversely affect the results of the construction services segment.

During 2017, over half of the construction services revenues were generated from seven customers. This concentration of risk could be impactful to operating results if construction work slowed or halted with one or more of these customers, if competition for work increased, or if existing contracts were not replaced or extended.

Disruptions in labor relations with Centuri's employees could adversely affect results of operations.

The majority of Centuri's labor force is covered by collective bargaining agreements with labor unions, which is typical of the utility construction industry. Labor disruptions, boycotts, strikes, or significant negotiated wage and benefit increases at Centuri, whether due to employee turnover or otherwise, could have a material adverse effect on Centuri's business and our results of operations and cash flows.

Item 1B. UNRESOLVED STAFF COMMENTS

None.

Item 2. PROPERTIES

The plant investment of Southwest consists primarily of transmission and distribution mains, compressor stations, peak shaving/storage plants, service lines, meters, and regulators, which comprise the pipeline systems and facilities located in and around the communities served. Southwest also includes other properties such as land, buildings, furnishings, work equipment, vehicles, and software systems in plant investment balances. The northern Nevada and northern California properties of Southwest are referred to as the northern system; the Arizona, southern Nevada, and southern California properties are referred to as the southern system. Several properties are leased by Southwest. Total gas plant, exclusive of leased property, at December 31, 2017 was $6.8 billion, including construction work in progress. It is the opinion of management that the properties of Southwest are suitable and adequate for its purposes.

Substantially all gas main and service lines are constructed across property owned by others under right-of-way grants obtained from the record owners thereof, under the streets and on the grounds of municipalities under authority conferred by franchises or otherwise, or beneath public highways or public lands under authority of various federal and state statutes. None of the numerous county and municipal franchises are exclusive, and some are of limited duration. These franchises are renewed regularly as they expire, and Southwest anticipates no serious difficulties in obtaining future renewals.

With respect to the right-of-way grants, Southwest has had continuous and uninterrupted possession and use of all such rights-of-way, and the associated gas mains and service lines, commencing with the initial stages of construction of such facilities. Permits have been obtained from public authorities and other governmental entities in certain instances to cross or to lay facilities along roads and highways. These permits typically are revocable at the election of the grantor, and Southwest occasionally must relocate its facilities when requested to do so by the grantor. Permits have also been obtained from railroad companies to cross over or under railroad lands or rights-of-way, which in some instances require annual or other periodic payments and are revocable at the election of the grantors.

Southwest operates two primary pipeline transmission systems:

- a system (including an LNG storage facility) owned by Paiute extending from the Idaho-Nevada border to the Reno, Sparks, and Carson City areas and communities in the Lake Tahoe area in both California and Nevada and other communities in northern and western Nevada; and
- a system extending from the Colorado River at the southern tip of Nevada to the Las Vegas distribution area.

Southwest provides natural gas service in parts of Arizona, Nevada, and California. Service areas in Arizona include most of the central and southern areas of the state including Phoenix, Tucson, Yuma, and surrounding communities. Service

areas in northern Nevada include Carson City, Yerington, Fallon, Lovelock, Winnemucca, and Elko. Service areas in southern Nevada include the Las Vegas valley (including Henderson and Boulder City) and Laughlin. Service areas in southern California include Barstow, Big Bear, Needles, and Victorville. Service areas in northern California include the Lake Tahoe area and Truckee.

Information on properties of Centuri can be found in this Form 10-K under Construction Services, which by this reference is incorporated herein.

Item 3. LEGAL PROCEEDINGS

The Company and Southwest are named as a defendant in various legal proceedings. The ultimate dispositions of these proceedings are not presently determinable; however, it is the opinion of management that none of this litigation individually or in the aggregate will have a material adverse impact on the Company's or Southwest's financial position or results of operations.

Item 4. MINE SAFETY DISCLOSURES

Not applicable.

Item 4A. EXECUTIVE OFFICERS OF THE REGISTRANT

The listing of the executive officers of the Company are set forth under **Part III Item 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE**, which by this reference is incorporated herein.

PART II

Item 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

The principal market on which the common stock of the Company is traded is the New York Stock Exchange. At February 15, 2018, there were 13,002 holders of record of common stock, and the market price of the common stock was $68.38. The quarterly market price of, and dividends on, Company common stock required by this item are included in the 2017 Annual Report to Shareholders filed as an exhibit hereto and incorporated herein by reference.

Dividends are payable on the Company's common stock at the discretion of the Board of Directors ("Board"). In setting the dividend rate, the Board considers, among other factors, current and expected future earnings levels, our ongoing capital expenditure plans and expected external funding needs, our payout ratio, and our ability to maintain strong credit ratings and liquidity. The Company has paid dividends on its common stock since 1956 and has increased that dividend each year since 2007. In February 2018, the Board elected to increase the quarterly dividend from $0.495 to $0.52 per share, representing a 5% increase, effective with the June 2018 payment. The Board currently targets a payout ratio of 55% to 65% of consolidated earnings per share. The quarterly common stock dividend declared was 40.5 cents per share throughout 2015, 45 cents per share throughout 2016, and 49.5 cents per share throughout 2017.

Item 6. SELECTED FINANCIAL DATA

Information required by this item is included in the 2017 Annual Report to Shareholders and is incorporated herein by reference.

Item 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Information required by this item is included in the 2017 Annual Report to Shareholders and is incorporated herein by reference.

Item 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to various forms of market risk, including commodity price risk, weather risk, interest rate risk, and foreign currency exchange rate risk. The following describes our exposure to these risks.

Commodity Price Risk

In managing its natural gas supply portfolios, Southwest has historically entered into short duration (generally one year or less) fixed-price contracts and variable-price contracts (firm and spot). Southwest has experienced price volatility over the past several years and such volatility is expected to continue into 2018 and beyond.

Southwest is protected financially from commodity price risk by deferred energy or purchased gas adjustment (collectively "PGA") mechanisms in each of its jurisdictions. These mechanisms generally allow Southwest to defer over- or under-collections of gas costs to PGA balancing accounts. With regulatory approval, Southwest can either refund amounts over-collected or recoup amounts under-collected in future periods. In addition to the PGA mechanism, Southwest utilizes volatility mitigation programs to attempt to further reduce price volatility for customers. Under these programs, Southwest fixes the price of a portion (up to 25% in the Arizona and California jurisdictions) of its natural gas portfolio using fixed-price contracts and/or derivative instruments (fixed-for-floating swaps), and where available, natural gas storage.

In late 2013, the utilization of swaps and fixed-price purchases pursuant to the Volatility Mitigation Program was suspended for Southwest's Nevada service territories. Management along with regulators continue to evaluate this strategy in light of prevailing or anticipated changing market conditions.

Southwest's natural gas purchasing practices are subject to prudence review by the various regulatory bodies in each jurisdiction. PGA changes affect cash flows and potentially short-term borrowing requirements, but do not directly impact profit margin.

Weather Risk

Rate design is the primary mechanism available to Southwest to mitigate weather risk. All of Southwest's service territories have decoupled rate structures which mitigate weather risk. In California, CPUC regulations allow Southwest to decouple operating margin from usage and offset weather risk. In Nevada and Arizona, a decoupled rate structure applies to most customer classes providing stability in annual operating margin by insulating us from the effects of lower usage (including volumes associated with unusual weather). With decoupled rate structures, Southwest's operating margin is limited during unusually cold weather. Additionally, Southwest is not assured that decoupled rate structures will continue to be supported in future rate cases.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates could adversely affect earnings or cash flows. The primary interest rate risk for us is the risk of increasing interest rates on variable-rate obligations. Interest rate risk sensitivity analysis is used to measure interest rate risk by computing estimated changes in cash flows as a result of assumed changes in market interest rates. In Nevada, fluctuations in interest rates on $150 million of variable-rate Industrial Development Revenue Bonds ("IDRBs") are tracked and recovered from ratepayers through an interest balancing account, which mitigates risk to earnings and cash flows from interest rate fluctuations on these IDRBs between general rate cases. As of December 31, 2016, Southwest had $55 million in variable-rate debt outstanding, excluding the IDRBs noted above, and Centuri had approximately $148 million in variable-rate debt outstanding. The following table represents the variable rate debt as of December 31, 2017 and interest rate sensitivity analysis for a hypothetical 1% change in interest rates, assuming a constant outstanding balance in such debt over the next twelve months:

(in millions)	2017 (1)	Increase/Decrease in Interest Expense from 1% Rate Change
Variable Rate Debt:		
Southwest	$391.0	$ 3.91
Centuri	256.0	2.56
Corporate	23.5	0.24
Total Southwest Gas Holdings, Inc.	$670.5	$ 6.71

(1) Excludes the IDRBs noted above.

Foreign Currency Exchange Rate Risk

Centuri owns construction services businesses that operate in Canada. Due to these operations, the Company is exposed to market risk associated with foreign currency exchange rate fluctuations between the Canadian dollar and the U.S. dollar. Foreign currency translation risk is the risk that exchange rate gains or losses arise from translating foreign entities' statements of income and balance sheets from their functional currency (the Canadian Dollar) to our reporting currency (the U.S. Dollar) for consolidation purposes. During 2017, translation adjustments due to fluctuations in exchange rates were not significant. We do not have exposure to other foreign currency exchange rate fluctuations.

Other risk information is included in **Item 1A. Risk Factors** of this report.

Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The Consolidated Financial Statements of Southwest Gas Holdings and Subsidiaries and of Southwest, including the Notes thereto, together with the report of PricewaterhouseCoopers LLP, are included in the 2017 Annual Report to Shareholders and are incorporated herein by reference.

Item 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

Item 9A. CONTROLS AND PROCEDURES

Management of Southwest Gas Holdings, Inc. and Southwest Gas Corporation has established disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) that are designed to provide reasonable assurance that information required to be disclosed in their respective reports filed or submitted under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms and to provide reasonable assurance that such information is accumulated and communicated to management of each company, including each respective Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosures. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and benefits of controls must be considered relative to their costs. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or management override of the control. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and may not be detected.

In November 2017, the Company, through its construction services subsidiaries, completed the acquisition of a privately held construction business: New England Utility Constructors Inc. ("Neuco"). The acquired business represents 2% of consolidated total assets and less than 1% of consolidated revenues for the year ended December 31, 2017 and is not significant to the Company's consolidated financial statements. As permitted by SEC guidance for newly acquired businesses, the Company's management elected to exclude Neuco from its evaluation of disclosure controls and procedures and management's report on changes in internal control over financial reporting from the date of the acquisition through December 31, 2017. The Company's management is in the process of reviewing the operations of Neuco and implementing the Company's internal control structure over the acquired operations. This review will be completed in 2018.

Based on the most recent evaluation, as of December 31, 2017, management of Southwest Gas Holdings, Inc., including the Chief Executive Officer and Chief Financial Officer, believe the Company's disclosure controls and procedures are effective at attaining the level of reasonable assurance noted above.

Based on the most recent evaluation, as of December 31, 2017, management of Southwest Gas Corporation, including the Chief Executive Officer and Chief Financial Officer, believe Southwest's disclosure controls and procedures are effective at attaining the level of reasonable assurance noted above.

Internal Control Over Financial Reporting

The reports of management of Southwest Gas Holdings, Inc. and Southwest Gas Corporation required to be reported herein are incorporated by reference to the information reported in the 2017 Annual Report to Shareholders under the caption "Management's Report on Internal Control Over Financial Reporting" on page 127.

The Attestation Report of the Independent Registered Public Accounting Firm required to be reported herein by Southwest Gas Holdings, Inc. is incorporated by reference to the information reported in the 2017 Annual Report to Shareholders under the caption "Report of Independent Registered Public Accounting Firm" on page 128.

This annual report on Form 10-K does not include an attestation report of Southwest Gas Corporation's registered public accounting firm regarding internal control over financial reporting pursuant to rules of the Securities and Exchange Commission that permit Southwest Gas Corporation to provide only management's report in this annual report on Form 10-K.

There have been no changes in the Company's internal controls over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act) during the fourth quarter of 2017 that have materially affected, or are likely to materially affect, the Company's internal controls over financial reporting.

There have been no changes in Southwest's internal controls over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act) during the fourth quarter of 2017 that have materially affected, or are likely to materially affect Southwest's internal controls over financial reporting.

Item 9B. OTHER INFORMATION

On February 23, 2018, the Board of Directors (the "Board") approved a new form of change in control agreement for officers (the "Change in Control Agreement"). Except for the calculation of cash severance benefits potentially payable pursuant to the Change in Control Agreement, the material terms and conditions of the agreement are the same as those in the Company's prior form of change in control agreement, as such terms and conditions were previously described in the Company's Proxy Statement for its 2017 Annual Meeting of Shareholders. With the adoption of the new Change in Control Agreement, the Board removed the value of long-term incentives from the calculation of the lump sum cash severance payments provided for under the Change in Control Agreement. The Company will amend and restate each of the existing change in control agreements with its officers to conform to the terms and conditions of the Form Change in Control Agreement, as described above. The description of the Change in Control Agreement set forth above does not purport to be complete and is qualified in its entirety by reference to the form Change in Control Agreement, which is filed as Exhibit 10.24 and incorporated herein by reference.

PART III

Item 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

(a) *Identification of Directors.* Information with respect to Directors is set forth under the heading "Election of Directors" in the definitive 2018 Proxy Statement, which by this reference is incorporated herein.

(b) *Identification of Executive Officers.* The following sets forth the name, age, position, and period position held during the last five years for each of the named Executive Officers as of December 31, 2017.

Name	Age	Position	Period Position Held
John P. Hester	55	President and Chief Executive Officer *	2015-Present
		President	2014-2015
		Executive Vice President	2013-2014
		Senior Vice President/Regulatory Affairs & Energy Resources	2013
Roy R. Centrella	60	Senior Vice President/Chief Financial Officer *	2013-Present
Eric DeBonis	50	Senior Vice President/Operations **	2013-Present
Karen S. Haller	54	Senior Vice President/General Counsel and Corporate Secretary *	2013-Present
Anita M. Romero	55	Senior Vice President/Staff Operations & Technology **	2013-Present
Kenneth J. Kenny	55	Vice President/Finance/Treasurer *	2013-Present
Gregory J. Peterson	58	Vice President/Controller and Chief Accounting Officer *	2013-Present
Paul M. Daily	61	Chief Executive Officer - Centuri Construction Group, Inc.	2016-Present

* Position held at Southwest Gas Holdings, Inc. (beginning January 2017) and Southwest Gas Corporation
** Position held at Southwest Gas Corporation only

(c) *Identification of Certain Significant Employees.* None.

(d) *Family Relationships.* No Directors or Executive Officers are related either by blood, marriage, or adoption.

(e) Business Experience. Information with respect to Directors is set forth under the heading "Election of Directors" in the definitive 2018 Proxy Statement, which by this reference is incorporated herein. All Executive Officers have held responsible positions with the Company for at least five years as described in (b) above with the exception of Paul M. Daily, the Chief Executive Officer of Centuri Construction Group, Inc. Prior to his position with Centuri, Mr. Daily founded Paul M. Daily & Associates in 2014 and served as principal advisor to stakeholders in long-term planning for growth and diversification, both organically and through mergers and acquisitions. Prior to his association with Paul M. Daily & Associates, from August 2011 until September 2014, Mr. Daily co-founded and served as Director and Chief Executive Officer of Infrastructure and Energy Alternatives, LLC, which provided infrastructure design and construction services to North American energy clients. From 2003 until 2011, Mr. Daily also held industry leadership roles at InfraSource Services, Inc. prior to his involvement with the above entities, such as Executive Vice President, Natural Gas & Pipeline Division, of Quanta, a North American engineering and construction provider, and President of InfraSource Underground Services, LLC that provides infrastructure design, project management and construction services to the gas, electric and telecommunication industries, and Senior Vice President of Construction and Project Delivery for Earth Tech, Inc., a design/build company with operations in the Americas, Europe, Asia, and Australia.

(f) Involvement in Certain Legal Proceedings. None.

(g) Promoters and Control Persons. None.

(h) Audit Committee Financial Expert. Information with respect to the financial expert of the Board of Directors' audit committee is set forth under the heading "Committees of the Board" in the definitive 2018 Proxy Statement, which by this reference is incorporated herein.

(i) *Identification of the Audit Committee.* Information with respect to the composition of the Board of Directors' audit committee is set forth under the heading "Committees of the Board" in the definitive 2018 Proxy Statement, which by this reference is incorporated herein.

(j) *Material Changes in Director Nomination Procedures for Security Holders.* None.

Section 16(a) Beneficial Ownership Reporting Compliance. The Company has adopted procedures to assist its directors and executive officers in complying with Section 16(a) of the Exchange Act which includes assisting in the preparation of forms for filing. Based upon a review of filings with the SEC and written representations that no other reports were required, the Company believes that all of its directors and executive officers complied during 2017 with the reporting requirements of Section 16(a) of the Exchange Act.

Code of Business Conduct and Ethics. We have adopted a code of business conduct and ethics for employees, including the president and chief executive officer, chief financial officer, chief accounting officer, and non-employee directors. A code of ethics is defined as written standards that are reasonably designed to deter wrongdoing and to promote: 1) honest and ethical conduct; 2) full, fair, accurate, timely, and understandable disclosure in reports and documents that a registrant files; 3) compliance with applicable governmental laws, rules, and regulations; 4) the prompt internal reporting of violations of the code to an appropriate person or persons identified in the code; and 5) accountability for adherence to the code. The Code of Business Conduct and Ethics can be viewed on the website (www.swgasholdings.com). If any substantive amendments to the Code of Business Conduct and Ethics are made or any waivers are granted, including any implicit waiver, from a provision of the Code of Business Conduct & Ethics, to our president and chief executive officer, chief financial officer and chief accounting officer, the nature of such amendment or waiver will be disclosed on www.swgasholdings.com.

Item 11. EXECUTIVE COMPENSATION

Information with respect to executive compensation is set forth under the heading "Executive Compensation" in the definitive 2018 Proxy Statement, which by this reference is incorporated herein.

(a) *Compensation Committee Interlocks and Insider Participation.* Information with respect to Compensation Committee interlocks and insider participation is set forth under the heading "Governance of the Company" in the definitive 2018 Proxy Statement, which by this reference is incorporated herein.

(b) *Compensation Committee Report.* Information with respect to the Compensation Committee Report is set forth under the heading "Compensation Committee Report" in the definitive 2018 Proxy Statement, which by this reference is incorporated herein.

Item 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

(a) *Security Ownership of Certain Beneficial Owners.* Information with respect to security ownership of certain beneficial owners is set forth under the heading "Securities Ownership by Directors, Director Nominees, Executive Officers, and Certain Beneficial Owners" in the definitive 2018 Proxy Statement, which by this reference is incorporated herein.

(b) *Security Ownership of Management.* Information with respect to security ownership of management is set forth under the heading "Securities Ownership by Directors, Director Nominees, Executive Officers, and Certain Beneficial Owners" in the definitive 2018 Proxy Statement, which by this reference is incorporated herein.

(c) *Changes in Control.* None.

(d) *Securities Authorized for Issuance Under Equity Compensation Plans.*

The following table sets forth the number of securities authorized for issuance under the Company's equity compensation plans at December 31, 2017.

Plan category	Number of securities to be issued upon vesting of award (a)	Weighted-average grant date fair value of award (b)	Number of securities remaining available for future issuance (excluding securities reflected in column a) (c)
(Thousands of shares)			
Equity compensation plans approved by security holders:			
Management Incentive Plan shares	127	$ 63.98	768
Restricted Stock Units (1)	305	57.41	312
Omnibus Incentive Plan	—	—	1,000
Total Equity compensation plans approved by security holders	432	—	2,080
Equity compensation plans not approved by security holders	—	—	—
Total	432	$ —	2,080

(1) The number of securities to be issued upon vesting of awards includes 33,000 performance shares, which was derived by assuming that target performance will be achieved during the relevant performance period.

Additional information regarding the equity compensation plans is included in Note 12 of the Notes to Consolidated Financial Statements in the 2017 Annual Report to Shareholders.

Item 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Information with respect to certain relationships and related transactions, and director independence is set forth under the heading "Governance of the Company" in the definitive 2018 Proxy Statement, which by this reference is incorporated herein.

Item 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

Information with respect to accounting fees and services associated with PricewaterhouseCoopers LLP is set forth under the heading "Selection of Independent Registered Public Accounting Firm" in the definitive 2018 Proxy Statement, which by this reference is incorporated herein.

PART IV

Item 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a) The following documents are filed as part of this report on Form 10-K:

(1) The Consolidated Financial Statements of the Company and Southwest (including the Report of Independent Registered Public Accounting Firm) required to be reported herein are incorporated by reference to the information reported in the 2017 Annual Report to Shareholders under the following captions:

(2) All schedules have been omitted because the required information is either inapplicable or included in the Notes to Consolidated Financial Statements.

(3) See **LIST OF EXHIBITS**.

(b) See **LIST OF EXHIBITS**.

Item 16. FORM 10–K SUMMARY.

None.

LIST OF EXHIBITS

Exhibit Number	Description of Document
1.01	Sales Agency Agreement, dated March 29, 2017, between Southwest Gas Holdings, Inc. and BNY Mellon Capital Markets, LLC. Incorporated herein by reference to Exhibit 1.1 to Form S-3 dated March 29, 2017, File No. 333-217018.
2.01	Plan of Reorganization, dated December 28, 2016, by and among Southwest Gas Corporation, Southwest Reorganization Co., Southwest Gas Holdings, Inc. and Southwest Gas Utility Group, Inc. Incorporated herein by reference to Exhibit 2.1 to Form 8-K dated December 28, 2016, File No. 1-07850.
2.02	Agreement and Plan of Merger, dated December 28, 2016, by and among Southwest Gas Corporation, Southwest Reorganization Co. and Southwest Gas Holdings, Inc. Incorporated herein by reference to Exhibit 2.2 to Form 8-K dated December 28, 2016, File No. 1-07850.
3(i)	Articles of Incorporation of Southwest Gas Holdings, Inc. Incorporated herein by reference to Exhibit 3.1 to Form 8-K dated December 28, 2016, File No. 1-07850. Amendment incorporated herein by reference to Exhibit 3(i) to Form 10-Q for the quarter ended September 30, 2017, File No. 1-07850.
3(i)	Articles of Incorporation with Statement of Conversion of Southwest Gas Corporation. Incorporated herein by reference to Exhibit 3(i) to Form 10-K for the year ended December 31, 2016, File No. 1-07850.
3(ii)	Amended and Restated Bylaws of Southwest Gas Holdings, Inc. Incorporated herein by reference to Exhibit 3(ii) to Form 10-Q for the quarter ended September 30, 2017, File No. 1-07850.
3(ii)	Bylaws of Southwest Gas Corporation. Incorporated herein by reference to Exhibit 3(ii) to Form 10-K for the year ended December 31, 2016, File No. 1-07850.
4.01	Indenture between City of Big Bear Lake, California, and Harris Trust and Savings Bank as Trustee, dated December 1, 1993, with respect to the issuance of $50,000,000 Industrial Development Revenue Bonds (Southwest Gas Corporation Project), 1993 Series A, due 2028. Incorporated herein by reference to Exhibit 4.11 to Form 10-K for the year ended December 31, 1993, File No. 1-07850.
4.02	Indenture between Southwest Gas Corporation and Harris Trust and Savings Bank dated July 15, 1996, with respect to Debt Securities. Incorporated herein by reference to Exhibit 4.04 to Form 8-K dated July 26, 1996, File No. 1–07850.
4.03	First Supplemental Indenture of Southwest Gas Corporation to Harris Trust and Savings Bank dated August 1, 1996, supplementing and amending the Indenture dated as of July 15, 1996, with respect to 7 1/2% and 8% Debentures, due 2006 and 2026, respectively. Incorporated herein by reference to Exhibit 4.11 to Form 8-K dated July 31, 1996, File No. 1-07850.
4.04	Second Supplemental Indenture of Southwest Gas Corporation to Harris Trust and Savings Bank dated December 30, 1996, supplementing and amending the Indenture dated as of July 15, 1996, with respect to Medium-Term Notes. Incorporated herein by reference to Exhibit 4.04 to Form 8-K dated December 30, 1996, File No. 1–07850.
4.05	Certificate of Trust of Southwest Gas Capital III. Incorporated herein by reference to Exhibit 4.04 to Form S–3 dated August 7, 2003, File No. 333-106419.
4.06	Certificate of Trust of Southwest Gas Capital IV. Incorporated herein by reference to Exhibit 4.05 to Form S–3 dated August 7, 2003, File No. 333-106419.
4.07	Trust Agreement of Southwest Gas Capital III. Incorporated herein by reference to Exhibit 4.07 to Form S-3 dated August 7, 2003, File No. 333-106419.
4.08	Trust Agreement of Southwest Gas Capital IV. Incorporated herein by reference to Exhibit 4.08 to Form S-3 dated August 7, 2003, File No. 333-106419.

Exhibit Number	Description of Document
4.09	Form of Southwest Gas Holdings, Inc. Common Stock Certificate. Incorporated herein by reference to Exhibit 4.1 to Form S-3 dated January 4, 2017, File No. 333-208609-01.
4.10	Form of Southwest Gas Corporation Common Stock Certificate. Incorporated herein by reference to Exhibit 4 to Form 8-K dated July 22, 2003, File No. 1-07850.
4.11	Indenture of Trust between Clark County, Nevada, and the Bank of New York Trust Company, N.A. as Trustee, dated as of October 1, 2005, relating to Clark County, Nevada Industrial Development Revenue Bonds Series 2005A. Incorporated herein by reference to Exhibit 4.1 to Form 10-Q for the quarter ended September 30, 2005, File No. 1-07850.
4.12	Indenture of Trust between Clark County, Nevada, and the Bank of New York Trust Company, N.A. as Trustee, dated as of September 1, 2006, relating to Clark County, Nevada Industrial Development Revenue Bonds Series 2006A. Incorporated herein by reference to Exhibit 4.01 to Form 10-Q for the quarter ended September 30, 2006, File No. 1-07850.
4.13	Indenture of Trust between Clark County, Nevada, and the BNY Midwest Trust Company, as Trustee, dated as of March 1, 2003, relating to Clark County, Nevada Industrial Development Revenue Bonds Series 2003. Incorporated herein by reference to Exhibit 10.01 to Form 10-Q for the quarter ended September 30, 2008, File No. 1-07850.
4.14	Indenture of Trust between Clark County, Nevada and The Bank of New York Mellon Trust Company, N.A., as Trustee, dated as of September 1, 2008, relating to Clark County, Nevada Industrial Development Revenue Bonds Series 2008A. Incorporated herein by reference to Exhibit 10.02 to Form 10-Q for the quarter ended September 30, 2008, File No. 1-07850.
4.15	Indenture of Trust between Clark County, Nevada and The Bank of New York Mellon Trust Company, N.A., as Trustee, dated December 1, 2009, relating to Clark County, Nevada Industrial Development Revenue Bonds Series 2009A. Incorporated herein by reference to Exhibit 4.27 to Form 10-K for the year ended December 31, 2009, File No. 1-07850.
4.16	Note Purchase Agreement, dated November 18, 2010, by and between Southwest Gas Corporation and Metropolitan Life Insurance Company, John Hancock Life Insurance Company (U.S.A.), certain of their respective affiliates, and Union Fidelity Life Insurance Company. Incorporated herein by reference to Exhibit 4.1 to Form 8-K dated November 18, 2010, File No. 1-07850.
4.17	Amendment No. 1 to Note Purchase Agreement, dated March 28, 2014, by and among Southwest Gas Corporation and the holders of the Notes. Incorporated herein by reference to Exhibit 4.1 to Form 8-K dated March 31, 2014, File No. 1–07850.
4.18	Amendment No. 2 to Note Purchase Agreement, dated September 30, 2016, by and among Southwest Gas Corporation and the holders of the Notes. Incorporated herein by reference to Exhibit 4.02 to Form 10-Q for the quarter ended September 30, 2016, File No. 1–07850.
4.19	Form of 6.1% Senior Note due 2041. Incorporated herein by reference to Exhibit 4.2 to Form 8-K dated November 18, 2010, File No. 1-07850.
4.20	Indenture, dated December 7, 2010, by and between Southwest Gas Corporation and The Bank of New York Mellon Trust Company, N.A., as Trustee. Incorporated herein by reference to Exhibit 4.1 to Form 8-K dated December 7, 2010, File No. 1-07850.
4.21	First Supplemental Indenture, dated as of December 10, 2010, supplementing and amending the indenture dated as of December 7, 2010, by and between Southwest Gas Corporation and The Bank of New York Mellon Trust Company, N.A., as trustee (including the Form of 4.45% Senior Notes due 2020). Incorporated herein by reference to Exhibit 4.1 to Form 8-K dated December 10, 2010, File No. 1-07850.
4.22	Indenture, dated March 23, 2012, by and between Southwest Gas Corporation and The Bank of New York Mellon Trust Company, N.A., as Trustee. 3.875% Notes due 2022. Incorporated herein by reference to Exhibit 4.1 to Form 8-K dated March 20, 2012, File No. 1-07850.

Exhibit Number	Description of Document
4.23	Indenture, dated as of October 4, 2013, by and between Southwest Gas Corporation and the Bank of New York Mellon Trust Company, N.A., as Trustee. 4.875% Notes due 2043. Incorporated herein by reference to Exhibit 4.1 to Form 8-K dated October 1, 2013. File No. 1-07850.
4.24	Southwest Gas Corporation Dividend Reinvestment and Direct Stock Purchase Plan. Incorporated by reference to Exhibit 4.4 to Form S-3ASR dated December 18, 2015, File No. 333-208609.
4.25	Indenture, dated September 29, 2016, by and between Southwest Gas Corporation and The Bank of New York Mellon Trust Company, N.A., as Trustee. 3.80% Senior Notes due 2046. Incorporated herein by reference to Exhibit 4.01 to Form 10-Q for the quarter ended September 30, 2016, File No. 1-07850.
4.26	The Company and Southwest hereby agree to furnish to the SEC, upon request, a copy of any instruments defining the rights of holders of long-term debt issued by Southwest Gas Holdings or its subsidiaries; the total amount of securities authorized thereunder does not exceed 10% of the consolidated total assets of Southwest Gas Holdings and its subsidiaries.
10.01	Project Agreement between Southwest Gas Corporation and City of Big Bear Lake, California, dated as of December 1, 1993. Incorporated herein by reference to Exhibit 10.05 to Form 10-K for the year ended December 31, 1993, File No. 1-07850.
10.02*	Southwest Gas Corporation Supplemental Retirement Plan, amended and restated as of January 1, 2005. Incorporated herein by reference to Exhibit 10.03 to Form 10-K for the year ended December 31, 2007, File No. 1–07850.
10.03*	Southwest Gas Corporation Management Incentive Plan, amended and restated. Incorporated herein by reference to Appendix A to the Proxy Statement dated March 26, 2014, File No. 1–07850.
10.04*	Southwest Gas Corporation Executive Deferral Plan, amended and restated March 1, 2008, effective January 1, 2005. Southwest Gas Corporation Executive Deferral Plan, amended and restated effective January 1, 2009. Incorporated herein by reference to Exhibit 10.10 to Form 10-K for the year ended December 31, 2008, File No. 1-07850.
10.05*	Southwest Gas Corporation Directors Deferral Plan, amended and restated effective January 1, 2009. Incorporated herein by reference to Exhibit 10.11 to Form 10-K for the year ended December 31, 2008, File No. 1-07850.
10.06	Financing agreement dated as of March 1, 2003 by and between Clark County, Nevada, and Southwest Gas Corporation relating to Clark County, Nevada Industrial Development Revenue Bonds Series 2003A, Series 2003B, Series 2003C, Series 2003D and Series 2003E. Incorporated herein by reference to Exhibit 10 to Form 10-Q for the quarter ended September 30, 2003, File No. 1-07850.
10.07	First Amendment to Financing Agreement by and between Clark County, Nevada, and Southwest Gas Corporation dated as of July 1, 2005, amending the Financing Agreement dated as of March 1, 2003, with respect to Clark County, Nevada Industrial Development Revenue Bonds Series 2003A, Series 2003B, Series 2003C, Series 2003D, and Series 2003E. Incorporated herein by reference to Exhibit 10.2 to Form 10-Q for the quarter ended June 30, 2005, File No. 1-07850.

* Management Contracts or Compensation Plans

Exhibit Number	Description of Document
10.08	Financing Agreement between Clark County, Nevada, and Southwest Gas Corporation, dated as of September 1, 2008, relating to Clark County, Nevada Industrial Development Revenue Bonds Series 2008A. Incorporated herein by reference to Exhibit 10.03 to Form 10-Q for the quarter ended September 30, 2008, File No. 1-07850.
10.09	Financing Agreement between Clark County, Nevada and Southwest Gas Corporation, dated December 1, 2009, relating to Clark County, Nevada Industrial Development Revenue Bonds Series 2009A. Incorporated herein by reference to Exhibit 10.21 to Form 10-K for the year ended December 31, 2009, File No. 1-07850.
10.10	Southwest Gas Corporation $300 million Credit Facility. Incorporated herein by reference to Exhibit 10.1 to Form 8-K dated March 15, 2012, File No. 1-07850.
10.11	Amendment No. 1 to Revolving Credit Agreeement, dated as of March 25, 2014, by and among Southwest Gas Corporation, each of the lenders parties to the Revolving Credit Agreeement referred to therein, and the Bank of New York Mellon, as Administrative Agent. Incorporated herein by reference to Exhibit 10.1 to Form 8-K dated March 25, 2014, File No. 1–07850.
10.12	Amendment No. 2 to Revolving Credit Agreeement, dated as of March 25, 2015, by and among Southwest Gas Corporation, each of the lenders parties to the Revolving Credit Agreeement referred to therein, and the Bank of New York Mellon, as Administrative Agent. Incorporated herein by reference to Exhibit 10.1 to Form 8-K dated March 24, 2015, File No. 1–07850.
10.13	Amendment No. 3 to Revolving Credit Agreeement, dated as of March 28, 2016, by and among Southwest Gas Corporation, each of the lenders parties to the Revolving Credit Agreeement referred to therein, and the Bank of New York Mellon, as Administrative Agent. Incorporated herein by reference to Exhibit 10.1 to Form 8-K dated March 28, 2016, File No. 1–07850.
10.14*	Southwest Gas Corporation 2006 Restricted Stock/Unit Plan, as amended and restated. Incorporated herein by reference to Appendix A to the Proxy Statement dated March 31, 2016, File No. 1-07850.
10.15*	Form of Performance Share Award Agreement with Named Executive Officers. Incorporated herein by reference to Exhibit 10.19 to Form 10-K for the year ended December 31, 2016, File No. 1-07850.
10.16*	Form of Restricted Stock Unit Award Agreement with Named Executive Officers. Incorporated herein by reference to Exhibit 10.20 to Form 10-K for the year ended December 31, 2016, File No. 1-07850.
10.17	Amendment No. 4 to Revolving Credit Agreement, including amended and restated Credit Facility, dated as of March 28, 2017, by and among Southwest Gas Corporation, each of the lenders parties to the Revolving Credit Agreement referred to therein, and The Bank of New York Mellon, as Administrative Agent. Incorporated herein by reference to Exhibit 10.1 to Form 8-K dated March 28, 2017, File No. 1-7850.
10.18	Southwest Gas Holdings, Inc. $100 million Credit Facility Agreement. Incorporated herein by reference to Exhibit 10.1 to Form 8-K dated March 28, 2017, File No. 001-37976.

* Management Contracts or Compensation Plans

Exhibit Number	Description of Document
10.19*	Centuri Employment Agreement with Paul Daily, Chief Executive Officer. Incorporated herein by reference to Exhibit 10.01 to Form 10-Q for the quarter ended June, 30 2017, File No. 1-07850.
10.20*	Centuri/NPL Executive Deferred Compensation Plan. Incorporated herein by reference to Exhibit 10.02 to Form 10-Q for the quarter ended June, 30 2017, File No. 1-07850.
10.21*	Centuri Long-term Capital Investment Program. Incorporated herein by reference to Exhibit 10.03 to Form 10-Q for the quarter ended June, 30 2017, File No. 1-07850.
10.22*	Centuri Short-term Incentive Program. Incorporated herein by reference to Exhibit 10.04 to Form 10-Q for the quarter ended June, 30 2017, File No. 1-07850.
10.23*	Southwest Gas Holdings, Inc. Omnibus Incentive Plan. Incorporated herein by reference to Appendix B to the Proxy Statement dated March 27, 2017, File No. 1-37976.
10.24*	Form of Change in Control Agreement with Officers.
10.25	Centuri $450 million Credit Facility Agreement.
12.01	Computation of Ratios of Earnings to Fixed Charges - Southwest Gas Holdings, Inc.
12.02	Computation of Ratios of Earnings to Fixed Charges - Southwest Gas Corporation
13.01	Portions of Southwest Gas Holdings, Inc. 2017 Annual Report to Shareholders incorporated by reference to the Form 10-K.
21.01	List of subsidiaries - Southwest Gas Holdings, Inc.
23.01	Consent of PricewaterhouseCoopers LLP, an independent registered public accounting firm - Southwest Gas Holdings, Inc.
23.02	Consent of PricewaterhouseCoopers LLP, an independent registered public accounting firm - Southwest Gas Corporation.
31.01	Section 302 Certifications–Southwest Gas Holdings, Inc.
31.02	Section 302 Certifications–Southwest Gas Corporation.
32.01	Section 906 Certifications–Southwest Gas Holdings, Inc.
32.02	Section 906 Certifications–Southwest Gas Corporation.
101.INS	XBRL Instance Document
101.SCH	XBRL Schema Document
101.CAL	XBRL Calculation Linkbase Document
101.LAB	XBRL Label Linkbase Document
101.PRE	XBRL Presentation Linkbase Document
101.DEF	XBRL Definition Linkbase Document

* Management Contracts or Compensation Plans

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

SOUTHWEST GAS HOLDINGS, INC.
(registrant)

Date: February 28, 2018

By: /s/ JOHN P. HESTER
John P. Hester
President and Chief Executive Officer

Southwest Gas Holdings, Inc.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ ROBERT L. BOUGHNER (Robert L. Boughner)	Director	February 28, 2018
/s/ JOSÉ A. CÁRDENAS (José A. Cárdenas)	Director	February 28, 2018
/s/ THOMAS E. CHESTNUT (Thomas E. Chestnut)	Director	February 28, 2018
/s/ STEPHEN C. COMER (Stephen C. Comer)	Director	February 28, 2018
/s/ LEROY C. HANNEMAN, JR. (LeRoy C. Hanneman, Jr.)	Director	February 28, 2018
/s/ JOHN P. HESTER (John P. Hester)	Director, President and Chief Executive Officer	February 28, 2018
/s/ ANNE L. MARIUCCI (Anne L. Mariucci)	Director	February 28, 2018
/s/ MICHAEL J. MELARKEY (Michael J. Melarkey)	Chairman of the Board of Directors	February 28, 2018
/s/ A. RANDALL THOMAN (A. Randall Thoman)	Director	February 28, 2018
/s/ THOMAS A. THOMAS (Thomas A. Thomas)	Director	February 28, 2018
/s/ ROY R. CENTRELLA (Roy R. Centrella)	Senior Vice President/ Chief Financial Officer	February 28, 2018
/s/ GREGORY J. PETERSON (Gregory J. Peterson)	Vice President, Controller, and Chief Accounting Officer	February 28, 2018

Southwest Gas Corporation

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

SOUTHWEST GAS CORPORATION
(registrant)

Date: February 28, 2018

By: /s/ JOHN P. HESTER
John P. Hester
President and Chief Executive Officer

Southwest Gas Corporation

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ JOHN P. HESTER (John P. Hester)	Director, President and Chief Executive Officer	February 28, 2018
/s/ MICHAEL J. MELARKEY (Michael J. Melarkey)	Director	February 28, 2018
/s/ KAREN S. HALLER (Karen S. Haller)	Director, Senior Vice President/General Counsel and Corporate Secretary	February 28, 2018
/s/ ROY R. CENTRELLA (Roy R. Centrella)	Director, Senior Vice President/ Chief Financial Officer	February 28, 2018
/s/ GREGORY J. PETERSON (Gregory J. Peterson)	Vice President, Controller, and Chief Accounting Officer	February 28, 2018

[FORM] AMENDED AND RESTATED
CHANGE IN CONTROL AGREEMENT

THIS AMENDED AND RESTATED CHANGE IN CONTROL AGREEMENT (this "Agreement") is entered into and effective as of the [●] day of [●], among SOUTHWEST GAS CORPORATION, a California corporation ("Southwest"), SOUTHWEST GAS HOLDINGS, INC., a California corporation ("Holdings" and together with Southwest and its successors, the "Company"), and [●] (the "Executive").

WHEREAS, the Board of Directors of Holdings (the "Board") recognizes that the continuing possibility of a change in control of Southwest or Holdings is unsettling to the Executive and other officers of the Company; and

WHEREAS, the Board wishes to assure a continuing dedication by the Executive to his duties to the Company, notwithstanding the occurrence or potential occurrence of a change in control of Southwest or Holdings; and

WHEREAS, the Board believes it is important, should the Company receive proposals from third parties with respect to its future, to enable the Executive, without being influenced by the uncertainties of his own situation, to assess and advise the Board whether such proposals would be in the best interests of the Company and its shareholders and to take such other action regarding such proposals as the Board might determine to be appropriate; and

WHEREAS, the Board wishes to demonstrate to officers of the Company that the Company is concerned with the welfare of its officers and intends to see that loyal officers are treated fairly; and

WHEREAS, Southwest previously entered into a change in control agreement with the Executive, and the Company and Executive wish to amend and restate such agreement in its entirety pursuant to the terms this Agreement.

NOW, THEREFORE, the Company and the Executive agree as follows:

1. TERM

The term of this Agreement shall continue in effect until the Company's termination of this Agreement by providing Executive with written notice of such termination at least twelve (12) months prior to the proposed termination date, provided that such termination notice shall be deemed to be null and void (and this Agreement shall continue in full force and effect) if prior to such proposed termination date a Change in Control occurs or another event occurs that is expected to result in a Change in Control. Notwithstanding the foregoing, this Agreement shall not terminate during the Protection Period or the Severance Period, in each case as defined below.

2. DEFINITIONS

As used in this Agreement:

(a) "Cause" means (i) a material act of theft, misappropriation, or conversion of corporate funds committed by the Executive or (ii) the Executive's demonstrably willful, deliberate and continued failure to follow reasonable directives of the Board or the Chief Executive Officer of Southwest or Holdings which are within the Executive's ability to perform. The Executive shall not be deemed to have been terminated for Cause unless and until: (x) there shall have been delivered to the Executive a copy of a resolution duly adopted by the Board in good faith at a meeting of the Board called and held for such purpose (after reasonable notice to the Executive and an opportunity for the Executive, together with his counsel, to be heard before the Board) finding that the Executive was guilty of conduct set forth above and specifying the particulars thereof in reasonable detail; and (y) if the Executive contests such finding (or a conclusion that he has failed to timely cure the performance in response thereto), the arbitrator, by final determination in an arbitration proceeding pursuant to Section 5 hereof, has concluded that the Executive's conduct met the standard for termination for Cause above and that the Board's conduct met the standards of good faith and satisfied the procedural and substantive conditions of this Section 2(a) (collectively, the "Necessary Findings"). The Executive's costs of the arbitration shall be advanced by the Company and shall be repaid to the Company if the arbitrator makes the Necessary Findings.

If within sixty (60) days after receipt by the Executive of the resolution referred to in the preceding paragraph, the Executive notifies the Company that a dispute exists concerning the termination, the termination date of the Executive shall be the date as finally determined by mutual written agreement of the parties or by a final and binding arbitration award. During the period until the dispute is finally resolved, the Company will, in accordance with its regular payroll procedures, continue to pay the Executive his full compensation in effect when the notice giving rise to the dispute was given (including, but not limited to, base salary) and continue the Executive as a participant in all compensation, employee benefit, health and welfare and insurance plans, programs, arrangements and perquisites in which the Executive was participating or to which he was entitled when the notice giving rise to the dispute was given, until the dispute is finally resolved. Amounts paid under this Section 2(a) shall be repaid to the Company or be offset against or reduce any other amounts due the Executive under this Agreement, if appropriate, only upon the final resolution of the dispute. Notwithstanding the foregoing, if the Executive is a "specified employee" within the meaning of Section 409A of the Code and the related Treasury Regulations and guidance thereunder ("Section 409A") on the date of termination of the Executive's employment with the Company, during the six- (6-) month period following the Executive's termination of employment with the Company, payments to the Executive under this Section 2(a) (other than reimbursements and in-kind amounts described in Treasury Regulation Section 1.409A-1(b)(9)(v), or any successor provision thereto) that constitute "non-qualified deferred compensation" under Section 409A shall be delayed and paid to the Executive on the first regularly scheduled Company executive pay date that occurs in the seventh (7th) calendar month following the calendar month in which the Executive's termination of employment occurs; thereafter, any additional payments owed to the Executive under this Section 2(a) shall be paid to the Executive ratably on the following regularly scheduled Company executive pay dates.

(b) "Change in Control" means any of the following:

(i) Approval by the shareholders of Holdings of the dissolution or liquidation of Holdings;

(ii) Consummation of a merger or consolidation, or other reorganization, with or into one (1) or more entities that are not Subsidiaries, as a result of which less than 50% of the outstanding voting securities of the surviving or resulting entity immediately after such reorganization are, or shall be, owned, directly or indirectly, by shareholders of Holdings immediately before such reorganization (assuming for purposes of such determination that there is no change in the record ownership of Holdings' securities from the record date for such approval until such reorganization and that such record owners hold no securities of the other parties to such reorganization, but including in such determination any securities of the other parties to such reorganization held by affiliates of Holdings);

(iii) Consummation of the sale of substantially all of Holdings' business and/or assets to a person or entity which is not a Subsidiary;

(iv) Any "person" (as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), but excluding any person described in and satisfying the conditions of Rule 13d-1(b)(1) thereunder), becomes the beneficial owner (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of Holdings representing more than 30% of the combined voting power of Holdings' then outstanding securities entitled to then vote generally in the election of directors of Holdings; or

(v) During any period not longer than two (2) consecutive years, individuals who at the beginning of such period constituted the Board cease to constitute at least a majority thereof, unless the election, or the nomination for election by Holdings shareholders, of each new Board member was approved by a vote of at least three-fourths (3/4) of the Board members then still in office who were Board members at the beginning of such period (including for these purposes, new members whose election was so approved).

"Change in Control" under this Agreement shall, in addition to the enumerated events set forth above involving Holdings, the common stock of Holdings, or the board of directors of Holdings, include the events enumerated in items (i) through (iv) above with respect to Southwest.

Pursuant to a Plan of Reorganization entered into on December 28, 2016, by and among the Southwest, Holdings, Southwest Gas Utility Group, Inc., a California corporation, and Southwest Reorganization Co., a California corporation, Southwest became a wholly owned subsidiary Holdings, and the former shareholders of Southwest became the shareholders of Holdings (the closing of the transactions contemplated by the Plan of Reorganization, the "Reorganization"). The parties hereto agree that (i) the Reorganization did not constitute a "Change in Control" under this Agreement or any predecessor agreement with Southwest and (ii) in no event will this Agreement be construed so that the Executive becomes entitled to duplicate severance benefits from Southwest and Holdings.

(c) "COBRA" means the Consolidated Omnibus Budget Reconciliation Act of 1986, as amended.

(d) "Code" means the Internal Revenue Code of 1986, as amended.

(e) "Disability" means that because of physical or mental illness or disability, the Executive shall have been continuously unable to perform the essential functions of his job with or without reasonable accommodation for a consecutive period of at least six (6) months.

(f) "Good Reason" means, following a Change in Control:

(i) without the Executive's express written consent, the assignment to him of any duties materially inconsistent with his positions, duties, authority, responsibilities or status with the Company immediately prior to such Change in Control;

(ii) a material demotion or a material change in the Executive's titles or offices as in effect immediately prior to such Change in Control;

(iii) any removal of the Executive from or any failure to re-elect him to any of such positions; except in connection with the termination of the Executive's employment for Cause, Disability or retirement or as a result of his death or by him other than for Good Reason;

(iv) without the Executive's express written consent, a material reduction by the Company in the Executive's base salary as in effect on the date of such Change in Control or, if greater, such greater base salary as may be in effect from time to time subsequent to such Change in Control, provided, in each case, that a reduction by the Company in the Executive's base salary of ten (10) percent or more shall be sufficient but not necessary to constitute a material reduction by the Company in the Executive's base salary;

(v) the failure by the Company to continue at levels materially not less than those in existence immediately prior to such Change in Control the Executive's participation in any thrift, incentive or compensation plan, or any pension plan, in which the Executive participated immediately prior to such Change in Control, provided that the Company may provide for participation in substantially similar plans that provide benefits at levels materially not less than those in existence immediately prior to such Change in Control;

(vi) the failure by the Company to provide for the Executive's participation in any welfare, life insurance, health and accident or disability plan on the same basis as those provided to executives of the Company who are similarly situated to the Executive;

(vii) the taking of any action by the Company which would materially adversely affect the Executive's participation in or materially reduce his benefits under any single such plan or all such plans, when taken together, or deprive him of any material fringe

benefit enjoyed by him at the time of such Change in Control (except for the acceleration of the termination dates of stock options, restricted stock units, performance shares and other awards and rights, if applicable, as contemplated by this Agreement), provided that the taking of any action by the Company that reduces the economic value attributable to such participation, benefits or fringe benefit by ten (10) percent or more shall be sufficient but not necessary to constitute a materially adverse effect, material reduction or deprivation, as applicable;

(viii) the assignment to the Executive without his consent to a new work location which would require an increase in the round-trip commute to work from the Executive's residence immediately prior to such Change in Control of more than 40 miles per day; or

(ix) any material breach of any material provision of this Agreement.

Notwithstanding the foregoing, the Executive shall not be entitled to terminate his employment with the Company for Good Reason unless the following process is followed with respect to such termination. Within ninety (90) days following the initial occurrence of an event that purportedly constitutes Good Reason, the Executive shall give the Company written notice of the occurrence of such event, setting forth the exact nature of such event and the conduct required to cure such event. The Company shall have thirty (30) days from the receipt of such notice within which to cure such event (such period, the "Cure Period"). If, during the Cure Period, such event is cured, then the Executive shall not be permitted to terminate his employment with the Company for Good Reason as a result of such event. If, at the end of the Cure Period, such event is not cured, the Executive shall be entitled to terminate his employment with the Company for Good Reason as a result of such event during the sixty (60) day period following the end of the Cure Period. If the Executive does not terminate his employment with the Company for Good Reason during such sixty (60) day period, the Executive shall not be permitted to terminate his employment with the Company for Good Reason as a result of such event.

(g) "Subsidiary" means any corporation, partnership, joint venture or other entity in which the Company has a 50% or greater equity interest.

3. LIMITED RIGHT TO A SEVERANCE BENEFIT

The Executive shall be entitled to the severance benefits provided in this Section 3 if, within twenty-four (24) months after a Change in Control (the "Protection Period"): (i) the Executive terminates his employment with the Company for Good Reason or (ii) the Executive's employment is terminated by the Company for any reason other than (x) the Executive's death, (y) the Executive's Disability or (z) Cause, in each case, for clauses (i) and (ii) immediately preceding, provided that the Executive executes and delivers to the Company within forty-five (45) days of the date of such termination, and lets become effective and irrevocable, a Release in the form attached hereto as Attachment A ("Release"):

(a) Any restricted stock awards, restricted stock units, stock options, stock appreciation rights or performance shares to purchase or relating to the common stock of the Holdings granted to the Executive with respect to performance with the Company prior to January 1, 2017, and held

by the Executive on the date of such termination, which are not then currently vested or exercisable, shall on such date automatically become vested or exercisable and shall remain exercisable for ninety (90) days thereafter (subject to any fixed term of such award, unit, option, right or share set forth in the document evidencing such award, unit, option, right or share). The parties hereto agree that any restricted stock awards, restricted stock units, stock options, stock appreciation rights or performance shares to purchase or relating to the common stock of Holdings granted to the Executive with respect to performance with the Company for periods from and after January 1, 2017, shall not be governed by this Agreement.

(b) A lump-sum severance payment equal to the sum of:

(i) [36 (CEO)] OR [30 (President and SVP)] OR [24 (VP)] months of the Executive's yearly base salary in effect as of the date of such termination or, if greater, as of the date of such Change in Control, and

(ii) an amount equal to any incentive compensation that would be payable to the Executive under any short-term incentive compensation plan of the Company (including the Company's Management Incentive Plan or any successor plan thereto), calculated at the designated award opportunity for the Executive at the date of termination or, if greater, as of the date of such Change in Control, and at 100% of the target performance measures, with any such amounts otherwise payable in securities of the Company to be payable in cash, for the period during the applicable plan year preceding the date of such termination and for the severance period of [36 (CEO)] OR [30 (President and SVP)] OR [24 (VP)] months following the date of such termination (such post-termination period, the "Severance Period"), and

(iii) an amount equal to the full cost of health and dental coverage for the Executive (and his eligible dependents) for the Severance Period, which amount shall be calculated based on the full cost of continued health and dental coverage for the Executive (and his eligible dependents) under COBRA as of the date of termination or, if greater, as of the date of such Change in Control, and

(iv) an amount equal to the full cost of replacement disability and life insurance coverage for the Executive (other than travel/accident) for the Severance Period, which cost shall be calculated as of the date of termination or, if greater, as of the date of such Change in Control.

Subject to the limits in Section 3(e) below, payment of the foregoing lump-sum severance payment shall be made in accordance with the Company's regular payroll procedures and be made to the Executive on the first regularly scheduled Company executive pay date that occurs sixty (60) days after the termination of the Executive's employment, provided that the Release has become effective and irrevocable.

(c) The Company shall pay the Executive any benefits under the Company's benefit plans, including Southwest's Executive Deferred Compensation Plan and Southwest's Supplemental Executive Retirement Plan (the "SERP"), which are fully vested on the date of such

termination, in accordance with their terms, including with respect to applicable payment schedules and any applicable elections; provided, however, that, if the Executive shall have reached the age of fifty (50) by the date of such termination, the Executive shall receive additional benefits under the SERP such that the Executive shall be permitted to add to the formula for purposes of eligibility for benefits, vesting and calculation of benefits, [6 (CEO, President and SVP)] OR [5 (VP)] points which, at the election of the Executive, may be applied either to an age assumption or continuous length of service assumption or a combination thereof.

(d) The Executive shall be entitled to reimbursement of reasonable expenses actually incurred by the Executive directly related to outplacement services, which reimbursement shall not exceed Thirty Thousand Dollars ($30,000). Such reimbursement shall only be made for outplacement services directly related to such termination. Such expenses must be incurred not later than the end of the second calendar year following the calendar year of such termination. Such expense must be submitted by the Executive to the Company as promptly as practicable, and in no event later than required by the Company in order for the Company to make such reimbursement no later the last day of the third calendar year following the calendar year in which such termination occurs. In no event shall the Company make any such reimbursement later than the last day of the third calendar year following the calendar year in which such termination occurs.

(e) Notwithstanding anything to the contrary in this Section 3, if the Executive is a "specified employee" within the meaning of Section 409A, during the six- (6-) month period following the Executive's termination of employment with the Company, payments to the Executive under this Section 3 (other than reimbursements and in-kind amounts described in Treasury Regulation Section 1.409A-1(b)(9)(v) or any successor provision thereto) that constitute "non-qualified deferred compensation" under Section 409A shall be delayed and paid to the Executive on the first regularly scheduled Company executive pay date that occurs in the seventh (7th) calendar month following the calendar month in which the Executive's termination of employment occurs; thereafter, any additional payments owed to the Executive under this Section 3 shall be paid to the Executive in the manner otherwise specified in this Section 3. With respect to any payment delayed pursuant to this Section 3(e), the Company shall pay the Executive, on the day on which such delayed payment is made to the Executive, interest on such delayed payment for the period of such delay at the applicable federal rate provided for in Section 1274(d) of the Code for the month in which such delayed payment otherwise would have been made.

(f) For purposes of this Agreement, the Executive will be deemed to not have terminated employment with the Company unless the Executive has incurred a Separation from Service. "Separation from Service" means the termination of the Executive's employment by the Company if the Executive dies, retires or otherwise has a termination of employment with the Company; provided that the Executive's employment relationship is treated as continuing intact while on military leave, sick leave or other bona fide leave of absence if the period of such leave does not exceed six (6) months or longer, if the Executive's right to reemployment is provided either by statute or by contract. A leave of absence constitutes a bona fide leave of absence only if there is a reasonable expectation that the Executive will return to perform services for the Company. If the period of leave exceeds six (6) months and the Executive does not retain a right to reemployment under an applicable statute or by contract, the employment relationship is deemed to terminate on the first date immediately following such six- (6-) month period. Notwithstanding

the foregoing, where a leave of absence is due to any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than six (6) months, where such impairment causes the employee to be unable to perform the duties of his or her position of employment, or any substantially similar position of employment, a twenty-nine (29-) month period of absence may be substituted for such six- (6-) month period. For purposes of this paragraph, the term "Company" includes all other organizations that together with the Company are part of a control group of organizations under Section 414(b) and Section 414(c) of the Code. Whether an Executive has incurred a Separation from Service shall be determined based in accordance with Section 409A. Additionally, if the Executive ceases to work as an Executive, but is retained to provide services as an independent contractor of the Company, the determination of whether the Executive has incurred a Separation from Service shall be determined based in accordance with Section 409A.

4. CERTAIN REDUCTION OF PAYMENTS BY THE COMPANY

In the event that it is determined that any payment or distribution by the Company to the Executive or for the Executive's benefit, whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or pursuant to or by reason of any other agreement, policy, plan, program or arrangement, including without limitation any stock option or restricted stock or similar right, or the lapse or termination of any restriction on or the vesting or exercisability of any of the foregoing (a "Payment"), would be subject to the excise tax imposed by Section 4999 of the Code (or any successor provision thereto), by reason of being considered "contingent on a change in the ownership or effective control" of the Company, within the meaning of Section 280G of the Code (or any successor provision thereto) or to any similar tax imposed by state or local law, or any interest or penalties with respect to such tax (such tax or taxes, together with any such interest and penalties, being hereafter collectively referred to as the "Excise Tax"), then the Payment shall be reduced by the Company in a manner determined by the Company to be $1.00 less than three (3) times the Executive's base amount (as defined in Section 280G of the Code) so that no portion of the Payment shall be subject to the Excise Tax, provided that the Company shall make such reduction only if such reduction would effect, on an after-tax basis, a Payment that is greater than the Payment that would be made if no such reduction were effected. The Executive shall be permitted to provide the Company with written notice specifying which of the Payments will be subject to reduction or elimination; provided, however, that to the extent that the Executive's ability to exercise such authority would cause any Payment to become subject to any taxes or penalties pursuant to Section 409A, or if the Executive does not provide the Company with any such written notice, the Company shall reduce or eliminate the Payments by first reducing or eliminating the portion of the Payments that are payable in cash and then by reducing or eliminating the non-cash portion of the Payments, in each case in reverse order beginning with payments or benefits which are to be paid the farthest in time. Except as set forth in the preceding sentence, any notice given by the Executive pursuant to the preceding sentence shall take precedence over the provisions of any other plan, arrangement or agreement governing the Executive's rights and entitlements to any benefits or compensation.

5. ARBITRATION AND LITIGATION

Any dispute, controversy or claim arising out of or in respect to this Agreement (or its validity, interpretation or enforcement) or the subject matter hereof must be submitted to and settled by arbitration conducted before a single arbitrator or, at the election of the Company or the Executive, a panel of arbitrators (chosen from a list of arbitrators provided by the American Arbitration Association with each party hereto taking alternate strikes and the remaining arbitrator or arbitrators, as applicable, hearing the dispute).

By agreeing to arbitrate all disputes related to this Agreement, the Company and the Executive acknowledge, among other things, that they are waiving the right to have the dispute heard by a court of law or equity and the right to a jury trial.

The arbitration will be conducted in Clark County, Nevada, in accordance with the then current rules of the American Arbitration Association or its successor. The arbitration of such issues, including the determination of any amount of damages suffered, will be final and binding upon the parties to the maximum extent permitted by law. The decision of the arbitrator or the panel, as applicable, shall be in writing and signed by the arbitrator. A copy of the arbitrator's or the panel's decision, as applicable, will be provided to each party. The arbitrator or panel, as applicable, in such action will not be authorized to change or modify any provision of this Agreement. Judgment upon the award rendered by the arbitrator or the panel, as applicable, may be entered by any court having jurisdiction thereof. The parties consent to the jurisdiction of the Supreme Court of the State of Nevada and of the U.S. District Court for the District of Nevada for all purposes in connection with arbitration, including the entry of judgment of any award.

The Company shall advance the arbitrator's or the panel's fees, as applicable, subject to the provisions of Section 2(a), however, the arbitrator or the panel, as applicable, will award reasonable legal fees and expenses (including arbitration costs) to the prevailing party upon application therefor. The non-prevailing party may thus incur greater expenses under arbitration than under traditional court litigation.

Except as may be necessary to enter judgment upon the award or to the extent required by applicable law, all claims, defenses and proceedings (including, without limiting the generality of the foregoing, the existence of the controversy and the fact that there is an arbitration proceeding) shall be treated in a confidential manner by the arbitrator or the panel, as applicable, the parties and their counsel, and each of their agents and employees, and all others acting on behalf or in concert with them. Without limiting the generality of the foregoing, no one shall divulge to any third party or person not directly involved in the arbitration, the contents of the pleadings, papers, orders, hearings, trials, or awards in the arbitration, except as may be necessary to enter judgment upon an award as required by applicable law. Any court proceedings relating to the arbitration hereunder, including, without limiting the generality of the foregoing, to prevent or compel arbitration to perform, correct, vacate or otherwise enforce an arbitration award, shall be filed under seal with the court, to the extent permitted by law.

6. BENEFITS AND BINDING EFFECT

This Agreement shall inure to the benefit of and be binding upon the Company, its successors and assigns, including but not limited to any corporation, person or other entity which may acquire all or substantially all of the assets and business of the Company or any corporation with or into which the Company may be consolidated or merged, and the Executive, his heirs, executors, administrators and legal representatives, provided that the obligations of the Executive hereunder may not be delegated.

7. OTHER AGREEMENTS

The Executive represents that the execution and performance of this Agreement will not result in a breach of any of the terms and conditions of any employment or other agreement between the Executive and any third party.

Provided that the Company duly performs all of its obligations (if any) arising by virtue of a termination of employment of the Executive, the Executive will not publicly disparage the Company or its officers, directors, employees or agents and will refrain from any action which could reasonably be expected to cause material adverse public relations or embarrassment to the Company or to any of such persons. Similarly, the Company (including its officers, directors, employees and agents) will not disparage the Executive and will refrain from any action which could reasonably be expected to result in embarrassment to the Executive or to materially and adversely affect his opportunities for employment. The preceding two (2) sentences shall not apply to disclosures required by applicable law, regulation or order of a court or governmental agency.

The Company may withhold from any amounts payable under this Agreement all federal, state, local and foreign taxes as may be required to be withheld pursuant to any applicable law or regulation.

8. NOTICES

All notices or other communications relating to this Agreement shall be in writing and delivered personally or sent by registered or certified mail, postage prepaid and return receipt requested, to the party concerned at the address set forth below:

If to the Company, to:	Southwest Gas Holdings, Inc. 5241 Spring Mountain Road Las Vegas, Nevada 89150 Attn: General Counsel
If to the Executive, to:	[●]

Either party may change the address to which notices are to be sent to it by giving ten (10) days written notice of such change of address to the other party in the manner provided above for

giving notice. Notices will be considered delivered on the date of personal delivery or on the date of deposit in the United States mail in the manner provided for giving notice by mail.

9. EXECUTIVE ACKNOWLEDGMENT AND SECTION 409A

The Executive acknowledges and agrees that he has consulted with and relied exclusively on his own counsel regarding the tax effects of this Agreement and that the Company shall have no liability or obligation with respect to any tax imposed by Section 409A, or other Code section, on the Executive as a result of the transactions and payments contemplated by this Agreement.

The parties agree that this Agreement shall be construed and interpreted to the maximum extent possible to comply with Section 409A.

10. ENTIRE AGREEMENT

The entire understanding and agreement among the parties has been incorporated into this Agreement, and this Agreement supersedes all other agreements, negotiations, and understandings between the Executive and the Company with respect to the subject matter hereof. This Agreement may not be amended orally, but only by an agreement in writing signed by both parties.

11. GOVERNING LAW

This Agreement shall be governed by and interpreted in accordance with the laws of the State of Nevada. It is intended by the parties that this Agreement be interpreted in accordance with its fair and simple meaning, not for or against either party, and neither party shall be deemed to be the drafter of this Agreement.

12. CAPTIONS; COUNTERPARTS

The section headings and captions included herein are for convenience and shall not constitute a part of this Agreement.

This Agreement may be executed simultaneously in two (2) or more counterparts, each of which shall be deemed an original, but all of which shall together constitute one (1) and the same Agreement.

13. SEVERABILITY

If any portion or provision of this Agreement is determined by arbitration or by a court of competent jurisdiction to be invalid, illegal or unenforceable, the remaining portions or provisions hereof shall not be affected.

(signature page follows)

IN WITNESS WHEREOF, this amended and restated Change in Control Agreement has been executed by the parties hereto as of the date first written above.

SOUTHWEST GAS HOLDINGS, INC.

By: _____
[●]
Chief Executive Officer

SOUTHWEST GAS CORPORATION

By: _____
[●]
Chief Executive Officer

EXECUTIVE:

_____
[●]

Exhibit 10.25

EXECUTION VERSION

Published CUSIP Number: 15641LAA4
Revolving Credit CUSIP Number: 15641LAB2
Initial US Term Loan CUSIP Number: 15641LAC0
Initial Canadian Term Loan CUSIP Number: 15641LAD8

$450,000,000

AMENDED AND RESTATED CREDIT AGREEMENT

dated as of November 7, 2017

by and among

CENTURI CONSTRUCTION GROUP, INC.
(formerly known as Isleworth Holding Co.),
NPL CONSTRUCTION CO.,
MERITUS GROUP, INC.
and
VISTUS CONSTRUCTION GROUP, INC.,
as US Borrowers,

LYNXUS CONSTRUCTION GROUP INC.
(formerly known as 2431251 Ontario Inc.),
as Canadian Borrower,

the Lenders referred to herein,
as Lenders,

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Administrative Agent,
Swingline Lender and Issuing Lender,

BANK OF AMERICA, N.A.,
as Syndication Agent

and

CANADIAN IMPERIAL BANK OF COMMERCE,
U.S. BANK NATIONAL ASSOCIATION
and
BANK OF MONTREAL,
as Documentation Agents

WELLS FARGO SECURITIES, LLC
and
MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED,
as Joint Lead Arrangers and Joint Bookrunners

TABLE OF CONTENTS

TABLE OF CONTENTS
(continued)

TABLE OF CONTENTS
(continued)

AMENDED AND RESTATED CREDIT AGREEMENT, dated as of November 7, 2017, by and among CENTURI CONSTRUCTION GROUP, INC. (formerly known as Isleworth Holding Co.), a Nevada corporation, NPL CONSTRUCTION CO., a Nevada corporation, MERITUS GROUP, INC., a Nevada corporation and VISTUS CONSTRUCTION GROUP, INC., a Nevada corporation, as US Borrowers, LYNXUS CONSTRUCTION GROUP INC. (formerly known as 2431251 Ontario Inc.), a corporation organized under the laws of the Province of Ontario, Canada, as Canadian Borrower, the lenders who are party to this Agreement and the lenders who may become a party to this Agreement pursuant to the terms hereof, as Lenders, and WELLS FARGO BANK, NATIONAL ASSOCIATION, a national banking association, as Administrative Agent for the Lenders.

STATEMENT OF PURPOSE

Certain of the Borrowers, certain financial institutions party thereto (the "Existing Lenders") and the Administrative Agent are parties to that certain Credit Agreement dated as of October 1, 2014 (as amended, restated, supplemented or otherwise modified prior to the date hereof, the "Existing Credit Agreement") pursuant to which the Existing Lenders extended senior credit facilities to certain of the Borrowers.

The Borrowers have requested, and subject to the terms and conditions set forth in this Agreement, the Administrative Agent and the Lenders have agreed, upon the terms and subject to the conditions set forth herein, to amend and restate the Existing Credit Agreement as set forth herein and extend senior credit facilities to the Borrowers as set forth herein.

It is the intent of the parties hereto that this Agreement not constitute a novation of the obligations and liabilities of the parties under the Existing Credit Agreement and that this Agreement amend and restate the Existing Credit Agreement in its entirety.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the parties hereto, such parties hereby agree as follows:

ARTICLE I

DEFINITIONS

SECTION 1.1 Definitions. The following terms when used in this Agreement shall have the meanings assigned to them below:

"Acquisition" means any transaction, or any series of related transactions, consummated on or after the date of this Agreement, by which any Consolidated Company (a) acquires any going business or all or substantially all of the assets of any firm, corporation or limited liability company, or division thereof, whether through purchase of assets, merger, amalgamation or otherwise or (b) directly or indirectly acquires (in one transaction or as the most recent transaction in a series of transactions) at least a majority (in number of votes) of the securities of a corporation which have ordinary voting power for the election of directors (other than securities having such power only by reason of the happening of a contingency) or a majority (by percentage or voting power) of the outstanding ownership interests of a partnership or limited liability company.

"Adjusted Consolidated Net Income" means Consolidated Net Income for the applicable period, but excluding in calculating Consolidated Net Income (solely to the extent Consolidated Net Income for such period is greater than $0), (a) impairment charges with respect to intangible assets and non-cash charges related to deferred taxes in an aggregate amount of up to $15,000,000 accrued for the applicable period of calculation and (b) amortization of goodwill in an aggregate amount of up to $30,000,000 accrued for the applicable period of calculation.

"Administrative Agent" means Wells Fargo, in its capacity as Administrative Agent hereunder, and any successor thereto appointed pursuant to Section 11.6.

"Administrative Agent's Office" means the office of the Administrative Agent specified in or determined in accordance with the provisions of Section 12.1(c).

"Administrative Questionnaire" means an administrative questionnaire in a form supplied by the Administrative Agent.

"Affiliate" means, with respect to a specified Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified.

"Agent Parties" has the meaning assigned thereto in Section 12.1(e).

"Agreement" means this Credit Agreement, as amended, restated, supplemented or otherwise modified from time to time.

"Anti-Corruption Laws" means all laws, rules, and regulations of any jurisdiction applicable to the Borrowers or their respective Subsidiaries from time to time concerning or relating to bribery or corruption, including, without limitation, the United States Foreign Corrupt Practices Act of 1977, as amended, and the rules and regulations thereunder.

"Anti-Money Laundering Laws" means any and all laws, statutes, regulations or obligatory government decrees, orders, ordinances or rules applicable to the Borrowers or their respective Subsidiaries or Affiliates related to terrorism financing or money laundering including any applicable provision of the PATRIOT Act and The Currency and Foreign Transactions Reporting Act (also known as the "Bank Secrecy Act," 31 U.S.C. §§ 5311-5330 and 12 U.S.C. §§ 1818(s), 1820(b) and 1951-1959).

"Applicable Designee" means any office, branch or Affiliate of a Lender designated thereby from time to time by written notice to the Administrative Agent and Centuri to fund all or any portion of such Lender's Initial Canadian Term Loan, Canadian Revolving Credit Loans and, to the extent applicable, any Incremental Term Loan made to the Canadian Borrower under this Agreement. Notwithstanding the designation by any Lender of an Applicable Designee, the Borrowers and the Administrative Agent shall be permitted to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement, and no such designation shall relieve any such Lender of its obligations hereunder.

"Applicable Law" means all applicable provisions of constitutions, laws, statutes, ordinances, rules, treaties, regulations, permits, licenses, approvals, interpretations and orders of courts or Governmental Authorities and all orders and decrees of all courts and arbitrators.

"Applicable Margin" means the corresponding percentages per annum as set forth below based on the Consolidated Leverage Ratio:

Pricing Level	Consolidated Leverage Ratio	LIBOR Rate and CDOR Rate +	Base Rate and Canadian Base Rate +	Commitment Fee
I	Less than 1.50 to 1.00	1.00%	0.00%	0.15%
II	Greater than or equal to 1.50 to 1.00, but less than 2.00 to 1.00	1.25%	0.25%	0.20%
III	Greater than or equal to 2.00 to 1.00, but less than 2.50 to 1.00	1.50%	0.50%	0.25%
IV	Greater than or equal to 2.50 to 1.00, but less than 2.75 to 1.00	1.75%	0.75%	0.30%
V	Greater than or equal to 2.75 to 1.00	2.25%	1.25%	0.35%

The Applicable Margin shall be determined and adjusted quarterly on the date five (5) Business Days after the day on which Centuri provides an Officer's Compliance Certificate pursuant to Section 8.2(a) for the most recently ended fiscal quarter of Centuri beginning with the fiscal quarter ended September 30, 2017 (each such date, a "Calculation Date"); provided that (a) the Applicable Margin shall be based on the Pricing Level corresponding to the Consolidated Leverage Ratio set forth in the certificate delivered pursuant to Section 6.1(e)(iv) until the first Calculation Date occurring after the Closing Date and, thereafter the Pricing Level shall be determined by reference to the Consolidated Leverage Ratio as of the last day of the most recently ended fiscal quarter of Centuri preceding the applicable Calculation Date, and (b) if Centuri fails to provide an Officer's Compliance Certificate when due as required by Section 8.2(a) or (b) for the most recently ended fiscal quarter of Centuri preceding the applicable Calculation Date, the Applicable Margin from the date on which such Officer's Compliance Certificate was required to have been delivered shall be based on Pricing Level V until such time as such Officer's Compliance Certificate is delivered, at which time the Pricing Level shall be determined by reference to the Consolidated Leverage Ratio as of the last day of the most recently ended fiscal quarter of Centuri preceding such Calculation Date. The applicable Pricing Level shall be effective from one Calculation Date until the next Calculation Date. Any adjustment in the Pricing Level shall be applicable to all Extensions of Credit then existing or subsequently made or issued.

Notwithstanding the foregoing, in the event that the calculation of the Consolidated Leverage Ratio delivered pursuant to Section 6.1(e)(iv) or any financial statement or Officer's Compliance Certificate delivered pursuant to Section 8.1 or 8.2 is shown to be inaccurate (regardless of whether (i) this Agreement is in effect, (ii) any Commitments are in effect, or (iii) any Extension of Credit is outstanding when such inaccuracy is discovered or such financial statement or Officer's Compliance Certificate was delivered), and such inaccuracy, if corrected, would have led to the application of a higher Applicable Margin for any period (an "Applicable Period") than the Applicable Margin applied for such Applicable Period, then (A) Centuri shall immediately deliver to the Administrative Agent a corrected Officer's Compliance Certificate for such Applicable Period, (B) the Applicable Margin for such Applicable Period shall be determined as if the Consolidated Leverage Ratio in the corrected Officer's Compliance Certificate were applicable for such Applicable Period, and (C) the Borrowers shall immediately and retroactively be obligated to pay to the Administrative Agent the accrued additional interest and fees owing as a result of such increased Applicable Margin for such Applicable Period, which payment shall be promptly applied by the Administrative Agent in accordance with Section 5.4. Nothing in this paragraph shall limit the rights of the Administrative Agent and Lenders with respect to Sections 5.1(b) and 10.2 nor any of their other rights under this Agreement or any other Loan Document. The Borrowers' obligations under this paragraph shall survive the termination of the Commitments and the repayment of all other Obligations hereunder.

"Approved Fund" means any Fund that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers or manages a Lender.

"Arrangers" means Wells Fargo Securities, LLC and Merrill Lynch, Pierce, Fenner & Smith Incorporated, in their respective capacities as joint lead arrangers and joint bookrunners.

"Asset Disposition" means the disposition of any Property (including, without limitation, any Equity Interests owned thereby) by any Credit Party or any Subsidiary thereof whether by sale, lease, transfer or otherwise, and any issuance of Equity Interests by any Subsidiary of any Credit Party to any Person that is not a Credit Party or any Subsidiary thereof.

"Assignment and Assumption" means an assignment and assumption entered into by a Lender and an Eligible Assignee (with the consent of any party whose consent is required by Section 12.9), and accepted by the Administrative Agent, in substantially the form attached as ***Exhibit G*** or any other form approved by the Administrative Agent.

"Attributable Indebtedness" means, on any date of determination, (a) in respect of any Capital Lease Obligation of any Person, the capitalized amount thereof that would appear on a balance sheet of such Person prepared as of such date in accordance with GAAP, and (b) in respect of any Synthetic Lease, the capitalized amount or principal amount of the remaining lease payments under the relevant lease that would appear on a balance sheet of such Person prepared as of such date in accordance with GAAP if such lease were accounted for as a Capital Lease Obligation.

"Bail-In Action" means the exercise of any Write-Down and Conversion Powers by the applicable EEA Resolution Authority in respect of any liability of an EEA Financial Institution.

"Bail-In Legislation" means, with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule.

"Base Rate" means, at any time, the highest of (a) the Prime Rate, (b) the Federal Funds Rate plus 0.50% and (c) the LIBOR Rate for an Interest Period of one month plus 1%; each change in the Base Rate shall take effect simultaneously with the corresponding change or changes in the Prime Rate, the Federal Funds Rate or the LIBOR Rate (provided that clause (c) shall not be applicable during any period in which the LIBOR Rate is unavailable or unascertainable).

"Base Rate Loan" means any Loan bearing interest at a rate based upon the Base Rate as provided in Section 5.1(a).

"Borrower Materials" has the meaning assigned thereto in Section 8.2.

"Borrowers" means, collectively, the US Borrowers and the Canadian Borrower.

"Business Day" means:

(a) for all purposes other than as set forth in clause (b) below, any day (other than a Saturday, Sunday or legal holiday) on which banks in Charlotte, North Carolina and New York, New York, are open for the conduct of their commercial banking business;

(b) with respect to all notices and determinations in connection with, and payments of principal and interest on, any LIBOR Rate Loan, or any Base Rate Loan as to which the interest rate is determined by reference to LIBOR, any day that is a Business Day described in clause (a) and that is also a London Banking Day; and

(c) with respect to all notices and determinations in connection with, and payments of principal and interest on, any Canadian Revolving Credit Loan, any day that is a Business Day described in clause (a) and on which banks are open for business in London, England and Toronto, Canada.

"Calculation Date" has the meaning assigned thereto in the definition of Applicable Margin.

"Canadian AML Laws" means the Proceeds of Crime (Money Laundering) and Terrorist Financing Act (Canada), as amended, and any other applicable anti-money laundering, anti-terrorist financing, government sanction and "know your client" laws in effect in Canada from time to time.

"Canadian Base Rate" means at any time, the greater of (a) the Canadian Prime Rate and (b) except during any period of time during which a notice delivered to Centuri under Section 5.8 shall remain in effect, the annual rate of interest equal to the sum of (i) the CDOR Rate for an Interest Period of one month at such time plus (ii) one percent (1%) per annum; each change in the Canadian Base Rate shall take effect simultaneously with the corresponding change or changes in the Canadian Prime Rate or the CDOR Rate, as applicable.

"Canadian Base Rate Loan" means any Canadian Revolving Credit Loan or Canadian Swingline Loan bearing interest at a rate based upon the Canadian Base Rate as provided in Section 5.1(a).

"Canadian Borrower" means Lynxus Construction Group Inc. (formerly known as 2431251 Ontario Inc.), a corporation organized under the laws of the Province of Ontario, Canada.

"Canadian Cash Management Bank" means any Person that, (a) at the time it enters into a Cash Management Agreement with a Canadian Credit Party, is a Lender, an Affiliate of a Lender, the Administrative Agent or an Affiliate of the Administrative Agent, or (b) at the time it (or its Affiliate) becomes a Lender (including on the Closing Date), is a party to a Cash Management Agreement with a Canadian Credit Party, in each case in its capacity as a party to such Cash Management Agreement.

"Canadian Collateral Agreement" means that certain Amended and Restated Canadian Collateral Agreement of even date herewith executed by the Canadian Credit Parties in favor of the Administrative Agent, for the ratable benefit of the Canadian Secured Parties.

"Canadian Credit Parties" means, collectively, the Canadian Borrower and the Canadian Subsidiary Guarantors.

"Canadian Credit Party Guarantee Agreement" means that certain Canadian Credit Party Guarantee Agreement dated as of the date hereof executed by the Canadian Credit Parties in favor of the Administrative Agent, for the ratable benefit of the Canadian Secured Parties.

"Canadian Dollar" or "C$" means, at the time of determination, the lawful currency of Canada.

"Canadian Employee Benefit Plan" means any Canadian Pension Plan or Canadian Multiemployer Plan.

"Canadian Hedge Bank" means any Person that, (a) at the time it enters into a Hedge Agreement with a Canadian Credit Party permitted under Article IX, is a Lender, an Affiliate of a Lender, the Administrative Agent or an Affiliate of the Administrative Agent or (b) at the time it (or its Affiliate) becomes a Lender (including on the Closing Date), is a party to a Hedge Agreement with a Canadian Credit Party, in each case in its capacity as a party to such Hedge Agreement.

"Canadian L/C Obligations" means at any time, an amount equal to the sum of (a) the aggregate undrawn and unexpired amount of the then outstanding Canadian Letters of Credit and (b) the aggregate amount of drawings under Canadian Letters of Credit which have not then been reimbursed pursuant to Section 3.5.

"Canadian Letters of Credit" means the collective reference to letters of credit denominated in Canadian Dollars pursuant to Section 3.1 (including any applicable Existing Letters of Credit). Notwithstanding anything to the contrary contained herein, a letter of credit issued by any Issuing Lender (other than Wells Fargo at any time it is also acting as Administrative Agent) shall not be a "Canadian Letter of Credit" for purposes of the Loan Documents until such time as the Administrative Agent has been notified in writing of the issuance thereof by the applicable Issuing Lender.

"Canadian Multiemployer Plan" means a "multi-employer pension plan" as defined by Canadian Pension Laws and registered in accordance with Canadian Pension Laws and as to which any Credit Party or any Subsidiary thereof is making, or is accruing an obligation to make, or has accrued an obligation to make contributions within the preceding six (6) years, and shall not include any Multiemployer Plan.

"Canadian Obligations" means, in each case, whether now in existence or hereafter arising: (a) the principal of and interest on (including interest accruing after the filing of any bankruptcy or similar petition) the Initial Canadian Term Loan, the Canadian Revolving Credit Loans, Canadian Swingline Loans and, to the extent applicable, any Incremental Term Loan made to the Canadian Borrower, (b) the Canadian L/C Obligations and (c) all other fees and commissions (including attorneys' fees), charges, indebtedness, loans, liabilities, financial accommodations, obligations, covenants and duties owing by the Canadian Credit Parties to the Term Loan Lenders, Revolving Credit Lenders, the applicable Swingline Lender or the Administrative Agent, in each case under any Loan Document, with respect to the Initial Canadian Term Loan, any Canadian Revolving Credit Loan, any Canadian Swingline Loan, any Canadian Letter of Credit and, to the extent applicable, any Incremental Term Loan made to the Canadian Borrower of every kind, nature and description, direct or indirect, absolute or contingent, due or to become due, contractual or tortious, liquidated or unliquidated, and whether or not evidenced by any note and including interest and fees that accrue after the commencement by or against any Credit Party or any Affiliate thereof of any proceeding under any Debtor Relief Laws, naming such Person as the debtor in such proceeding, regardless of whether such interest and fees are allowed claims in such proceeding.

"Canadian Pension Laws" means the Pensions Benefit Act (Ontario), the ITA and any other Canadian federal or provincial pension benefits standards legislation applicable to a Canadian Pension Plan or a Canadian Multiemployer Plan.

"Canadian Pension Plan" means any "registered pension plan" as defined under Section 248(l) of the ITA or any other registered or unregistered pension, or retirement or retirement savings plan and which (a) is sponsored, maintained, funded, contributed to or required to be contributed to, or administered for the employees or former employees of any Credit Party or any Subsidiary thereof or (b) has at any time within the preceding six (6) years been sponsored, maintained, funded, contributed to or required to be contributed to, or administered for the employees or former employees of any Credit Party or any Subsidiary thereof, and shall not include any Pension Plan, other than a Canadian Multiemployer Plan.

"Canadian Pension Plan Unfunded Liability" means an unfunded liability in respect of any Canadian Pension Plan, including a going concern unfunded liability, solvency deficiency or wind-up deficiency, in each case, as reported in the most recent valuation report delivered under Section 8.2(j) in respect of such Canadian Pension Plan.

"Canadian Prime Rate" means the rate of interest publicly announced from time to time by the Canadian Reference Bank as its prime rate in effect for determining interest rates on Canadian Dollar denominated commercial loans in Canada (which such rate is not necessarily the most favored rate of the Canadian Reference Bank and the Canadian Reference Bank may lend to its customers at rates that are at, above or below such rate) or, if the Canadian Reference Bank ceases to announce a rate so designated, any similar successor rate designated by the Administrative Agent.

"Canadian Reference Bank" means any one or more of The Bank of Nova Scotia, Bank of Montreal, Royal Bank of Canada, The Toronto-Dominion Bank, Canadian Imperial Bank of Commerce or National Bank of Canada, as the Administrative Agent may determine.

"Canadian Revolving Credit Loan" means any revolving loan denominated in Canadian Dollars made to the Canadian Borrower pursuant to Section 2.1, and all such revolving loans collectively as the context requires.

"Canadian Revolving Credit Note" means a promissory note made by the Canadian Borrower in favor of a Revolving Credit Lender evidencing the Canadian Revolving Credit Loans made by such Revolving Credit Lender, substantially in the form attached as ***Exhibit A-2***, and any substitutes therefor, and any replacements, restatements, renewals or extension thereof, in whole or in part.

"Canadian Revolving Credit Sublimit" means the lesser of (a) $250,000,000 and (b) the Revolving Credit Commitment.

"Canadian Secured Obligations" means, collectively, (a) the Canadian Obligations and (b) all existing or future payment and other obligations owing by any Canadian Credit Party or any Foreign Subsidiary under (i) any Secured Hedge Agreement with a Canadian Hedge Bank and (ii) any Secured Cash Management Agreement with a Canadian Cash Management Bank.

"Canadian Secured Parties" means, collectively, the Administrative Agent, the Lenders, the Canadian Hedge Banks, the Canadian Cash Management Banks, each co-agent or sub-agent appointed by the Administrative Agent from time to time pursuant to Section 11.5, any other holder from time to time of any Canadian Secured Obligations and, in each case, their respective successors and permitted assigns.

"Canadian Subsidiary" means any Subsidiary that is organized under the laws of Canada or any province or territory thereof, including, without limitation, the Canadian Borrower.

"Canadian Subsidiary Guarantors" means, collectively, all direct and indirect Canadian Subsidiaries in existence on the Closing Date (other than the Canadian Borrower) or which become a party to the Canadian Credit Party Guarantee Agreement pursuant to Section 8.14.

"Canadian Swingline Loan" means any swingline loan denominated in Canadian Dollars made by the applicable Swingline Lender to the Canadian Borrower pursuant to Section 2.2, and all such swingline loans collectively as the context requires.

"Canadian Swingline Note" means a promissory note made by the Canadian Borrower in favor of the applicable Swingline Lender evidencing the Canadian Swingline Loans made by the Swingline Lender, substantially in the form attached as ***Exhibit A-4***, and any substitutes therefor, and any replacements, restatements, renewals or extension thereof, in whole or in part.

"Canadian Term Loan Note" means a promissory note made by the Canadian Borrower in favor of a Term Loan Lender evidencing the portion of the Term Loans made to the Canadian Borrower by such Term Loan Lender, substantially in the form attached as ***Exhibit A-6***, and any substitutes therefor, and any replacements, restatements or extensions thereof, in whole or in part.

"Canadian Termination Event" means a Canadian Pension Plan Unfunded Liability in excess of the Threshold Amount or the occurrence of any of the following which, individually or in the aggregate, has resulted or could reasonably be expected to result in liability of any Credit Party or any Subsidiary thereof in an aggregate amount in excess of the Threshold Amount: (a) the institution of any steps by any Governmental Authority to order the termination or wind-up, in full or in part, of any Canadian Employee Benefit Plan, (b) the institution of any steps by a Credit Party to terminate, in full or in part, any Canadian Pension Plan if such plan has a Canadian Pension Plan Unfunded Liability, (c) an event respecting any Canadian Employee Benefit Plan which could reasonably be expected to result in the revocation of the registration of such Canadian Employee Benefit Plan which could otherwise reasonably be expected to adversely affect the Tax status of any such Canadian Employee Benefit Plan, (d) any event or condition which would reasonably constitute grounds under Canadian Pension Laws for the full or partial termination of, or the appointment of a trustee or replacement administrator to administer, any Canadian Employee Benefit Plan, (e) the partial or complete withdrawal of any Credit Party from a Canadian Multiemployer Plan if withdrawal liability is asserted by such plan or by any Governmental Authority, or (f) any event or condition which results in the increase in the liability of any Credit Party or any Subsidiary thereof under a Canadian Multiemployer Plan.

"Capital Expenditures" means, with respect to the Consolidated Companies on a Consolidated basis, for any period, (a) the additions to property, plant and equipment and other capital expenditures that are (or would be) set forth in a consolidated statement of cash flows of such Person for such period prepared in accordance with GAAP and (b) Capital Lease Obligations during such period, but excluding expenditures for the restoration, repair or replacement of any fixed or capital asset which was destroyed or damaged, in whole or in part, to the extent financed by the proceeds of an insurance policy maintained by such Person.

"Capital Lease Obligations" of any Person means the obligations of such Person to pay rent or other amounts under any lease of (or other arrangement conveying the right to use) real or personal property, or a combination thereof, which obligations are required to be classified and accounted for as capital leases on a balance sheet of such Person under GAAP, and the amount of such obligations shall be the capitalized amount thereof determined in accordance with GAAP.

"Cash Collateralize" means, to deposit in a Controlled Account or to pledge and deposit with, or deliver to the Administrative Agent, or directly to the applicable Issuing Lender (with notice thereof to the Administrative Agent), for the benefit of one or more of the Issuing Lenders, one or both of the Swingline Lenders or the Lenders, as collateral for L/C Obligations or obligations of the Lenders to fund participations in respect of L/C Obligations or Swingline Loans, cash or deposit account balances or, if the Administrative Agent and the applicable Issuing Lender and/or the applicable Swingline Lender, as the case may be, shall agree, in their sole discretion, other credit support, in each case pursuant to documentation in form and substance satisfactory to the Administrative Agent, such Issuing Lender and/or such Swingline Lender, as applicable. "Cash Collateral" shall have a meaning correlative to the foregoing and shall include the proceeds of such cash collateral and other credit support.

"Cash Equivalents" means, collectively, (a) marketable direct obligations issued or unconditionally guaranteed by Canada or the United States (or any agency thereof) maturing within one hundred twenty (120) days from the date of acquisition thereof, (b) commercial paper maturing no more than one hundred twenty (120) days from the date of creation thereof and currently having the highest rating obtainable from either S&P or Moody's, (c) certificates of deposit and bankers' acceptances maturing no more than one hundred twenty (120) days from the date of creation thereof issued by

commercial banks incorporated under the laws of the United States or Canada, each having combined capital, surplus and undivided profits of not less than $500,000,000 and having a rating of "A" or better by a nationally recognized rating agency; provided that the aggregate amount invested in such certificates of deposit and bankers' acceptances shall not at any time exceed $5,000,000 for any one such certificate of deposit or bankers' acceptance and $10,000,000 for any one such bank, or (d) time deposits maturing no more than thirty (30) days from the date of creation thereof with commercial banks or savings banks or savings and loan associations each having membership either in the FDIC or the CDIC or the deposits of which are insured by the FDIC or the CDIC and in amounts not exceeding the maximum amounts of insurance thereunder.

"Cash Management Agreement" means any agreement to provide cash management services, including treasury, depository, overdraft, credit or debit card (including non-card electronic payables and purchasing cards), electronic funds transfer and other cash management arrangements.

"Cash Management Bank" means any US Cash Management Bank or Canadian Cash Management Bank.

"CDIC" means the Canada Deposit Insurance Corporation.

"CDOR Rate" means the rate of interest per annum determined by the Administrative Agent on the basis of the rate applicable to Canadian Dollar bankers' acceptances for the applicable Interest Period (or if such Interest Period is not equal to a number of months, for a term equivalent to the number of months closest to such Interest Period) appearing on the "CDOR Page", or any successor page of Reuters Monitor Money Rates Service (or such other page or commercially available source displaying Canadian interbank bid rates for Canadian Dollar bankers' acceptances as may be designated by the Administrative Agent from time to time), as of 10:00 a.m. (Toronto, Ontario time) two (2) Business Days prior to the first day of the applicable Interest Period (or if such day is not a Business Day, then on the immediately preceding Business Day). Each calculation by the Administrative Agent of the CDOR Rate shall be conclusive and binding for all purposes, absent manifest error.

Notwithstanding the foregoing, if the CDOR Rate shall be less than zero, such rate shall be deemed to be zero for purposes of this Agreement.

"CDOR Rate Loan" means any Loan bearing interest at a rate determined by reference to the CDOR Rate.

"Centuri" means Centuri Construction Group, Inc. (formerly known as Isleworth Holding Co.), a Nevada corporation

"Change in Control" means an event or series of events by which (a) Centuri shall fail to own, directly or indirectly, and control (i) one hundred percent (100%) on a fully diluted basis of the economic and voting Equity Interests of each US Borrower, and (ii) one hundred percent (100%) on a fully diluted basis of the economic and voting Equity Interests of the Canadian Borrower or (b) Southwest Gas shall fail to own, directly or indirectly, and control at least ninety-six percent (96%) on a fully diluted basis of the economic and voting Equity Interests of each of the Borrowers.

"Change in Law" means the occurrence, after the date of this Agreement, of any of the following: (a) the adoption or taking effect of any law, rule, regulation or treaty, (b) any change in any law, rule, regulation or treaty or in the administration, interpretation, implementation or application thereof by any Governmental Authority or (c) the making or issuance of any request, rule, guideline or directive (whether or not having the force of law) by any Governmental Authority; provided that notwithstanding

anything herein to the contrary, (i) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith and (ii) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a "Change in Law", regardless of the date enacted, adopted, implemented or issued.

"CIBC" means Canadian Imperial Bank of Commerce.

"Class" means, when used in reference to any Loan, whether such Loan is a Revolving Credit Loan, Swingline Loan or Term Loan and, when used in reference to any Commitment, whether such Commitment is a Revolving Credit Commitment or a Term Loan Commitment.

"Closing Date" means the date of this Agreement.

"Code" means the United States Internal Revenue Code of 1986, and the rules and regulations promulgated thereunder.

"Collateral" means the collateral security for the Secured Obligations pledged or granted pursuant to the Security Documents.

"Commitment Fee" has the meaning assigned thereto in Section 5.3(a).

"Commitment Percentage" means, as to any Lender, such Lender's Revolving Credit Commitment Percentage or Term Loan Percentage, as applicable.

"Commitments" means, collectively, as to all Lenders, the Revolving Credit Commitments and the Term Loan Commitments of such Lenders.

"Commodity Exchange Act" means the Commodity Exchange Act (7 U.S.C. § 1 et seq.).

"Connection Income Taxes" means Other Connection Taxes that are imposed on or measured by net income (however denominated) or that are franchise Taxes or branch profits Taxes.

"Consolidated" means, when used with reference to financial statements or financial statement items of any Person, such statements or items on a consolidated basis in accordance with applicable principles of consolidation under GAAP.

"Consolidated Companies" means Centuri and its Subsidiaries.

"Consolidated EBITDA" means, for any period, the sum of the following determined on a Consolidated basis, without duplication, for the Consolidated Companies in accordance with GAAP: (a) Consolidated Net Income for such period plus (b) the sum of the following, without duplication, to the extent deducted in determining Consolidated Net Income for such period: (i) income and franchise taxes, (ii) Consolidated Interest Expense and (iii) amortization (including, for the avoidance of doubt, impairment charges, and amortization of goodwill and intangible assets acquired or arising from a business acquisition, regardless of whether presented as a separate line item or included in other book entries), depreciation and other non-cash charges (except to the extent that such non-cash charges are reserved for cash charges to be taken in the future), including any non-cash equity based compensation expense, (iv) extraordinary losses (excluding extraordinary losses from discontinued operations) and non-recurring expenses and restructuring charges reducing Consolidated Net Income which do not represent a

cash item in such period, (v) one-time fees and expenses in connection with the NEUCO Acquisition in an amount not to exceed $5,000,000, (vi) net unrealized losses resulting from mark to market accounting for hedging activities, including, without limitation those resulting from the application of FASB Accounting Standards Codification 815 and (vii) net unrealized non-cash losses resulting from foreign currency balance sheet adjustments required by GAAP, less (c) the sum of the following, without duplication, to the extent included in determining Consolidated Net Income for such period: (i) interest income, (ii) any extraordinary gains, (iii) net unrealized gains for items set forth in the foregoing clauses (b)(vi) and (vii) and (iv) non-cash gains or non-cash items increasing Consolidated Net Income. For purposes of this Agreement, Consolidated EBITDA shall be adjusted on a Pro Forma Basis.

Notwithstanding the foregoing, Consolidated EBITDA for the fiscal quarters ending (x) December 31, 2016, March 31, 2017 and June 30, 2017 shall be the amounts corresponding to such fiscal quarters set forth on Schedule 1.1(c) and (y) September 30, 2017 shall be based on the financial statements delivered pursuant to Section 8.1(d).

"Consolidated Fixed Charge Coverage Ratio" means, as of any date of determination, determined on a Consolidated basis, without duplication, for the Consolidated Companies in accordance with GAAP: the ratio of (a) Consolidated EBITDA for the period of four (4) consecutive fiscal quarters ending on such date minus Maintenance Capital Expenditures during such period (excluding Acquisitions) minus tax expense paid by the Consolidated Companies on a Consolidated basis in cash during such period for taxes based on income to (b) Consolidated Interest Expense paid in cash during such period plus the sum of all regularly scheduled payments of principal on Consolidated Funded Indebtedness (including the principal component of payments due on Capital Leases) due during the four (4) consecutive fiscal quarter period immediately succeeding such date. For purposes of this Agreement, Maintenance Capital Expenditures and Consolidated Interest Expense shall be adjusted on a Pro Forma Basis.

Notwithstanding the foregoing, Maintenance Capital Expenditures, tax expense paid by the Consolidated Companies on a Consolidated basis in cash and Consolidated Interest Expense for the fiscal quarters ending (i) December 31, 2016, March 31, 2017 and June 30, 2017 shall be the amounts corresponding to such fiscal quarters set forth on Schedule 1.1(c) and (ii) September 30, 2017 shall be based on the financial statements delivered pursuant to Section 8.1(d).

"Consolidated Funded Indebtedness means, as of any date of determination with respect to the Consolidated Companies on a Consolidated basis, without duplication, the sum of all Indebtedness (other than Indebtedness in respect of obligations under any undrawn letter of credit) of the Consolidated Companies.

"Consolidated Interest Expense" means, for any period, the sum of the following determined on a Consolidated basis, without duplication, for the Consolidated Companies in accordance with GAAP, interest expense (including, without limitation, interest expense attributable to Capital Lease Obligations and all net payment obligations pursuant to Hedge Agreements) for such period.

"Consolidated Leverage Ratio" means, as of any date of determination, the ratio of (a) Consolidated Funded Indebtedness on such date to (b) Consolidated EBITDA for the period of four (4) consecutive fiscal quarters ending on or immediately prior to such date.

"Consolidated Net Income" means, for any period, the net income (or loss) of the Consolidated Companies for such period, determined on a Consolidated basis, without duplication, in accordance with GAAP; provided, that in calculating Consolidated Net Income of the Consolidated Companies for any period, there shall be excluded (a) the net income (or loss) of any Person (other than a Subsidiary which shall be subject to clause (c) below), in which any of the Consolidated Companies has a joint interest with

a third party, except to the extent such net income is actually paid in cash to any of the Consolidated Companies by dividend or other distribution during such period (provided that the net income (or loss) of W.S. Nicholls Western Construction, Ltd. attributable to the ownership percentage held by the Consolidated Companies shall be included regardless of whether such amounts are paid in cash to the Consolidated Companies), (b) the net income (or loss) of any Person accrued prior to the date it becomes a Subsidiary of any of the Consolidated Companies or is merged into or consolidated with any of the Consolidated Companies or that Person's assets are acquired by any of the Consolidated Companies except to the extent included pursuant to the foregoing clause (a), (c) the net income (if positive), of any Subsidiary to the extent that the declaration or payment of dividends or similar distributions by such Subsidiary to any of the Consolidated Companies of such net income (i) is not at the time permitted by operation of the terms of its charter or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to such Subsidiary or (ii) would be subject to any taxes payable on such dividends or distributions, but in each case only to the extent of such prohibition or taxes and (d) any gain or loss from Asset Dispositions during such period.

"Control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. "Controlling" and "Controlled" have meanings correlative thereto.

"Credit Facility" means, collectively, the Revolving Credit Facility, the Term Loan Facility, the Swingline Facility and the L/C Facility.

"Credit Parties" means, collectively, the US Credit Parties and the Canadian Credit Parties.

"Debt Issuance" means the issuance of any Indebtedness for borrowed money by any Credit Party or any of its Subsidiaries.

"Debtor Relief Laws" means the Bankruptcy Code of the United States of America, the Bankruptcy and Insolvency Act (Canada), the Winding-Up and Restructuring Act (Canada), the Companies' Creditors Arrangement Act (Canada) and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief Laws of the United States, Canada or other applicable jurisdictions from time to time in effect.

"Default" means any of the events specified in Section 10.1 which with the passage of time, the giving of notice or any other condition, would constitute an Event of Default.

"Defaulting Lender" means, subject to Section 5.15(b), any Lender that (a) has failed to (i) fund all or any portion of the Revolving Credit Loans or any Term Loan required to be funded by it hereunder within two Business Days of the date such Loans were required to be funded hereunder unless such Lender notifies the Administrative Agent and Centuri in writing that such failure is the result of such Lender's determination that one or more conditions precedent to funding (each of which conditions precedent, together with any applicable default, shall be specifically identified in such writing) has not been satisfied, or (ii) pay to the Administrative Agent, any Issuing Lender, any Swingline Lender or any other Lender any other amount required to be paid by it hereunder (including in respect of its participation in Letters of Credit or Swingline Loans) within two Business Days of the date when due, (b) has notified Centuri, the Administrative Agent, any Issuing Lender or any Swingline Lender in writing that it does not intend to comply with its funding obligations hereunder, or has made a public statement to that effect (unless such writing or public statement relates to such Lender's obligation to fund a Loan hereunder and states that such position is based on such Lender's determination that a condition precedent to funding (which condition precedent, together with any applicable default, shall be specifically identified in such

writing or public statement) cannot be satisfied), (c) has failed, within three Business Days after written request by the Administrative Agent or Centuri, to confirm in writing to the Administrative Agent and Centuri that it will comply with its prospective funding obligations hereunder (provided that such Lender shall cease to be a Defaulting Lender pursuant to this clause (c) upon receipt of such written confirmation by the Administrative Agent and Centuri), or (d) has, or has a direct or indirect parent company that has, (i) become the subject of a proceeding under any Debtor Relief Law, (ii) had appointed for it a receiver, custodian, conservator, trustee, administrator, assignee for the benefit of creditors or similar Person charged with reorganization or liquidation of its business or assets, including the CDIC, the FDIC or any other state or federal regulatory authority acting in such a capacity or (iii) become the subject of a Bail-In Action; provided that a Lender shall not be a Defaulting Lender solely by virtue of the ownership or acquisition of any equity interest in that Lender or any direct or indirect parent company thereof by a Governmental Authority so long as such ownership interest does not result in or provide such Lender with immunity from the jurisdiction of courts within the United States or from the enforcement of judgments or writs of attachment on its assets or permit such Lender (or such Governmental Authority) to reject, repudiate, disavow or disaffirm any contracts or agreements made with such Lender. Any determination by the Administrative Agent that a Lender is a Defaulting Lender under any one or more of clauses (a) through (d) above shall be conclusive and binding absent manifest error, and such Lender shall be deemed to be a Defaulting Lender (subject to Section 5.15(b)) upon delivery of written notice of such determination to Centuri, each Issuing Lender, each Swingline Lender and each Lender.

"Disqualified Equity Interests" means any Equity Interests that, by their terms (or by the terms of any security or other Equity Interest into which they are convertible or for which they are exchangeable) or upon the happening of any event or condition, (a) mature or are mandatorily redeemable (other than solely for Qualified Equity Interests), pursuant to a sinking fund obligation or otherwise (except as a result of a change of control or asset sale so long as any rights of the holders thereof upon the occurrence of a change of control or asset sale event shall be subject to the prior repayment in full of the Loans and all other Obligations that are accrued and payable and the termination of the Commitments), (b) are redeemable at the option of the holder thereof (other than solely for Qualified Equity Interests) (except as a result of a change of control or asset sale so long as any rights of the holders thereof upon the occurrence of a change of control or asset sale event shall be subject to the prior repayment in full of the Loans and all other Obligations that are accrued and payable and the termination of the Commitments), in whole or in part, (c) provide for the scheduled payment of dividends in cash or (d) are or become convertible into or exchangeable for Indebtedness or any other Equity Interests that would constitute Disqualified Equity Interests, in each case, prior to the date that is 91 days after the Term Loan Maturity Date; provided that if such Equity Interests are issued pursuant to a plan for the benefit of the Consolidated Companies or by any such plan to such employees, such Equity Interests shall not constitute Disqualified Equity Interests solely because they may be required to be repurchased by the Consolidated Companies in order to satisfy applicable statutory or regulatory obligations.

"Dollar Amount" means, with respect to any sum expressed in Canadian Dollars, the amount of Dollars which is equivalent to the amount so expressed in Canadian Dollars at the Spot Rate determined by the Administrative Agent to be available to it at the relevant time (including on each Revaluation Date).

"Dollars" or "$" means, unless otherwise qualified, dollars in lawful currency of the United States.

"EEA Financial Institution" means (a) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority, (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition, or (c) any financial institution established in an EEA Member Country which is a subsidiary of an institution described in clauses (a) or (b) of this definition and is subject to consolidated supervision with its parent.

"EEA Member Country" means any of the member states of the European Union, Iceland, Liechtenstein, and Norway.

"EEA Resolution Authority" means any public administrative authority or any Person entrusted with public administrative authority of any EEA Member Country (including any delegee) having responsibility for the resolution of any credit institution or investment firm established in any EEA Member Country.

"Eligible Assignee" means any Person that meets the requirements to be an assignee under Section 12.9(b)(iii), (v) and (vi) (subject to such consents, if any, as may be required under Section 12.9(b)(iii)).

"Employee Benefit Plan" means (a) any employee benefit plan within the meaning of Section 3(3) of ERISA that is maintained for employees of any Credit Party or any ERISA Affiliate or (b) any Pension Plan or Multiemployer Plan that has at any time within the preceding seven (7) years been maintained, funded or administered for the employees of any Credit Party or any current or former ERISA Affiliate.

"Engagement Letter" means that certain Engagement Letter dated as of October 10, 2017, by and among Wells Fargo Securities, LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated and the Borrowers, as amended, restated, supplemented or otherwise modified from time to time.

"Environmental Claims" means any and all administrative, regulatory or judicial actions, suits, demands, demand letters, claims, liens, accusations, allegations, notices of noncompliance or violation, investigations (other than internal reports prepared by any Person in the ordinary course of business and not in response to any third party action or request of any kind) or proceedings relating in any way to any actual or alleged violation of or liability under any Environmental Law or relating to any permit issued, or any approval given, under any such Environmental Law, including, without limitation, any and all claims by Governmental Authorities for enforcement, cleanup, removal, response, remedial or other actions or damages, contribution, indemnification, cost recovery, compensation or injunctive relief resulting from Hazardous Materials or arising from alleged injury or threat of injury to human health or the environment.

"Environmental Laws" means any and all federal, foreign, state, provincial and local laws, statutes, ordinances, codes, rules, standards and regulations, permits, licenses, approvals, interpretations and orders of courts or Governmental Authorities, relating to the protection of human health or the environment, including, but not limited to, requirements pertaining to the manufacture, processing, distribution, use, treatment, storage, disposal, transportation, handling, reporting, licensing, permitting, investigation or remediation of Hazardous Materials.

"Equity Interests" means (a) in the case of a corporation, capital stock, (b) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of capital stock, (c) in the case of a partnership, partnership interests (whether general or limited), (d) in the case of a limited liability company, membership interests, (e) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person and (f) any and all warrants, rights or options to purchase any of the foregoing.

"ERISA" means the Employee Retirement Income Security Act of 1974, and the rules and regulations thereunder.

"ERISA Affiliate" means any Person who together with any Credit Party or any of its Subsidiaries is treated as a single employer within the meaning of Section 414(b), (c), (m) or (o) of the Code or Section 4001(b) of ERISA.

"EU Bail-In Legislation Schedule" means the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor thereto) as in effect from time to time.

"Eurodollar Reserve Percentage" means, for any day, the percentage which is in effect for such day as prescribed by the Board of Governors of the Federal Reserve System (or any successor) for determining the maximum reserve requirement (including, without limitation, any basic, supplemental or emergency reserves) in respect of eurocurrency liabilities or any similar category of liabilities for a member bank of the Federal Reserve System in New York City.

"Event of Default" means any of the events specified in Section 10.1; provided that any requirement for passage of time, giving of notice, or any other condition, has been satisfied.

"Exchange Act" means the Securities Exchange Act of 1934 (15 U.S.C. 78a et seq.).

"Excluded Swap Obligation" means, with respect to any Credit Party, any Swap Obligation if, and to the extent that, all or a portion of the liability of such Credit Party for or the guarantee of such Credit Party of, or the grant by such Credit Party of a security interest to secure, such Swap Obligation (or any liability or guarantee thereof) is or becomes illegal under the Commodity Exchange Act or any rule, regulation or order of the Commodity Futures Trading Commission (or the application or official interpretation of any thereof) by virtue of such Credit Party's failure for any reason to constitute an "eligible contract participant" as defined in the Commodity Exchange Act and the regulations thereunder at the time the liability for or the guarantee of such Credit Party or the grant of such security interest becomes effective with respect to such Swap Obligation (such determination being made after giving effect to any applicable keepwell, support or other agreement for the benefit of the applicable Credit Party, including the keepwell provisions in each applicable Guaranty Agreement). If a Swap Obligation arises under a master agreement governing more than one swap, such exclusion shall apply only to the portion of such Swap Obligation that is attributable to swaps for which such guarantee or security interest is or becomes illegal for the reasons identified in the immediately preceding sentence of this definition.

"Excluded Taxes" means any of the following Taxes imposed on or with respect to a Recipient or required to be withheld or deducted from a payment to a Recipient, (a) Taxes imposed on or measured by net income (however denominated), franchise Taxes, and branch profits Taxes, in each case, (i) imposed as a result of such Recipient being organized under the laws of, or having its principal office or, in the case of any Lender, its applicable Lending Office located in, the jurisdiction imposing such Tax (or any political subdivision thereof) or (ii) that are Other Connection Taxes, (b) in the case of a Lender, United States federal withholding Taxes imposed on amounts payable to or for the account of such Lender with respect to an applicable interest in a Loan or Commitment pursuant to a law in effect on the date on which (i) such Lender acquires such interest in the Loan or Commitment (other than pursuant to an assignment request by Centuri under Section 5.12(b)) or (ii) such Lender changes its Lending Office, except in each case to the extent that, pursuant to Section 5.11, amounts with respect to such Taxes were payable either to such Lender's assignor immediately before such Lender became a party hereto or to such Lender immediately before it changed its Lending Office, (c) Taxes attributable to such Recipient's failure to comply with Section 5.11(g), (d) any United States federal withholding Taxes imposed under FATCA, and (e) any Taxes imposed on a Lender by reason of such Lender (i) being a "specified shareholder" (as defined in subsection 18(5) of the ITA) of a Credit Party or (ii) not dealing at arm's length (for purposes of the ITA) with a "specified shareholder" (as defined in subsection 18(5) of the ITA) of the Credit Party.

"Existing Credit Agreement" has the meaning assigned thereto in the Statement of Purpose hereto.

"Existing Lender" has the meaning assigned thereto in the Statement of Purpose hereto.

"Existing Letters of Credit" means those letters of credit existing on the Closing Date and identified on Schedule 1.1(b).

"Extensions of Credit" means, as to any Lender at any time, (a) an amount equal to the sum of (i) the aggregate principal amount of all Revolving Credit Loans made by such Lender then outstanding, (ii) such Lender's Revolving Credit Commitment Percentage of the L/C Obligations then outstanding, (iii) such Lender's Revolving Credit Commitment Percentage of the Swingline Loans then outstanding and (iv) the aggregate principal amount of the Term Loans made by such Lender then outstanding, or (b) the making of any Loan or participation in any Letter of Credit by such Lender, as the context requires.

"FATCA" means Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof, any agreements entered into pursuant to Section 1471(b)(1) of the Code, and any intergovernmental agreements and related legislation or official administrative rules or regulations with respect thereto.

"FDIC" means the Federal Deposit Insurance Corporation.

"Federal Funds Rate" means, for any day, the rate per annum equal to the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System on such day (or, if such day is not a Business Day, for the immediately preceding Business Day), as published by the Federal Reserve Bank of New York on the Business Day next succeeding such day, provided that if such rate is not so published for any day which is a Business Day, the average of the quotation for such day on such transactions received by the Administrative Agent from three federal funds brokers of recognized standing selected by the Administrative Agent.

Notwithstanding the foregoing, if the Federal Funds Rate shall be less than zero, such rate shall be deemed to be zero for the purposes of this Agreement.

"Fee Letters" means (a) that certain Agent Fee Letter dated as of October 10, 2017, amongst the Borrowers, Wells Fargo Securities, LLC and Wells Fargo, (b) that certain fee letter dated as of October 10, 2017 amongst the Borrowers and Merrill Lynch, Pierce, Fenner & Smith Incorporated and (c) any letter between one or more of the Borrowers and any Issuing Lender (other than Wells Fargo) relating to certain fees payable to such Issuing Lender in its capacity as such, in each case, as amended, restated, supplemented or otherwise modified from time to time.

"First Tier Foreign Subsidiary" means any Foreign Subsidiary that is a "controlled foreign corporation" within the meaning of Section 957 of the Code and the Equity Interests of which are owned directly by any US Credit Party.

"Fiscal Year" means the fiscal year of the Consolidated Companies ending on December 31.

"Foreign Lender" means (a) with respect to the US Borrowers, a Lender that is not a U.S. Person, and (b) with respect to the Canadian Borrower, a Lender that is resident or organized under the laws of a jurisdiction other than that in which the Canadian Borrower is resident for tax purposes.

"Foreign Subsidiary" means any Subsidiary that is not a US Subsidiary.

"Fronting Exposure" means, at any time there is a Defaulting Lender, (a) with respect to any Issuing Lender, such Defaulting Lender's Revolving Credit Commitment Percentage of the outstanding L/C Obligations with respect to Letters of Credit issued by such Issuing Lender, other than such L/C Obligations as to which such Defaulting Lender's participation obligation has been reallocated to other Lenders or Cash Collateralized in accordance with the terms hereof and (b) with respect to any Swingline Lender, such Defaulting Lender's Revolving Credit Commitment Percentage of outstanding Swingline Loans other than Swingline Loans as to which such Defaulting Lender's participation obligation has been reallocated to other Lenders or Cash Collateralized in accordance with the terms hereof.

"Fund" means any Person (other than a natural Person) that is (or will be) engaged in making, purchasing, holding or otherwise investing in commercial loans, bonds and similar extensions of credit in the ordinary course of its activities.

"GAAP" means generally accepted accounting principles in the United States set forth in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or such other principles as may be approved by a significant segment of the accounting profession in the United States, that are applicable to the circumstances as of the date of determination, consistently applied.

"Governmental Approvals" means all authorizations, consents, approvals, permits, licenses and exemptions of, and all registrations and filings with or issued by, any Governmental Authorities.

"Governmental Authority" means the government of the United States or Canada or any other nation, or of any political subdivision thereof, whether state, provincial or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any supra-national bodies such as the European Union or the European Central Bank).

"Guarantee" of or by any Person (the "guarantor") means any obligation, contingent or otherwise, of the guarantor guaranteeing or having the economic effect of guaranteeing any Indebtedness or other obligation of any other Person (the "primary obligor") in any manner, whether directly or indirectly, and including any obligation of the guarantor, direct or indirect, (a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation or to purchase (or to advance or supply funds for the purchase of) any security for the payment thereof, (b) to purchase or lease property, securities or services for the purpose of assuring the owner of such Indebtedness or other obligation of the payment thereof, (c) to maintain working capital, equity capital or any other financial statement condition or liquidity of the primary obligor so as to enable the primary obligor to pay such Indebtedness or other obligation, (d) as an account party in respect of any letter of credit or letter of guaranty issued to support such Indebtedness or obligation or (e) for the purpose of assuming in any other manner the obligee in respect of such Indebtedness or other obligation of the payment or performance thereof or to protect such obligee against loss in respect thereof (whether in whole or in part).

"Guaranty Agreements" means, collectively, the US Credit Party Guaranty Agreement and the Canadian Credit Party Guarantee Agreement.

"Hazardous Materials" means any substances or materials (a) which are or become defined as hazardous wastes, hazardous substances, pollutants, contaminants, chemical substances or mixtures or toxic substances under any Environmental Law, (b) which are toxic, explosive, corrosive, flammable, infectious, radioactive, carcinogenic, mutagenic or otherwise harmful to human health or the environment and are or become regulated by any Governmental Authority, (c) the presence of which require investigation or remediation under any Environmental Law or common law, (d) the discharge or emission or release of which requires a permit or license under any Environmental Law or other Governmental Approval, (e) which are deemed by a Governmental Authority to constitute a nuisance or a trespass which pose a health or safety hazard to Persons or neighboring properties, (f) which consist of underground or aboveground storage tanks, whether empty, filled or partially filled with any substance or (g) which contain, without limitation, asbestos, polychlorinated biphenyls, urea formaldehyde foam insulation, petroleum hydrocarbons, petroleum derived substances or waste, crude oil, nuclear fuel, natural gas or synthetic gas.

"Hedge Agreement" means (a) any and all rate swap transactions, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward bond or forward bond price or forward bond index transactions, interest rate options, forward foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross-currency rate swap transactions, currency options, spot contracts, or any other similar transactions or any combination of any of the foregoing (including any options to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement, and (b) any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc., any International Foreign Exchange Master Agreement, or any other master agreement.

"Hedge Bank" means any Person that, (a) at the time it enters into a Hedge Agreement with a Credit Party permitted under Article IX, is a Lender, an Affiliate of a Lender, the Administrative Agent or an Affiliate of the Administrative Agent or (b) at the time it (or its Affiliate) becomes a Lender or the Administrative Agent (including on the Closing Date), is a party to a Hedge Agreement with a Credit Party, in each case in its capacity as a party to such Hedge Agreement.

"Hedge Termination Value" means, in respect of any one or more Hedge Agreements, after taking into account the effect of any legally enforceable netting agreement relating to such Hedge Agreements, (a) for any date on or after the date such Hedge Agreements have been closed out and termination value(s) determined in accordance therewith, such termination value(s), and (b) for any date prior to the date referenced in clause (a), the amount(s) determined as the mark-to-market value(s) for such Hedge Agreements, as determined based upon one or more mid-market or other readily available quotations provided by any recognized dealer in such Hedge Agreements (which may include a Lender or any Affiliate of a Lender).

"Immaterial Subsidiary" means any Subsidiary designated in writing by Centuri to the Administrative Agent as an Immaterial Subsidiary that is not already a Credit Party and that does not, as of the last day of the most recently completed period of four (4) consecutive fiscal quarters for which Centuri has delivered financial statements pursuant to Section 6.1(e)(i), 8.1(a) or 8.1(b), as applicable, have assets with a value in excess of 2.0% of the Consolidated total assets of the Consolidated Companies and did not, as of such period, have revenues exceeding 2.0% of the Consolidated revenues of the

Consolidated Companies; provided that if (a) such Subsidiary shall have been designated in writing by Centuri to the Administrative Agent as an Immaterial Subsidiary, and (b) if (i) the aggregate total assets then owned by all Subsidiaries of Centuri that would otherwise constitute Immaterial Subsidiaries shall have an aggregate value in excess of 5.0% of the Consolidated total assets of the Consolidated Companies as of the last day of such fiscal quarter or (ii) the combined revenues of all Subsidiaries of Centuri that would otherwise constitute Immaterial Subsidiaries shall exceed 5.0% of the Consolidated revenues of the Consolidated Companies for such four-quarter period, Centuri shall re-designate one or more of such Subsidiaries to not be Immaterial Subsidiaries within ten (10) Business Days after delivery of the Officer's Compliance Certificate for such fiscal quarter such that only those such Subsidiaries as shall then have aggregate assets of less than 5.0% of the Consolidated total assets of the Consolidated Companies and combined revenues of less than 5.0% of the Consolidated revenues of the Consolidated Companies shall constitute Immaterial Subsidiaries. Notwithstanding the foregoing, in no event shall (A) any Subsidiary that owns a majority of the Equity Interests of a Material Subsidiary, (B) any Wholly-Owned US Subsidiary that owns, or otherwise licenses or has the right to use, trademarks and other intellectual property material to the operation of the Consolidated Companies or (C) any Subsidiary that is an obligor or guarantor of any Indebtedness of any Credit Party or any Subsidiary thereof in excess of the Threshold Amount, in any such case be designated as an Immaterial Subsidiary.

"Increase Effective Date" has the meaning assigned thereto in Section 5.13(c).

"Incremental Increases" has the meaning assigned thereto in Section 5.13(a)(ii).

"Incremental Lender" has the meaning assigned thereto in Section 5.13(b).

"Incremental Term Loan" has the meaning assigned thereto in Section 5.13(a)(i).

"Incremental Term Loan Commitment" means the commitment of any Lender to make an Incremental Term Loan to a Borrower in accordance with Section 5.13.

"Indebtedness" means, with respect to any Person at any date and without duplication, the sum of the following:

(a) all liabilities, obligations and indebtedness for borrowed money including, but not limited to, obligations evidenced by bonds, debentures, notes or other similar instruments of any such Person;

(b) all obligations to pay the deferred purchase price of property or services of any such Person (including, without limitation, all obligations under non-competition, earn-out or similar agreements), except trade payables arising in the ordinary course of business not more than ninety (90) days past due, or that are currently being contested in good faith by appropriate proceedings and with respect to which reserves in conformity with GAAP have been provided for on the books of such Person;

(c) the Attributable Indebtedness of such Person with respect to such Person's Capital Lease Obligations and Synthetic Leases (regardless of whether accounted for as indebtedness under GAAP);

(d) all obligations of such Person under conditional sale or other title retention agreements relating to property purchased by such Person to the extent of the value of such property (other than customary reservations or retentions of title under agreements with suppliers entered into in the ordinary course of business);

(e) all Indebtedness of any other Person secured by a Lien on any asset owned or being purchased by such Person (including indebtedness arising under conditional sales or other title retention agreements except trade payables arising in the ordinary course of business), whether or not such indebtedness shall have been assumed by such Person or is limited in recourse;

(f) all obligations, contingent or otherwise, of any such Person relative to the face amount of letters of credit, whether or not drawn, including, without limitation, any Reimbursement Obligation, and banker's acceptances issued for the account of any such Person;

(g) all obligations of any such Person in respect of Disqualified Equity Interests;

(h) all net obligations of such Person under any Hedge Agreements; and

(i) all Guarantees of any such Person with respect to any of the foregoing.

For all purposes hereof, the Indebtedness of any Person shall include the Indebtedness of any partnership or joint venture (other than a joint venture that is itself a corporation or limited liability company) in which such Person is a general partner or a joint venturer, unless such Indebtedness is expressly made non-recourse to such Person. The amount of any net obligation under any Hedge Agreement on any date shall be deemed to be the Hedge Termination Value thereof as of such date. In respect of Indebtedness of another Person secured by a Lien on the assets of the specified Person, the amount of such Indebtedness as of any date of determination will be the lesser of (x) the fair market value of such assets as of such date and (y) the amount of such Indebtedness as of such date.

"Indemnified Taxes" means (a) Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any obligation of any Credit Party under any Loan Document and (b) to the extent not otherwise described in clause (a), Other Taxes.

"Indemnitee" has the meaning assigned thereto in Section 12.3(b).

"Information" has the meaning assigned thereto in Section 12.10.

"Initial Canadian Term Loan" means the term loan denominated in Canadian Dollars made to the Canadian Borrower, by the Term Loan Lenders pursuant to Section 4.1(a).

"Initial Term Loans" means, collectively, the Initial Canadian Term Loan and the Initial US Term Loan.

"Initial US Term Loan" means the term loan denominated in Dollars made to a US Borrower, by the Term Loan Lenders pursuant to Section 4.1(b).

"Insurance and Condemnation Event" means the receipt by any Credit Party or any of its Subsidiaries of any cash insurance proceeds or condemnation award payable by reason of theft, loss, physical destruction or damage, taking or similar event with respect to any of their respective Property.

"Intellichoice Entities" means Intellichoice Energy, LLC and each of its Subsidiaries.

"Interest Period" means, as to each LIBOR Rate Loan or CDOR Rate Loan, the period commencing on the date such LIBOR Rate Loan and CDOR Rate Loan is disbursed or converted to or continued as a LIBOR Rate Loan or CDOR Rate Loan and ending on the date one (1), two (2), three (3),

or six (6) months thereafter, in each case as selected by the applicable Borrower in its Notice of Borrowing or Notice of Conversion/Continuation and subject to availability; provided that:

(a) the Interest Period shall commence on the date of advance of or conversion to any LIBOR Rate Loan or CDOR Rate Loan and, in the case of immediately successive Interest Periods, each successive Interest Period shall commence on the date on which the immediately preceding Interest Period expires;

(b) if any Interest Period would otherwise expire on a day that is not a Business Day, such Interest Period shall expire on the next succeeding Business Day; provided that if any Interest Period with respect to a LIBOR Rate Loan or CDOR Rate Loan would otherwise expire on a day that is not a Business Day but is a day of the month after which no further Business Day occurs in such month, such Interest Period shall expire on the immediately preceding Business Day;

(c) any Interest Period with respect to a LIBOR Rate Loan or CDOR Rate Loan that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day of the relevant calendar month at the end of such Interest Period;

(d) no Interest Period shall extend beyond the Revolving Credit Maturity Date or the Term Loan Maturity Date, as applicable, and Interest Periods shall be selected by the applicable Borrower so as to permit such Borrower to make the quarterly principal installment payments pursuant to Section 4.3 without payment of any amounts pursuant to Section 5.9; and

(e) there shall be no more than ten (10) Interest Periods in effect at any time.

"Interstate Commerce Act" means the body of law commonly known as the Interstate Commerce Act (49 U.S.C §§ 1 et seq.).

"Investment Company Act" means the Investment Company Act of 1940 (15 U.S.C. § 80(a)(1), et seq.).

"IRS" means the United States Internal Revenue Service.

"ISP98" means the International Standby Practices (1998 Revision, effective January 1, 1999), International Chamber of Commerce Publication No. 590.

"Issuing Lenders" means (a) Wells Fargo, solely in its capacity as issuer of US Letters of Credit and Canadian Letters of Credit, (b) CIBC, solely in its capacity as issuer of Canadian Letters of Credit, (c) solely with respect to Existing Letters of Credit, the applicable issuer thereof listed on Schedule 1.1(b) and (d) any other Revolving Credit Lender to the extent it has agreed, in its sole discretion, to act as an "Issuing Lender" hereunder and that has been approved in writing by Centuri and the Administrative Agent (such approval by the Administrative Agent not to be unreasonably delayed or withheld), in each case in its capacity as issuer of any Letter of Credit (including each Existing Letter of Credit) hereunder or any successor thereto.

"ITA" means the Income Tax Act (Canada), as amended from time to time.

"L/C Commitment" means, as to any Issuing Lender, the obligation of such Issuing Lender to issue Letters of Credit for the account of the Borrowers or one or more of their respective Subsidiaries

from time to time in an aggregate amount equal to such amount as set forth on Schedule 1.1(d) or as separately agreed to in a written agreement between Centuri and such Issuing Lender (which such agreement shall be promptly delivered to the Administrative Agent upon execution), in each case any such amount may be changed after the Closing Date in a written agreement between Centuri and such Issuing Lender (which such agreement shall be promptly delivered to the Administrative Agent upon execution); provided that the L/C Commitment with respect to any Person that ceases to be an Issuing Lender for any reason pursuant to the terms hereof shall be $0 (subject to the Letters of Credit of such Person remaining outstanding in accordance with the provisions hereof).

"L/C Facility" means the letter of credit facility established pursuant to Article III.

"L/C Obligations" means, collectively, the Canadian L/C Obligations and the US L/C Obligations.

"L/C Participants" means, with respect to any Letter of Credit, the collective reference to all the Revolving Credit Lenders other than the applicable Issuing Lender.

"L/C Sublimit" means the lesser of (a) $40,000,000 and (b) the Revolving Credit Commitment.

"Lender" means each Person executing this Agreement as a Lender on the Closing Date and any other Person that shall have become a party to this Agreement as a Lender pursuant to an Assignment and Assumption or pursuant to Section 5.13, other than any Person that ceases to be a party hereto as a Lender pursuant to an Assignment and Assumption. Unless the context otherwise requires, the term "Lenders" includes the Swingline Lenders.

"Lender Joinder Agreement" means a joinder agreement in form and substance reasonably satisfactory to the Administrative Agent delivered in connection with Section 5.13.

"Lending Office" means, with respect to any Lender, the office of such Lender maintaining such Lender's Extensions of Credit.

"Letter of Credit Application" means an application and a reimbursement agreement, in the form specified by the applicable Issuing Lender from time to time, requesting such Issuing Lender to issue a Letter of Credit.

"Letters of Credit" means the collective reference to Canadian Letters of Credit and US Letters of Credit.

"LIBOR" means,

(a) for any interest rate calculation with respect to a LIBOR Rate Loan, the rate of interest per annum determined on the basis of the rate for deposits in Dollars for a period equal to the applicable Interest Period as published by the ICE Benchmark Administration Limited, a United Kingdom company, or a comparable or successor quoting service approved by the Administrative Agent (or, if applicable, an alternative rate in accordance with Section 5.8(c)), at approximately 11:00 a.m. (London time) two (2) London Banking Days prior to the first day of the applicable Interest Period. If, for any reason, such rate is not so published then "LIBOR" shall be determined by the Administrative Agent to be the arithmetic average of the rate per annum at which deposits in Dollars would be offered by first class banks in the London interbank market to the Administrative Agent at approximately 11:00 a.m. (London time) two (2) London Banking Days prior to the first day of the applicable Interest Period for a period equal to such Interest Period, and

(b) for any interest rate calculation with respect to a Base Rate Loan, the rate of interest per annum determined on the basis of the rate for deposits in Dollars for an Interest Period equal to one month (commencing on the date of determination of such interest rate) as published by the ICE Benchmark Administration Limited, a United Kingdom company, or a comparable or successor quoting service approved by the Administrative Agent (or, if applicable, an alternative rate in accordance with Section 5.8(c)), at approximately 11:00 a.m. (London time) on such date of determination, or, if such date is not a Business Day, then the immediately preceding Business Day. If, for any reason, such rate is not so published then "LIBOR" for such Base Rate Loan shall be determined by the Administrative Agent to be the arithmetic average of the rate per annum at which deposits in Dollars would be offered by first class banks in the London interbank market to the Administrative Agent at approximately 11:00 a.m. (London time) on such date of determination for a period equal to one month commencing on such date of determination.

Each calculation by the Administrative Agent of LIBOR shall be conclusive and binding for all purposes, absent manifest error.

Notwithstanding the foregoing, if LIBOR shall be less than zero, such rate shall be deemed to be zero for the purposes of this Agreement.

"LIBOR Rate" means a rate per annum determined by the Administrative Agent pursuant to the following formula:

$$\text{LIBOR Rate} = \frac{\text{LIBOR}}{\text{1.00-Eurodollar Reserve Percentage}}$$

"LIBOR Rate Loan" means any Loan bearing interest at a rate based upon the LIBOR Rate as provided in Section 5.1(a).

"Lien" means, with respect to any asset, any mortgage, leasehold mortgage, lien, pledge, charge, security interest, hypothecation or encumbrance of any kind in respect of such asset whether statutory, based on common law, contract, or otherwise. For the purposes of this Agreement, a Person shall be deemed to own subject to a Lien any asset which it has acquired or holds subject to the interest of a vendor or lessor under any conditional sale agreement, Capital Lease Obligation or other title retention agreement relating to such asset.

"Loan Documents" means, collectively, this Agreement, each Note, the Letter of Credit Applications, the Security Documents, the Guaranty Agreements, the Fee Letters and each other document, instrument, certificate and agreement executed and delivered by the Credit Parties or any of their respective Subsidiaries in favor of or provided to the Administrative Agent or any Secured Party in connection with this Agreement or otherwise referred to herein or contemplated hereby (excluding any Secured Hedge Agreement and any Secured Cash Management Agreement).

"Loans" means the collective reference to the Revolving Credit Loans, the Term Loans and the Swingline Loans, and "Loan" means any of such Loans.

"London Banking Day" means any day on which dealings in Dollar deposits are conducted by and between banks in the London interbank Eurodollar market.

"Maintenance Capital Expenditures" means Capital Expenditures for the maintenance, repair, replacement, restoration or refurbishment of then existing properties of the Consolidated Companies,

excluding (a) any portion of the purchase price for a Permitted Acquisition which is classified as a fixed or capital asset on a Consolidated balance sheet of the Consolidated Companies prepared in accordance with GAAP and (b) any such expenditures to the extent financed by the proceeds of a substantially concurrent Asset Disposition of owned equipment of the Consolidated Companies.

"Material Adverse Effect" means, with respect to the Consolidated Companies, (a) a material adverse effect on the properties, business, operations or financial condition of such Persons, taken as a whole, (b) a material impairment of the ability of any such Person to perform its obligations under the Loan Documents to which it is a party, (c) a material impairment of the rights and remedies of the Administrative Agent or any Lender under any Loan Document or (d) an impairment of the legality, validity, binding effect or enforceability against any Credit Party of any Loan Document to which it is a party.

"Material Contract" means any contract or agreement, written or oral, of any Credit Party or any of its Subsidiaries, the failure to comply with which could reasonably be expected to have a Material Adverse Effect.

"Material Subsidiary" means, as of any date, any Subsidiary that is not an Immaterial Subsidiary.

"Meritus" means the Meritus Group, Inc., a Nevada corporation.

"Minimum Collateral Amount" means, at any time, (a) with respect to Cash Collateral consisting of cash or deposit account balances, an amount equal to 100% of the sum of (i) the Fronting Exposure of the Issuing Lenders with respect to Letters of Credit issued and outstanding at such time and (ii) the Fronting Exposure of the Swingline Lenders with respect to all Swingline Loans outstanding at such time and (b) otherwise, an amount determined by the Administrative Agent and each of the applicable Issuing Lenders that is entitled to Cash Collateral hereunder at such time in their sole discretion.

"Moody's" means Moody's Investors Service, Inc.

"Multiemployer Plan" means a "multiemployer plan" as defined in Section 4001(a)(3) of ERISA to which any Credit Party or any ERISA Affiliate is making, or is accruing an obligation to make, or has accrued an obligation to make contributions within the preceding seven (7) years.

"Net Cash Proceeds" means, as applicable, (a) with respect to any Asset Disposition or Insurance and Condemnation Event, the gross proceeds received by any Credit Party or any of its Subsidiaries therefrom (including any cash, Cash Equivalents, deferred payment pursuant to, or by monetization of, a note receivable or otherwise, as and when received) less the sum of (i) in the case of an Asset Disposition, all income taxes and other taxes assessed by, or reasonably estimated to be payable to, a Governmental Authority as a result of such transaction (provided that if such estimated taxes exceed the amount of actual taxes required to be paid in cash in respect of such Asset Disposition, the amount of such excess shall constitute Net Cash Proceeds), (ii) all customary out-of-pocket fees and expenses incurred in connection with such transaction or event and (iii) the principal amount of, premium, if any, and interest on any Indebtedness secured on a pari passu on senior ranking to the Liens created under the Loan Documents by a Lien on the asset (or a portion thereof) disposed of, which Indebtedness is required to be repaid in connection with such transaction or event, and (b) with respect to any Debt Issuance, the gross cash proceeds received by any Credit Party or any of its Subsidiaries therefrom less all customary out-of-pocket legal, underwriting and other fees and expenses (whether similar or dissimilar to the foregoing) incurred in connection therewith.

"NEUCO" means New England Utility Constructors, Inc.

"NEUCO Acquisition" means the acquisition of all of the Equity Interests of NEUCO pursuant to the NEUCO Purchase Agreement.

"NEUCO Material Adverse Effect" means any event, occurrence, fact, condition or change that has or could reasonably be expected to have a materially adverse effect on (a) the business, results of operations, condition (financial or otherwise) or assets of NEUCO, or (b) the ability of Sellers (as defined in the NEUCO Purchase Agreement) to consummate the transactions contemplated by the NEUCO Purchase Agreement on a timely basis; provided, however, that "NEUCO Material Adverse Effect" shall not include any event, occurrence, fact, condition or change, directly or indirectly, arising out of or attributable to:(i) general economic or political conditions; (ii) any changes in financial or securities markets in general; (iii) act of war (whether or not declared), armed hostilities or terrorism, or the escalation or worsening thereof; (iv) any action required or expressly permitted by the NEUCO Purchase Agreement, except pursuant to Sections 4.04 and 7.03 thereof; (v) any changes in applicable laws or accounting rules, including GAAP; or (vi) the public announcement, pendency or completion of the transactions contemplated by the NEUCO Purchase Agreement; provided further, however, that any event, occurrence, fact, condition or change referred to in clauses (i) through (iii) or clause (v) immediately above shall be taken into account in determining whether a NEUCO Material Adverse Effect has occurred or could reasonably be expected to occur to the extent that such event, occurrence, fact, condition or change has a disproportionate effect on NEUCO compared to other participants in the industries in which NEUCO conducts its businesses.

"NEUCO Purchase Agreement" means that certain Stock Purchase Agreement effective as of November 1, 2017, by and among Meritus, as purchaser, NEUCO, as the company, the equity holders of NEUCO immediately prior to the NEUCO Acquisition, as sellers and Edward A. Bond, Jr., as seller representative, together with all schedules and exhibits thereto and as the same may be amended, restated, supplemented or otherwise modified from time to time prior to the Closing Date.

"Non-Consenting Lender" means any Lender that does not approve any consent, waiver, amendment, modification or termination of any Loan Document that (a) requires the approval of all Lenders or all affected Lenders in accordance with the terms of Section 12.2 and (b) has been approved by the Required Lenders.

"Non-Credit Party Subsidiary" means any Subsidiary of a Consolidated Company that is not a Credit Party.

"Non-Defaulting Lender" means, at any time, each Lender that is not a Defaulting Lender at such time.

"Notes" means the collective reference to the US Revolving Credit Notes, the US Swingline Note, the US Term Loan Notes, the Canadian Revolving Credit Notes, the Canadian Swingline Note and the Canadian Term Loan Notes.

"Notice of Account Designation" has the meaning assigned thereto in Section 2.3(b).

"Notice of Borrowing" has the meaning assigned thereto in Section 2.3(a).

"Notice of Conversion/Continuation" has the meaning assigned thereto in Section 5.2.

"Notice of Prepayment" has the meaning assigned thereto in Section 2.4(c).

"NPL" means NPL Construction Co., a Nevada corporation.

"Obligations" means, collectively, the Canadian Obligations and the US Obligations.

"OFAC" means the U.S. Department of the Treasury's Office of Foreign Assets Control.

"Officer's Compliance Certificate" means a certificate of the chief financial officer or the treasurer of Centuri substantially in the form attached as ***Exhibit F***.

"Operating Lease" means, as to any Person as determined in accordance with GAAP, any lease of Property (whether real, personal or mixed) by such Person as lessee which is not a Capital Lease Obligation.

"Other Connection Taxes" means, with respect to any Recipient, Taxes imposed as a result of a present or former connection between such Recipient and the jurisdiction imposing such Tax (other than connections arising from such Recipient having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Loan Document, or sold or assigned an interest in any Loan or Loan Document).

"Other Taxes" means all present or future stamp, court, documentary, intangible, recording, filing or similar Taxes that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, any Loan Document, except any such Taxes that are Other Connection Taxes imposed with respect to an assignment (other than an assignment made pursuant to Section 5.12).

"Participant" has the meaning assigned thereto in Section 12.9(d).

"Participant Register" has the meaning assigned thereto in Section 12.9(d).

"PATRIOT Act" means the USA PATRIOT Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)).

"PBGC" means the Pension Benefit Guaranty Corporation or any successor agency.

"Pension Plan" means any Employee Benefit Plan, other than a Multiemployer Plan, which is subject to the provisions of Title IV of ERISA or Section 412 of the Code and which (a) is maintained, funded or administered for the employees of any Credit Party or any ERISA Affiliate or (b) has at any time within the preceding seven (7) years been maintained, funded or administered for the employees of any Credit Party or any current or former ERISA Affiliates and shall not include any Canadian Pension Plan.

"Permitted Acquisition" means any Acquisition by any Credit Party if each such Acquisition meets all of the following requirements:

(a) no less than fifteen (15) Business Days prior to the proposed closing date of such Acquisition (or such shorter period as agreed to by the Administrative Agent in its sole discretion), Centuri shall have delivered written notice of such Acquisition to the Administrative Agent and the Lenders, which notice shall include the proposed closing date of such Acquisition;

(b) Centuri shall have certified on or before the closing date of such Acquisition, in writing and in a form reasonably acceptable to the Administrative Agent, that such Acquisition has been approved by the board of directors (or equivalent governing body) of the Person to be acquired;

(c) the Person or business to be acquired shall be in a line of business permitted pursuant to Section 9.11 or, in the case of an Acquisition of assets, the assets acquired are useful in the business of the Consolidated Companies as conducted immediately prior to such Acquisition;

(d) if such transaction is a merger, amalgamation, or consolidation, a Borrower or a Subsidiary Guarantor shall be the surviving Person and no Change in Control shall have been effected thereby;

(e) Centuri shall have delivered to the Administrative Agent such documents reasonably requested by the Administrative Agent or the Required Lenders (through the Administrative Agent) pursuant to Section 8.14 to be delivered at the time required pursuant to Section 8.14;

(f) if the Permitted Acquisition Consideration for any such Acquisition (or series of related Acquisitions) exceeds $30,000,000 in the aggregate, no later than five (5) Business Days (or such shorter period as agreed to by the Administrative Agent in its sole discretion) prior to the proposed closing date of such Acquisition, Centuri shall have delivered to the Administrative Agent an Officer's Compliance Certificate for the most recent fiscal quarter end preceding such Acquisition for which financial statements are available demonstrating, in form and substance reasonably satisfactory to the Administrative Agent, that the Consolidated Companies are in compliance on a Pro Forma Basis (as of the date of the Acquisition and after giving effect thereto and any Indebtedness incurred in connection therewith) with each covenant contained in Section 9.13;

(g) if the Permitted Acquisition Consideration for any such Acquisition (or series of related Acquisitions) exceeds $30,000,000 in the aggregate, no later than five (5) Business Days (or such shorter period as agreed to by the Administrative Agent in its sole discretion) prior to the proposed closing date of such Acquisition, Centuri, to the extent requested by the Administrative Agent, (i) shall have delivered to the Administrative Agent promptly upon the finalization thereof copies of substantially final Permitted Acquisition Documents, which shall be in form and substance reasonably satisfactory to the Administrative Agent, and (ii) shall have delivered to, or made available for inspection by, the Administrative Agent substantially complete Permitted Acquisition Diligence Information, which shall be in form and substance reasonably satisfactory to the Administrative Agent;

(h) no Default or Event of Default shall have occurred and be continuing both before and after giving effect to such Acquisition and any Indebtedness incurred in connection therewith;

(i) Centuri shall have obtained the prior written consent of the Administrative Agent and the Required Lenders prior to the consummation of such Acquisition if either (A) the Permitted Acquisition Consideration for any such Acquisition (or series of related Acquisitions) exceeds $50,000,000 or (B) the Permitted Acquisition Consideration for such Acquisition (or series of related Acquisitions) together with all other Acquisitions consummated during the term of this Agreement exceeds $75,000,000 in the aggregate; and

(j) if the Permitted Acquisition Consideration for any such Acquisition (or series of related Acquisitions) exceeds $30,000,000 in the aggregate, Centuri shall have (i) delivered to the Administrative Agent a certificate of a Responsible Officer certifying that all of the requirements set forth above have been satisfied or waived or will be satisfied or waived on or prior to the consummation of such purchase or other Acquisition and (ii) provided such other documents and other information as may be reasonably requested by the Administrative Agent in connection with such purchase or other Acquisition.

Notwithstanding the foregoing, the NEUCO Acquisition shall constitute a Permitted Acquisition and the Permitted Acquisition Consideration related thereto shall not count towards the $75,000,000 limit set forth in clause (i) above.

"Permitted Acquisition Consideration" means the aggregate amount of the purchase price, including, but not limited to, any assumed debt, earn-outs (valued at the maximum amount payable thereunder), deferred payments, or Equity Interests of any Borrower or any Subsidiary Guarantor, net of the applicable acquired company's cash and Cash Equivalents balance (as shown on its most recent financial statements delivered in connection with the applicable Permitted Acquisition) to be paid on a singular basis in connection with any applicable Permitted Acquisition as set forth in the applicable Permitted Acquisition Documents executed by such Borrower or such Subsidiary Guarantor in order to consummate the applicable Permitted Acquisition.

"Permitted Acquisition Diligence Information" means with respect to any Acquisition proposed by any Borrower or any Subsidiary Guarantor, to the extent applicable, all material financial information, all material contracts, all material customer lists, all material supply agreements, and all other material information, in each case, reasonably requested to be delivered to the Administrative Agent in connection with such Acquisition (except to the extent that any such information is (a) subject to any confidentiality agreement, unless mutually agreeable arrangements can be made to preserve such information as confidential, (b) classified or (c) subject to any attorney-client privilege).

"Permitted Acquisition Documents" means with respect to any Acquisition proposed by any Borrower or any Subsidiary Guarantor, final copies or substantially final drafts if not executed at the required time of delivery of the purchase agreement, sale agreement, merger agreement, amalgamation agreement or other agreement evidencing such Acquisition, including, without limitation, all legal opinions and each other document executed, delivered, contemplated by or prepared in connection therewith and any amendment, modification or supplement to any of the foregoing.

"Permitted Liens" means the Liens permitted pursuant to Section 9.2.

"Person" means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

"Platform" has the meaning assigned thereto in Section 8.2.

"PPSA" means the Personal Property Security Act of Ontario or any successor statute or similar legislation of any jurisdiction the laws of which are required by such legislation to be applied in connection with the issue, perfection, enforcement, validity or effect of security interests.

"Prime Rate" means, at any time, the rate of interest per annum publicly announced from time to time by the Administrative Agent as its prime rate. Each change in the Prime Rate shall be effective as of the opening of business on the day such change in such prime rate occurs. The parties hereto acknowledge that the rate announced publicly by the Administrative Agent as its prime rate is an index or base rate and shall not necessarily be its lowest or best rate charged to its customers or other banks.

"Pro Forma Basis" means, for any period during which one or more Specified Transactions occurs, that such Specified Transaction (and all other Specified Transactions that have been consummated during the applicable period) shall be deemed to have occurred as of the first day of the applicable period of measurement and:

(a) for purposes of calculations made of the financial covenants in Section 9.13, (i) after consummation of any Specified Disposition (A) income statement items (whether positive or negative) and Capital Expenditures attributable to the Property or Person disposed of shall be excluded and (B) Indebtedness which is retired shall be excluded and deemed to have been retired as of the first day of the applicable period and (ii) after consummation of any Permitted Acquisition (A) income statement items (whether positive or negative) and Capital Expenditures attributable to the Person or Property acquired shall, to the extent not otherwise included in such income statement items for Consolidated Companies in accordance with GAAP or in accordance with any defined terms set forth in Section 1.1, be included to the extent relating to any period applicable in such calculations, and (B) to the extent not retired in connection with such Permitted Acquisition, Indebtedness of the Person or Property acquired shall be deemed to have been incurred as of the first day of the applicable period; and

(b) for purposes of calculating Consolidated EBITDA, non-recurring costs, extraordinary expenses and other pro forma adjustments (including anticipated cost savings and other synergies) attributable to such Specified Transaction shall be included to the extent that such costs, expenses or adjustments (i) are reasonably expected to be realized within twelve (12) months of such Specified Transaction as set forth in reasonable detail on a certificate of a Responsible Officer of Centuri delivered to the Administrative Agent, (ii) are calculated on a basis consistent with GAAP and are, in each case, reasonably identifiable, factually supportable, and expected to have a continuing impact on the operations of the Consolidated Companies and (iii) are either permitted as an adjustment pursuant to Article 11 of Regulation S-X under the Securities Act or represent less than five percent (5%) of Consolidated EBITDA (determined without giving effect to this clause (b) in the aggregate); provided that the foregoing costs, expenses, adjustments, cost savings and other synergies shall be without duplication of any costs, expenses or adjustments that are already included in the calculation of Consolidated EBITDA or clause (a) above.

"Property" means any right or interest in or to property of any kind whatsoever, whether real, personal or mixed and whether tangible or intangible, including, without limitation, Equity Interests.

"Public Lenders" has the meaning assigned thereto in Section 8.2.

"Qualified Equity Interests" means any Equity Interests that are not Disqualified Equity Interests.

"Recipient" means (a) the Administrative Agent, (b) any Lender and (c) any Issuing Lender, as applicable.

"Register" has the meaning assigned thereto in Section 12.9(c).

"Reimbursement Obligation" means the obligation of the Borrowers to reimburse any Issuing Lender pursuant to Section 3.5 for amounts drawn under Letters of Credit issued by such Issuing Lender.

"Related Parties" means, with respect to any Person, such Person's Affiliates and the partners, directors, officers, employees, agents, trustees, administrators, managers, advisors and representatives of such Person and of such Person's Affiliates.

"Required Lenders" means, at any time, two or more Lenders having Total Credit Exposures representing more than fifty percent (50%) of the Total Credit Exposures of all Lenders or, if the Commitments have been terminated, two or more Lenders holding more than fifty percent (50%) of the aggregate outstanding Extensions of Credit. The Total Credit Exposure of any Defaulting Lender shall be disregarded in determining Required Lenders at any time.

"Required Revolving Credit Lenders" means, at any date, any combination of two or more Revolving Credit Lenders (except if there is only one Revolving Credit Lender) holding more than fifty percent (50%) of the sum of the aggregate amount of the Revolving Credit Commitment or, if the Revolving Credit Commitment has been terminated, any combination of Revolving Credit Lenders holding more than fifty percent (50%) of the aggregate Extensions of Credit under the Revolving Credit Facility; provided that the Revolving Credit Commitment of, and the portion of the Extensions of Credit under the Revolving Credit Facility, as applicable, held or deemed held by, any Defaulting Lender shall be excluded for purposes of making a determination of Required Revolving Credit Lenders.

"Responsible Officer" means, as to any Person, the chief executive officer, president, chief financial officer, controller, treasurer or assistant treasurer of such Person or any other officer of such Person reasonably acceptable to the Administrative Agent. Any document delivered hereunder or under any other Loan Document that is signed by a Responsible Officer of a Person shall be conclusively presumed to have been authorized by all necessary corporate, partnership and/or other action on the part of such Person and such Responsible Officer shall be conclusively presumed to have acted on behalf of such Person.

"Restricted Payment" has the meaning assigned thereto in Section 9.6.

"Revaluation Date" means, with respect to any Extension of Credit, each of the following: (a) each date of a borrowing, conversion or continuation of any Loan, (b) each date of issuance of any Letter of Credit, and (c) such additional dates as the Administrative Agent shall determine or the Required Lenders shall require.

"Revolving Credit Commitment" means (a) as to any Revolving Credit Lender, the obligation of such Revolving Credit Lender to make Revolving Credit Loans to, and to purchase participations in L/C Obligations and Swingline Loans for the account of, the Borrowers hereunder in an aggregate principal amount at any time outstanding not to exceed the amount set forth opposite such Revolving Credit Lender's name on the Register, as such amount may be modified at any time or from time to time pursuant to the terms hereof (including, without limitation, Section 5.13) and (b) as to all Revolving Credit Lenders, the aggregate commitment of all Revolving Credit Lenders to make Revolving Credit Loans, as such amount may be modified at any time or from time to time pursuant to the terms hereof (including, without limitation, Section 5.13). The aggregate Revolving Credit Commitment of all the Revolving Credit Lenders on the Closing Date shall be $250,000,000. The initial Revolving Credit Commitment of each Revolving Credit Lender is set forth opposite the name of such Lender on Schedule 1.1(a).

"Revolving Credit Commitment Percentage" means, with respect to any Revolving Credit Lender at any time, the percentage of the total Revolving Credit Commitments of all the Revolving Credit Lenders represented by such Revolving Credit Lender's Revolving Credit Commitment. If the Revolving Credit Commitments have terminated or expired, the Revolving Credit Commitment Percentages shall be determined based upon the Revolving Credit Commitments most recently in effect, giving effect to any assignments. The initial Revolving Credit Commitment of each Revolving Credit Lender is set forth opposite the name of such Lender on Schedule 1.1(a).

"Revolving Credit Exposure" means, as to any Revolving Credit Lender at any time, the aggregate principal amount at such time of its outstanding Revolving Credit Loans and such Revolving Credit Lender's participation in L/C Obligations and Swingline Loans at such time.

"Revolving Credit Facility" means the revolving credit facility established pursuant to Article II (including any increase in such revolving credit facility established pursuant to Section 5.13).

"Revolving Credit Facility Increase" has the meaning assigned thereto in Section 5.13(a)(ii).

"Revolving Credit Lenders" means, collectively, all of the Lenders with a Revolving Credit Commitment. With respect to (a) each provision of this Agreement relating to the making or the repayment of any Canadian Revolving Credit Loan, (b) any rights of set-off, (c) any rights of indemnification or expense reimbursement and (d) reserves, capital adequacy or other provisions, each reference to a "Revolving Credit Lender" shall be deemed to include such Revolving Credit Lender's Applicable Designee with respect to the portion of such Revolving Credit Lender's Commitment funded by such Applicable Designee.

"Revolving Credit Loan" means, collectively, all US Revolving Credit Loans and all Canadian Revolving Credit Loans.

"Revolving Credit Maturity Date" means the earliest to occur of (a) November 7, 2022, (b) the date of termination of the entire Revolving Credit Commitment by the US Borrowers pursuant to Section 2.5, and (c) the date of termination of the Revolving Credit Commitment pursuant to Section 10.2(a).

"Revolving Credit Outstandings" means the sum of (a) with respect to Revolving Credit Loans and Swingline Loans on any date, the aggregate outstanding principal amount thereof after giving effect to any borrowings and prepayments or repayments of Revolving Credit Loans and Swingline Loans, as the case may be, occurring on such date; plus (b) with respect to any L/C Obligations on any date, the aggregate outstanding amount thereof on such date after giving effect to any Revolving Extensions of Credit occurring on such date and any other changes in the aggregate amount of the L/C Obligations as of such date, including as a result of any reimbursements of outstanding unpaid drawings under any Letters of Credit or any reductions in the maximum amount available for drawing under Letters of Credit taking effect on such date.

"Revolving Extensions of Credit" means (a) any Revolving Credit Loan then outstanding, (b) any Letter of Credit then outstanding or (c) any Swingline Loan then outstanding.

"S&P" means Standard & Poor's Financial Services LLC, a part of McGraw-Hill Financial and any successor thereto.

"Sanctioned Country" means at any time, a region, country or territory which is itself the subject or target of any Sanctions (including, as of the Closing Date, Cuba, Iran, North Korea, Sudan, Syria and Crimea).

"Sanctioned Person" means, at any time, (a) any Person listed in any Sanctions-related list of designated Persons maintained by OFAC, the U.S. Department of State, the United Nations Security Council, the European Union, any member state of the European Union, Her Majesty's Treasury of the United Kingdom, Global Affairs Canada, or other relevant sanctions authority, (b) any Person operating, organized or resident in a Sanctioned Country or (c) any Person owned or controlled by any such Person or Persons described in clauses (a) and (b).

"Sanctions" means sanctions, trade embargoes and anti-terrorism laws, including, but not limited to, those imposed, administered or enforced from time to time by the U.S. government (including those administered by OFAC or the U.S. Department of State), the United Nations Security Council, the European Union, any member state of the European Union, Her Majesty's Treasury of the United Kingdom, Global Affairs Canada, or other relevant sanctions authority.

"Secured Cash Management Agreement" means any Cash Management Agreement between or among any Credit Party and any Cash Management Bank.

"Secured Hedge Agreement" means any Hedge Agreement between or among any Credit Party and any Hedge Bank.

"Secured Obligations" means, collectively, (a) the Obligations and (b) all existing or future payment and other obligations owing by any Credit Party under (i) any Secured Hedge Agreement (other than an Excluded Swap Obligation) and (ii) any Secured Cash Management Agreement.

"Secured Parties" means, collectively, the Canadian Secured Parties and the US Secured Parties.

"Securities Act" means the Securities Act of 1933 (15 U.S.C. §§ 77 et seq.).

"Security Documents" means the collective reference to the US Collateral Agreement, Canadian Collateral Agreement, and each other agreement or writing pursuant to which any Credit Party pledges or grants a security interest in any Property or assets securing the Secured Obligations.

"Solvent" and "Solvency" mean, with respect to any Person on any date of determination, that on such date (a) the fair value of the property of such Person is greater than the total amount of liabilities, including contingent liabilities, of such Person, (b) the present fair salable value of the assets of such Person is not less than the amount that will be required to pay the probable liability of such Person on its debts as they become absolute and matured, (c) such Person does not intend to, and does not believe that it will, incur debts or liabilities beyond such Person's ability to pay such debts and liabilities as they mature, (d) such Person is not engaged in business or a transaction, and is not about to engage in business or a transaction, for which such Person's property would constitute an unreasonably small capital, and (e) such Person is able to pay its debts and liabilities, contingent obligations and other commitments as they mature in the ordinary course of business. The amount of contingent liabilities at any time shall be computed as the amount that, in the light of all the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability.

"Southwest Gas" means Southwest Gas Holdings, Inc., a California corporation.

"Specified Disposition" means any Asset Disposition (or series of related Asset Dispositions) having gross sales proceeds in excess of $7,500,000.

"Specified Transactions" means (a) any Specified Disposition consummated after the Closing Date, (b) any Permitted Acquisition consummated after the Closing Date and (c) the Transactions.

"Spot Rate" for a currency means the rate determined by the Administrative Agent to be the rate quoted by the Person acting in such capacity as the spot rate for the purchase by such Person of such currency with another currency through its principal foreign exchange trading office at approximately 11:00 a.m. on the date two (2) Business Days prior to the date as of which the foreign exchange computation is made; provided that the Administrative Agent may obtain such spot rate from another financial institution reasonably designated by the Administrative Agent if the Person acting in such capacity does not have as of the date of determination a spot buying rate for any such currency.

"Subordinated Indebtedness" means the collective reference to any Indebtedness incurred by any Consolidated Company that is subordinated in right and time of payment to the Obligations on terms and conditions satisfactory to the Administrative Agent.

"Subsidiary" means as to any Person, any corporation, partnership, limited liability company or other entity of which more than fifty percent (50%) of the outstanding Equity Interests having ordinary voting power to elect a majority of the board of directors (or equivalent governing body) or other managers of such corporation, partnership, limited liability company or other entity is at the time owned by (directly or indirectly) or the management is otherwise controlled by (directly or indirectly) such Person (irrespective of whether, at the time, Equity Interests of any other class or classes of such corporation, partnership, limited liability company or other entity shall have or might have voting power by reason of the happening of any contingency). Unless otherwise qualified, references to "Subsidiary" or "Subsidiaries" herein shall refer to those of Centuri.

"Subsidiary Guarantors" means, collectively, the US Subsidiary Guarantors and the Canadian Subsidiary Guarantors.

"Swap Obligation" means, with respect to any Credit Party, any obligation to pay or perform under any agreement, contract or transaction that constitutes a "swap" within the meaning of section 1a(47) of the Commodity Exchange Act.

"Swingline Commitment" means the lesser of (a) $20,000,000 and (b) the Revolving Credit Commitment.

"Swingline Facility" means the swingline facility established pursuant to Section 2.2.

"Swingline Lender" means (a) Wells Fargo, solely in its capacity as swingline lender with respect to US Swingline Loans and (b) CIBC, solely in its capacity as swingline lender with respect to Canadian Swingline Loans, in each case, or any successor thereto.

"Swingline Loan" means, a US Swingline Loan or a Canadian Swingline Loan, as the context requires, and "Swingline Loans" means, collectively, all US Swingline Loans and all Canadian Swingline Loans.

"Synthetic Lease" means any synthetic lease, tax retention operating lease, off-balance sheet loan or similar off-balance sheet financing product where such transaction is considered borrowed money indebtedness for tax purposes but is classified as an Operating Lease in accordance with GAAP.

"Taxes" means all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees or other charges imposed by any Governmental Authority, including any interest, fines, additions to tax or penalties applicable thereto.

"Term Loan Commitment" means (a) as to any Term Loan Lender, the obligation of such Term Loan Lender to make a portion of the Initial Term Loans and/or Incremental Term Loans, as applicable, to the account of the US Borrower or the Canadian Borrower, as applicable, hereunder on the Closing Date (in the case of the Initial Term Loans) or the applicable borrowing date (in the case of any Incremental Term Loan) in an aggregate principal amount not to exceed the amount set forth opposite such Lender's name on Schedule 1.1(a), as such amount may be increased, reduced or otherwise modified at any time or from time to time pursuant to the terms hereof and (b) as to all Term Loan Lenders, the aggregate commitment of all Term Loan Lenders to make such Initial Term Loans. The aggregate Term Loan Commitment with respect to the Initial Canadian Term Loan of all Term Loan Lenders on the Closing Date shall be C$128,090,000. The aggregate Term Loan Commitment with respect to the Initial US Term Loan of all Term Loan Lenders on the Closing Date shall be $100,000,000. The Term Loan Commitment of each Term Loan Lender as of the Closing Date is set forth opposite the name of such Term Loan Lender on Schedule 1.1(a).

"Term Loan Facility" means the term loan facility established pursuant to Article IV (including any new term loan facility established pursuant to Section 5.13).

"Term Loan Lender" means any Lender with a Term Loan Commitment and/or outstanding Term Loans, each reference to a "Term Loan Lender" shall be deemed to include such Term Loan Lender's Applicable Designee with respect to the portion of such Term Loan Lender's Term Loan Commitment funded by such Applicable Designee.

"Term Loan Maturity Date" means the first to occur of (a) November 7, 2022, and (b) the date of acceleration of the Term Loans pursuant to Section 10.2(a).

"Term Loan Percentage" means, with respect to any Term Loan Lender at any time, the percentage of the total outstanding principal balance of the Term Loans represented by the outstanding principal balance of such Term Loan Lender's Term Loans. The Term Loan Percentage of each Term Loan Lender as of the Closing Date is set forth opposite the name of such Lender on Schedule 1.1(a).

"Term Loans" means the Initial Term Loans and, if applicable, the Incremental Term Loans and "Term Loan" means any of such Term Loans.

"Termination Event" means the occurrence of any of the following which, individually or in the aggregate, has resulted or could reasonably be expected to result in liability of the US Borrowers or any of their respective Subsidiaries in an aggregate amount in excess of the Threshold Amount: (a) a "Reportable Event" described in Section 4043 of ERISA for which the thirty (30) day notice requirement has not been waived by the PBGC, or (b) the withdrawal of any Credit Party or any ERISA Affiliate from a Pension Plan during a plan year in which it was a "substantial employer" as defined in Section 4001(a)(2) of ERISA or a cessation of operations that is treated as such a withdrawal under Section 4062(e) of ERISA, or (c) the termination of a Pension Plan, the filing of a notice of intent to terminate a Pension Plan or the treatment of a Pension Plan amendment as a termination, under Section 4041 of ERISA, if the plan assets are not sufficient to pay all plan liabilities, or (d) the institution of proceedings to terminate, or the appointment of a trustee with respect to, any Pension Plan by the PBGC, or (e) any other event or condition which would constitute grounds under Section 4042(a) of ERISA for the termination of, or the appointment of a trustee to administer, any Pension Plan, or (f) the imposition of a Lien pursuant to Section 430(k) of the Code or Section 303 of ERISA, or (g) the determination that any Pension Plan or Multiemployer Plan is considered an at-risk plan or plan in endangered or critical status with the meaning of Sections 430, 431 or 432 of the Code or Sections 303, 304 or 305 of ERISA or (h) the partial or complete withdrawal of any Credit Party or any ERISA Affiliate from a Multiemployer Plan if withdrawal liability is asserted by such plan, or (i) any event or condition which results in the reorganization or insolvency of a Multiemployer Plan under Sections 4241 or 4245 of ERISA, or (j) any event or condition which results in the termination of a Multiemployer Plan under Section 4041A of ERISA or the institution by PBGC of proceedings to terminate a Multiemployer Plan under Section 4042 of ERISA, or (k) the imposition of any liability under Title IV of ERISA, other than for PBGC premiums due but not delinquent under Section 4007 of ERISA, upon any Credit Party or any ERISA Affiliate.

"Threshold Amount" means $10,000,000.

"Total Credit Exposure" means, as to any Lender at any time, the unused Commitments, Revolving Credit Exposure and outstanding Term Loans of such Lender at such time.

"Transactions" means, collectively, (a) the refinancing of Indebtedness outstanding under the Existing Credit Agreement, (b) the initial Extensions of Credit, (c) the financing of the NEUCO Acquisition and (d) the payment of the costs incurred in connection with the foregoing.

"UCC" means the Uniform Commercial Code as in effect in the State of New York.

"Uniform Customs" means the Uniform Customs and Practice for Documentary Credits (2007 Revision), effective July, 2007 International Chamber of Commerce Publication No. 600.

"United States" means the United States of America.

"US Borrowers" means, collectively, (a) NPL, (b) Centuri, (c) Meritus and (d) Vistus.

"US Cash Management Bank" means any Person that, (a) at the time it enters into a Cash Management Agreement with a US Credit Party or any US Subsidiary thereof, is a Lender, an Affiliate of a Lender, the Administrative Agent or an Affiliate of the Administrative Agent, or (b) at the time it (or its Affiliate) becomes a Lender (including on the Closing Date), is a party to a Cash Management Agreement with a US Credit Party or any US Subsidiary thereof, in each case in its capacity as a party to such Cash Management Agreement.

"US Collateral Agreement" means that certain Amended and Restated US Collateral Agreement of even date herewith executed by the US Credit Parties in favor of the Administrative Agent, for the ratable benefit of the US Secured Parties and the Canadian Secured Parties.

"US Credit Parties" means, collectively, the US Borrowers and the US Subsidiary Guarantors.

"US Credit Party Guaranty Agreement" means that certain Amended and Restated US Credit Party Guaranty Agreement of even date herewith executed by the US Credit Parties in favor of the Administrative Agent, for the ratable benefit of the US Secured Parties and the Canadian Secured Parties.

"US Hedge Bank" means any Person that, (a) at the time it enters into a Hedge Agreement with a US Credit Party or any US Subsidiary thereof permitted under Article IX, is a Lender, an Affiliate of a Lender, the Administrative Agent or an Affiliate of the Administrative Agent or (b) at the time it (or its Affiliate) becomes a Lender (including on the Closing Date), is a party to a Hedge Agreement with a US Credit Party or any US Subsidiary thereof, in each case in its capacity as a party to such Hedge Agreement.

"US L/C Obligations" means at any time, an amount equal to the sum of (a) the aggregate undrawn and unexpired amount of the then outstanding US Letters of Credit and (b) the aggregate amount of drawings under US Letters of Credit which have not then been reimbursed pursuant to Section 3.5.

"US Letters of Credit" means the collective reference to letters of credit denominated in Dollars pursuant to Section 3.1 (including any applicable Existing Letters of Credit). Notwithstanding anything to the contrary contained herein, a letter of credit issued by any Issuing Lender (other than Wells Fargo at any time it is also acting as Administrative Agent) shall not be a "US Letter of Credit" for purposes of the Loan Documents until such time as the Administrative Agent has been notified in writing of the issuance thereof by the applicable Issuing Lender.

"US Obligations" means, in each case, whether now in existence or hereafter arising: (a) the principal of and interest on (including interest accruing after the filing of any bankruptcy or similar petition) the Loans (other than the Canadian Revolving Credit Loans, the Canadian Swingline Loans, the

Initial Canadian Term Loan and, to the extent applicable, any Incremental Term Loan made to the Canadian Borrower), (b) the US L/C Obligations and (c) all other fees and commissions (including attorneys' fees), charges, indebtedness, loans, liabilities, financial accommodations, obligations, covenants and duties owing by the US Credit Parties to the Lenders, the Issuing Lenders or the Administrative Agent, in each case under any Loan Document, with respect to any Loan (other than any Canadian Revolving Credit Loan, any Canadian Swingline Loan, the Initial Canadian Term Loan and, to the extent applicable, any Incremental Term Loan made to the Canadian Borrower) or any US Letter of Credit of every kind, nature and description, direct or indirect, absolute or contingent, due or to become due, contractual or tortious, liquidated or unliquidated, and whether or not evidenced by any note and including interest and fees that accrue after the commencement by or against any Credit Party or any Affiliate thereof of any proceeding under any Debtor Relief Laws, naming such Person as the debtor in such proceeding, regardless of whether such interest and fees are allowed claims in such proceeding.

"U.S. Person" means any Person that is a "United States person" as defined in Section 7701(a)(30) of the Code.

"US Revolving Credit Loans" means any revolving loan denominated in Dollars made to the US Borrowers pursuant to Section 2.1, and all such revolving loans collectively as the context requires.

"US Revolving Credit Note" means a promissory note made by the US Borrowers in favor of a Revolving Credit Lender evidencing the Revolving Credit Loans made by such Revolving Credit Lender, substantially in the form attached as ***Exhibit A-1***, and any substitutes therefor, and any replacements, restatements, renewals or extension thereof, in whole or in part.

"US Secured Obligations" means, collectively, (a) the US Obligations and (b) all existing or future payment and other obligations owing by any US Credit Party or any US Subsidiary thereof under (i) any Secured Hedge Agreement with a US Hedge Bank and (ii) any Secured Cash Management Agreement with a US Cash Management Bank.

"US Secured Parties" means, collectively, the Administrative Agent, the Lenders, the Issuing Lenders, the US Hedge Banks, the US Cash Management Banks, each co-agent or sub-agent appointed by the Administrative Agent from time to time pursuant to Section 12.5, any other holder from time to time of any US Secured Obligations and, in each case, their respective successors and permitted assigns.

"US Subsidiary" means any Subsidiary that is organized under the laws of the United States, any State thereof or the District of Columbia.

"US Subsidiary Guarantors" means, collectively, all US Subsidiaries in existence on the Closing Date or which become parties to the US Credit Party Guaranty Agreement pursuant to Section 8.14.

"US Swingline Loan" means any swingline loan denominated in Dollars made by the applicable Swingline Lender to a US Borrower pursuant to Section 2.2, and all such swingline loans collectively as the context requires.

"US Swingline Note" means a promissory note made by the US Borrowers in favor of the applicable Swingline Lender evidencing the Swingline Loans made by the applicable Swingline Lender, substantially in the form attached as ***Exhibit A-3***, and any substitutes therefor, and any replacements, restatements, renewals or extension thereof, in whole or in part.

"U.S. Tax Compliance Certificate" has the meaning assigned thereto in Section 5.11(g).

"US Term Loan Note" means a promissory note made by the US Borrowers in favor of a Term Loan Lender evidencing the portion of the Term Loans made by such Term Loan Lender to the US Borrowers, substantially in the form attached as ***Exhibit A-5***, and any substitutes therefor, and any replacements, restatements, renewals or extensions thereof, in whole or in part.

"Vistus" means Vistus Construction Group, Inc., a Nevada corporation.

"Wells Fargo" means Wells Fargo Bank, National Association, a national banking association.

"Wholly-Owned" means, with respect to a Subsidiary, that all of the Equity Interests of such Subsidiary are, directly or indirectly, owned or controlled by Centuri and/or one or more of its Wholly-Owned Subsidiaries (except for directors' qualifying shares or other shares required by Applicable Law to be owned by a Person other than Centuri and/or one or more of its Wholly-Owned Subsidiaries).

"Withholding Agent" means any Credit Party and the Administrative Agent.

SECTION 1.2 Other Definitions and Provisions. With reference to this Agreement and each other Loan Document, unless otherwise specified herein or in such other Loan Document: (a) the definitions of terms herein shall apply equally to the singular and plural forms of the terms defined, (b) whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms, (c) the words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation", (d) the word "will" shall be construed to have the same meaning and effect as the word "shall", (e) any reference herein to any Person shall be construed to include such Person's successors and assigns, (f) the words "herein", "hereof" and "hereunder", and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (g) all references herein to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, this Agreement, (h) the words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights, (i) the term "documents" includes any and all instruments, documents, agreements, certificates, notices, reports, financial statements and other writings, however evidenced, whether in physical or electronic form and (j) in the computation of periods of time from a specified date to a later specified date, the word "from" means "from and including;" the words "to" and "until" each mean "to but excluding;" and the word "through" means "to and including".

SECTION 1.3 Accounting Terms.

(a) All accounting terms not specifically or completely defined herein shall be construed in conformity with, and all financial data (including financial ratios and other financial calculations) required to be submitted pursuant to this Agreement shall be prepared in conformity with GAAP, applied on a consistent basis, as in effect from time to time and in a manner consistent with that used in preparing the audited financial statements required by Section 8.1(a), except as otherwise specifically prescribed herein. Notwithstanding the foregoing, for purposes of determining compliance with any covenant (including the computation of any financial covenant) contained herein, Indebtedness of the Consolidated Companies shall be deemed to be carried at 100% of the outstanding principal amount thereof, and the effects of FASB ASC 825 and FASB ASC 470-20 on financial liabilities shall be disregarded.

(b) If at any time any change in GAAP would affect the computation of any financial ratio or requirement set forth in any Loan Document, and either Centuri or the Required Lenders shall so request, the Administrative Agent, the Lenders and Centuri shall negotiate in good faith to amend such ratio or requirement to preserve the original intent thereof in light of such change in GAAP (subject to the

approval of the Required Lenders); provided that, until so amended, (i) such ratio or requirement shall continue to be computed in accordance with GAAP prior to such change therein and (ii) Centuri shall provide to the Administrative Agent and the Lenders financial statements and other documents required under this Agreement or as reasonably requested hereunder setting forth a reconciliation between calculations of such ratio or requirement made before and after giving effect to such change in GAAP.

(c) Notwithstanding any other provision contained herein, all items of an accounting or financial nature used herein shall be construed, and all computations of amounts and ratios referred to herein shall be made, without giving effect to any change in GAAP occurring after the Closing Date as a result of the adoption of Accounting Standards Update No. 2016-02 – Leases (Topic 842), issued by the Financial Accounting Standards Board on February 25, 2016, or any other accounting standard updates subsequently issued by the Financial Accounting Standards Board in connection therewith, in each case if and to the extent any such change would require recognizing a lease (or similar arrangement conveying the right to use) by creating an asset and liability on the balance sheet corresponding to the right to use the asset and the obligation to pay for the right to use the asset, where such lease (or similar arrangement) was not required to be so treated under GAAP as in effect on the Closing Date.

SECTION 1.4 UCC and PPSA Terms. Terms defined in the UCC and/or the PPSA in effect on the Closing Date and not otherwise defined herein shall, unless the context otherwise indicates, have the meanings provided in the UCC and/or the PPSA, as applicable; provided that if any term is defined in both the UCC and the PPSA and not otherwise defined herein, such term shall have the meaning provided in the UCC. Subject to the foregoing, the term "UCC" and "PPSA" refers, as of any date of determination, to the UCC or PPSA then in effect.

SECTION 1.5 Rounding. Any financial ratios required to be maintained pursuant to this Agreement shall be calculated by dividing the appropriate component by the other component, carrying the result to one place more than the number of places by which such ratio or percentage is expressed herein and rounding the result up or down to the nearest number (with a rounding-up if there is no nearest number).

SECTION 1.6 References to Agreement and Laws. Unless otherwise expressly provided herein, (a) any definition or reference to formation documents, governing documents, agreements (including the Loan Documents) and other contractual documents or instruments shall be deemed to include all subsequent amendments, restatements, extensions, supplements and other modifications thereto, but only to the extent that such amendments, restatements, extensions, supplements and other modifications are not prohibited by any Loan Document; and (b) any definition or reference to any Applicable Law, including, without limitation, the Code, the Commodity Exchange Act, ERISA, the Exchange Act, the PATRIOT Act, the Securities Act, the UCC, the PPSA, the Investment Company Act, the Interstate Commerce Act, the Trading with the Enemy Act of the United States or any of the foreign assets control regulations of the United States Treasury Department, shall include all statutory and regulatory provisions consolidating, amending, replacing, supplementing or interpreting such Applicable Law.

SECTION 1.7 Times of Day. Unless otherwise specified, all references herein to times of day shall be references to Eastern time (daylight or standard, as applicable).

SECTION 1.8 Letter of Credit Amounts.

(a) Unless otherwise specified, all references herein to the amount of a Letter of Credit at any time shall be deemed to mean the maximum face amount of such Letter of Credit after giving effect to all increases thereof contemplated by such Letter of Credit or the Letter of Credit Application therefor (at the

time specified therefor in such applicable Letter of Credit or Letter of Credit Application and as such amount may be reduced by (i) any permanent reduction of such Letter of Credit or (ii) any amount which is drawn, reimbursed and no longer available under such Letter of Credit).

(b) For purposes of Articles II, III and V, the applicable outstanding amount of all Canadian Letters of Credit and Canadian L/C Obligations shall be deemed to refer to the Dollar Amount thereof.

SECTION 1.9 Guarantees/Earn-Outs. Unless otherwise specified, (a) the amount of any Guarantee shall be the lesser of the amount of the obligations guaranteed and still outstanding and the maximum amount for which the guaranteeing Person may be liable pursuant to the terms of the instrument embodying such Guarantee and (b) the amount of any earn-out or similar obligation shall be the amount of such obligation as reflected on the balance sheet of such Person in accordance with GAAP.

SECTION 1.10 Alternative Currency Matters.

(a) Covenant Compliance Generally. For purposes of determining compliance under Sections 9.1, 9.2, 9.3, 9.5 and 9.6, any amount in a currency other than Dollars will be converted to Dollars in a manner consistent with that used in calculating Consolidated Net Income in the most recent annual financial statements of the Consolidated Companies delivered pursuant to Section 8.1(a). Notwithstanding the foregoing, for purposes of determining compliance with Sections 9.1, 9.2 and 9.3, with respect to any amount of Indebtedness or Investment in a currency other than Dollars, no breach of any basket contained in such sections shall be deemed to have occurred solely as a result of changes in rates of exchange occurring after the time such Indebtedness or Investment is incurred; provided that for the avoidance of doubt, the foregoing provisions of this Section 1.10 shall otherwise apply to such Sections, including with respect to determining whether any Indebtedness or Investment may be incurred at any time under such Sections.

(b) Amount of Obligations. Unless otherwise specified, for purposes of this Agreement, any determination of the amount of any outstanding Canadian Revolving Credit Loans, Canadian Swingline Loans, Initial Canadian Term Loans, Incremental Term Loans denominated in Canadian Dollars or Canadian Obligations shall be based upon the Dollar Amount of such Canadian Revolving Credit Loans, Canadian Swingline Loans, Initial Canadian Term Loans, Incremental Term Loans denominated in Canadian Dollars or Canadian Obligations, as the case may be.

(c) Exchange Rates. The Administrative Agent shall determine the Spot Rates as of each Revaluation Date to be used for calculating Dollar Amount of any Extensions of Credit and Revolving Credit Outstandings denominated in Canadian Dollars. Such Spot Rates shall become effective as of such Revaluation Date and shall be the Spot Rates employed in converting any amounts between the applicable currencies until the next Revaluation Date to occur.

ARTICLE II

REVOLVING CREDIT FACILITY

SECTION 2.1 Revolving Credit Loans. Subject to the terms and conditions of this Agreement and the other Loan Documents, and in reliance upon the representations and warranties set forth in this Agreement and the other Loan Documents, each Revolving Credit Lender severally agrees to make (a) US Revolving Credit Loans to the US Borrowers and (b) Canadian Revolving Credit Loans to the Canadian Borrower, in each case, from time to time from the Closing Date through, but not including, the Revolving Credit Maturity Date as requested by a US Borrower or the Canadian Borrower, as applicable, in accordance with the terms of Section 2.3; provided, that, (i) the Revolving Credit

Outstandings shall not exceed the Revolving Credit Commitment, (ii) the Revolving Credit Exposure of any Revolving Credit Lender shall not at any time exceed such Revolving Credit Lender's Revolving Credit Commitment and (iii) the aggregate principal amount of all outstanding Canadian Revolving Credit Loans, Canadian Swingline Loans and Canadian Letters of Credit shall not exceed the Canadian Revolving Credit Sublimit. Each Revolving Credit Loan by a Revolving Credit Lender shall be in a principal amount equal to such Revolving Credit Lender's Revolving Credit Commitment Percentage of the aggregate principal amount of Revolving Credit Loans requested on such occasion. Subject to the terms and conditions hereof, the Borrowers may borrow, repay and reborrow Revolving Credit Loans hereunder until the Revolving Credit Maturity Date.

SECTION 2.2 Swingline Loans.

(a) Availability. Subject to the terms and conditions of this Agreement and the other Loan Documents, and in reliance upon the representations and warranties set forth in this Agreement and the other Loan Documents, (a) the US Swingline Lender may, in its sole discretion, make US Swingline Loans to the US Borrowers and (b) the Canadian Swingline Lender may, in its sole discretion, make Canadian Swingline Loans to the Canadian Borrower, in each case, from time to time from the Closing Date through, but not including, the Revolving Credit Maturity Date; provided, that (i) after giving effect to any amount requested, the Revolving Credit Outstandings shall not exceed the Revolving Credit Commitment, (ii) the aggregate principal amount of all outstanding Swingline Loans (after giving effect to any amount requested), shall not exceed the Swingline Commitment and (iii) the aggregate principal amount of all outstanding Canadian Revolving Credit Loans, Canadian Swingline Loans and Canadian Letters of Credit shall not exceed the Canadian Revolving Credit Sublimit.

(b) Refunding.

(i) Swingline Loans shall be refunded by the Revolving Credit Lenders on demand by the applicable Swingline Lender. Such refundings shall be made by the Revolving Credit Lenders in accordance with their respective Revolving Credit Commitment Percentages, in the applicable currency of the underlying Swingline Loan, and shall thereafter be reflected as Revolving Credit Loans of the Revolving Credit Lenders on the books and records of the Administrative Agent. Each Revolving Credit Lender shall fund its respective Revolving Credit Commitment Percentage of such Revolving Credit Loans as required to repay Swingline Loans outstanding to the applicable Swingline Lender upon demand by such Swingline Lender but in no event later than 1:00 p.m. on the next succeeding Business Day after such demand is made. No Revolving Credit Lender's obligation to fund its respective Revolving Credit Commitment Percentage of a Swingline Loan shall be affected by any other Revolving Credit Lender's failure to fund its Revolving Credit Commitment Percentage of a Swingline Loan, nor shall any Revolving Credit Lender's Revolving Credit Commitment Percentage be increased as a result of any such failure of any other Revolving Credit Lender to fund its Revolving Credit Commitment Percentage of a Swingline Loan.

(ii) The applicable Borrower shall pay to the applicable Swingline Lender on demand and, in any event on the Revolving Credit Maturity Date, the amount of such Swingline Loans made to such Borrower to the extent amounts received from the Revolving Credit Lenders are not sufficient to repay in full the outstanding Swingline Loans requested or required to be refunded. If not demanded by such Swingline Lender, each Canadian Swingline Loan shall be repaid by the Canadian Borrower on the date that is five (5) Business Days after such Canadian Swingline Loan is made. In addition, each Borrower hereby authorizes the Administrative Agent to charge any account maintained by such Borrower with the applicable Swingline Lender (up to the amount available therein) in order to immediately pay the applicable Swingline Lender the

amount of such Swingline Loans made to such Borrower to the extent amounts received from the Revolving Credit Lenders are not sufficient to repay in full the outstanding Swingline Loans requested or required to be refunded. If any portion of any such amount paid to the applicable Swingline Lender shall be recovered by or on behalf of any Borrower from the applicable Swingline Lender in bankruptcy or otherwise, the loss of the amount so recovered shall be ratably shared among all the Revolving Credit Lenders in accordance with their respective Revolving Credit Commitment Percentages (unless the amounts so recovered by or on behalf of such Borrower pertain to a Swingline Loan extended after the occurrence and during the continuance of an Event of Default of which the Administrative Agent has received notice in the manner required pursuant to Section 11.3 and which such Event of Default has not been waived by the Required Lenders or the Lenders, as applicable).

(iii) Each Revolving Credit Lender acknowledges and agrees that its obligation to refund Swingline Loans in accordance with the terms of this Section is absolute and unconditional and shall not be affected by any circumstance whatsoever, including, without limitation, non-satisfaction of the conditions set forth in Article VI. Further, each Revolving Credit Lender agrees and acknowledges that if prior to the refunding of any outstanding Swingline Loans pursuant to this Section, one of the events described in Section 10.1(i) or (j) shall have occurred, each Revolving Credit Lender will, on the date the applicable Revolving Credit Loan would have been made, purchase an undivided participating interest in the Swingline Loan to be refunded in an amount equal to its Revolving Credit Commitment Percentage of the aggregate amount of such Swingline Loan. Each Revolving Credit Lender will immediately transfer to the applicable Swingline Lender, in immediately available funds, the amount of its participation and upon receipt thereof such Swingline Lender will deliver to such Revolving Credit Lender a certificate evidencing such participation dated the date of receipt of such funds and for such amount. Whenever, at any time after the applicable Swingline Lender has received from any Revolving Credit Lender such Revolving Credit Lender's participating interest in a Swingline Loan, the applicable Swingline Lender receives any payment on account thereof, the applicable Swingline Lender will distribute to such Revolving Credit Lender its participating interest in such amount (appropriately adjusted, in the case of interest payments, to reflect the period of time during which such Revolving Credit Lender's participating interest was outstanding and funded).

(c) Defaulting Lenders. Notwithstanding anything to the contrary contained in this Agreement, this Section 2.2 shall be subject to the terms and conditions of Section 5.14 and Section 5.15.

SECTION 2.3 Procedure for Advances of Revolving Credit Loans and Swingline Loans.

(a) Requests for Borrowing. The applicable Borrower shall give the Administrative Agent irrevocable prior written notice substantially in the form of ***Exhibit B*** (a "Notice of Borrowing") not later than 11:00 a.m. (i) on the same Business Day as each Base Rate Loan, each US Swingline Loan and each Canadian Swingline Loan, (ii) at least one (1) Business Day before each Canadian Base Rate Loan (other than Canadian Swingline Loans), (iii) at least three (3) Business Days before each LIBOR Rate Loan and (iv) at least four (4) Business Days before each CDOR Rate Loan, of its intention to borrow, specifying (A) the date of such borrowing, which shall be a Business Day, (B) the amount of such borrowing, which shall be, (x) with respect to Base Rate Loans (other than Swingline Loans) and Canadian Revolving Credit Loans in an aggregate principal amount of $2,000,000 (or C$2,000,000) or a whole multiple of $500,000 (or C$500,000) in excess thereof, (y) with respect to LIBOR Rate Loans, in an aggregate principal amount of $2,000,000 or a whole multiple of $500,000 in excess thereof and (z) with respect to Swingline Loans in an aggregate principal amount of $500,000 (or C$500,000) or a whole multiple of $100,000 (or C$100,000) in excess thereof, (C) whether such Loan is to be a US Revolving Credit Loan,

Canadian Revolving Credit Loan, US Swingline Loan or Canadian Swingline Loan, (D) in the case of a US Revolving Credit Loan, whether the Loans are to be LIBOR Rate Loans or Base Rate Loans, (E) in the case of a Canadian Revolving Credit Loan, whether the Loans are to be CDOR Rate Loans or Canadian Base Rate Loans, and (F) in the case of a LIBOR Rate Loan or a CDOR Rate Loan, the duration of the Interest Period applicable thereto. A Notice of Borrowing received after 11:00 a.m. shall be deemed received on the next Business Day. The Administrative Agent shall promptly notify the Revolving Credit Lenders of each Notice of Borrowing.

(b) Disbursement of Revolving Credit and Swingline Loans. Not later than (i) 1:00 p.m. on the proposed borrowing date, each Revolving Credit Lender will make available to the Administrative Agent, for the account of the US Borrowers, at the office of the Administrative Agent in funds immediately available to the Administrative Agent (in Dollars), such Revolving Credit Lender's Revolving Credit Commitment Percentage of the US Revolving Credit Loans to be made on such borrowing date, (ii) 11:00 a.m. on the proposed borrowing date, each Revolving Credit Lender will make available to the Administrative Agent, for the account of the Canadian Borrower, at the office of the Administrative Agent in funds immediately available to the Administrative Agent (in Canadian Dollars), such Revolving Credit Lender's Revolving Credit Commitment Percentage of the Canadian Revolving Credit Loans to be made on such borrowing date and (iii) 1:00 p.m. on the proposed borrowing date, the applicable Swingline Lender will make available to the Administrative Agent, for the account of the applicable Borrower, at the office of the Administrative Agent in funds immediately available to the Administrative Agent (in the applicable currency), the Swingline Loans to be made on such borrowing date. Each Borrower hereby irrevocably authorizes the Administrative Agent to disburse the proceeds of each borrowing requested pursuant to this Section in immediately available funds by crediting or wiring such proceeds to the deposit account of such Borrower identified in the most recent notice substantially in the form attached as ***Exhibit C*** (a "Notice of Account Designation") delivered by such Borrower to the Administrative Agent or as may be otherwise agreed upon by such Borrower and the Administrative Agent from time to time. Subject to Section 5.7 hereof, the Administrative Agent shall not be obligated to disburse the portion of the proceeds of any Revolving Credit Loan requested pursuant to this Section to the extent that any Revolving Credit Lender has not made available to the Administrative Agent its Revolving Credit Commitment Percentage of such Loan. Revolving Credit Loans to be made for the purpose of refunding Swingline Loans shall be made by the Revolving Credit Lenders as provided in Section 2.2(b).

SECTION 2.4 Repayment and Prepayment of Revolving Credit and Swingline Loans.

(a) Repayment on Termination Date. Each Borrower hereby agrees to repay the outstanding principal amount of (i) all Revolving Credit Loans made to such Borrower in full on the Revolving Credit Maturity Date, and (ii) all Swingline Loans made to such Borrower in accordance with Section 2.2(b) (but, in any event, no later than the Revolving Credit Maturity Date), together, in each case, with all accrued but unpaid interest thereon.

(b) Mandatory Prepayments.

(i) If at any time the Revolving Credit Outstandings exceed the Revolving Credit Commitment (as a result of currency fluctuations or otherwise), each applicable Borrower agrees to repay immediately upon notice from the Administrative Agent, by payment to the Administrative Agent for the account of the Revolving Credit Lenders, Extensions of Credit in an amount equal to such excess with each such repayment applied first, to the principal amount of outstanding US Swingline Loans, second, to the principal amount of outstanding Canadian Swingline Loans, third to the principal amount of outstanding US Revolving Credit Loans, fourth, to the principal amount of outstanding Canadian Revolving Credit Loans and fifth, with

respect to any Letters of Credit then outstanding, a payment of Cash Collateral into a Cash Collateral account opened by the Administrative Agent, for the benefit of the Revolving Credit Lenders, in an amount equal to such excess (such Cash Collateral to be applied, upon the occurrence and during the continuance of an Event of Default, in accordance with Section 10.2(b)); provided that if any US Borrower is required to make a payment of Cash Collateral pursuant to the terms of this Section 2.4(b)(i) as a result of any such excess, such amount (to the extent not applied in accordance with Section 10.2(b)) shall be returned to such US Borrower within three Business Days after such excess ceases to exist.

(ii) If at any time the Canadian Revolving Credit Loans, the Canadian Swingline Loans and Canadian Letters of Credit outstanding at such time exceed the Canadian Revolving Credit Sublimit (as a result of currency fluctuations or otherwise), the Canadian Borrower agrees to repay within one (1) Business Day following receipt of notice from the Administrative Agent, by payment to the Administrative Agent for the account of the Revolving Credit Lenders, Revolving Extensions of Credit in an amount equal to such excess with each such repayment applied first, to the principal amount of outstanding Canadian Swingline Loans and second to the principal amount of outstanding Canadian Revolving Credit Loans.

(iii) If at any time Swingline Loans outstanding at such time exceed the Swingline Commitment (as a result of currency fluctuations or otherwise), the applicable Borrower or Borrowers agree to repay within one (1) Business Day following receipt of notice from the Administrative Agent, by payment to the Administrative Agent for the account of the applicable Swingline Lender, Swingline Loans in an amount equal to such excess with each such repayment applied ratably to the outstanding Swingline Loans.

(iv) If at any time Letters of Credit outstanding at such time exceed the L/C Sublimit (as a result of currency fluctuations or otherwise), the applicable Borrower or Borrowers agree to Cash Collateralize the amount of such excess (such Cash Collateral to be applied, upon the occurrence and during the continuance of an Event of Default, in accordance with Section 10.2(b)); provided that if any Borrower is required to make a payment of Cash Collateral pursuant to the terms of this Section 2.4(b)(iv) as a result of any such excess, such amount (to the extent not applied in accordance with Section 10.2(b)) shall be returned to such Borrower within three Business Days after such excess ceases to exist.

(c) Optional Prepayments. The Borrowers may at any time and from time to time prepay Revolving Credit Loans and Swingline Loans, in whole or in part, without premium or penalty, with irrevocable prior written notice to the Administrative Agent substantially in the form attached as ***Exhibit D*** (a "Notice of Prepayment") given not later than 11:00 a.m. (i) on the same Business Day as each Base Rate Loan, each Canadian Swingline Loan and each US Swingline Loan, (ii) at least one (1) Business Day before each Canadian Base Rate Loan, (iii) at least three (3) Business Days before each LIBOR Rate Loan and (iv) at least four (4) Business Days before each CDOR Rate Loan, specifying the date and amount of prepayment and whether the prepayment is of LIBOR Rate Loans, Base Rate Loans, Canadian Base Rate Loans, CDOR Rate Loans, US Swingline Loans, Canadian Swingline Loans or a combination thereof, and, if of a combination thereof, the amount allocable to each. Upon receipt of such notice, the Administrative Agent shall promptly notify each Revolving Credit Lender. If any such notice is given, the amount specified in such notice shall be due and payable on the date set forth in such notice. Partial prepayments shall be in an aggregate amount of $1,000,000 (or C$1,000,000) or a whole multiple of $500,000 (or C$500,000) in excess thereof with respect to Base Rate Loans (other than Swingline Loans) and Canadian Revolving Credit Loans, $2,000,000 or a whole multiple of $500,000 in excess thereof with respect to LIBOR Rate Loans and $100,000 (or C$100,000) or a whole multiple of $100,000 (or C$100,000) in excess thereof with respect to Swingline Loans. A Notice of Prepayment received after

11:00 a.m. shall be deemed received on the next Business Day. Each such repayment shall be accompanied by any amount required to be paid pursuant to Section 5.9 hereof. Notwithstanding the foregoing, any Notice of a Prepayment delivered in connection with any refinancing of all of the Credit Facility with the proceeds of such refinancing or of any incurrence of Indebtedness, may be, if expressly so stated to be, contingent upon the consummation of such refinancing or incurrence and may be revoked by the Borrowers in the event such refinancing is not consummated (provided that the failure of such contingency shall not relieve any Borrower from its obligations in respect thereof under Section 5.9).

(d) Prepayment of Excess Proceeds. In the event proceeds remain after the prepayments of Term Loan Facility pursuant to Section 4.4(b), the amount of such excess proceeds shall be used on the date of the required prepayment under Section 4.4(b) to prepay the outstanding principal amount of the Revolving Credit Loans, without a corresponding reduction of the Revolving Credit Commitment, with remaining proceeds, if any, refunded to the Borrowers.

(e) Limitation on Prepayment of LIBOR Rate Loans. The Borrowers may not prepay any LIBOR Rate Loan on any day other than on the last day of the Interest Period applicable thereto unless such prepayment is accompanied by any amount required to be paid pursuant to Section 5.9 hereof.

(f) Hedge Agreements. No repayment or prepayment of the Loans pursuant to this Section shall affect any of the Borrowers' obligations under any Hedge Agreement entered into with respect to the Loans.

SECTION 2.5 Permanent Reduction of the Revolving Credit Commitment.

(a) Voluntary Reduction. The Borrowers shall have the right at any time and from time to time, upon at least five (5) Business Days prior irrevocable written notice to the Administrative Agent, to permanently reduce, without premium or penalty, (i) the entire Revolving Credit Commitment at any time or (ii) portions of the Revolving Credit Commitment, from time to time, in an aggregate principal amount not less than $3,000,000 or any whole multiple of $1,000,000 in excess thereof. Any reduction of the Revolving Credit Commitment shall be applied to the Revolving Credit Commitment of each Revolving Credit Lender according to its Revolving Credit Commitment Percentage. All Commitment Fees accrued until the effective date of any termination of the Revolving Credit Commitment shall be paid on the effective date of such termination. No such reduction in the Revolving Credit Commitments shall reduce the Canadian Revolving Credit Sublimit, the Swingline Commitment or the L/C Sublimit (except as set forth in each respective definition). Notwithstanding the foregoing, any notice to reduce the Revolving Credit Commitment to zero delivered in connection with any refinancing of all of the Credit Facility with the proceeds of such refinancing or of any incurrence of Indebtedness, may be, if expressly so stated to be, contingent upon the consummation of such refinancing or incurrence and may be revoked by any Borrower in the event such refinancing is not consummated (provided that the failure of such contingency shall not relieve any Borrower from its obligations in respect thereof under Section 5.9).

(b) Corresponding Payment. Each permanent reduction permitted pursuant to this Section shall be accompanied by a payment of principal sufficient to reduce the aggregate outstanding Revolving Credit Loans, Swingline Loans and L/C Obligations, as applicable, after such reduction to the Revolving Credit Commitment as so reduced, and if the aggregate amount of all outstanding Letters of Credit exceeds the Revolving Credit Commitment as so reduced, the applicable Borrower shall be required to deposit Cash Collateral in a Cash Collateral account opened by the Administrative Agent in an amount equal to such excess. Such Cash Collateral shall be applied in accordance with Section 10.2(b). Any reduction of the Revolving Credit Commitment to zero shall be accompanied by payment of all outstanding Revolving Credit Loans and Swingline Loans (and furnishing of Cash Collateral satisfactory to the Administrative Agent for all L/C Obligations) and shall result in the termination of the Revolving

Credit Commitment and the Swingline Commitment and the Revolving Credit Facility. If the reduction of the Revolving Credit Commitment requires the repayment of any LIBOR Rate Loan, such repayment shall be accompanied by any amount required to be paid pursuant to Section 5.9 hereof.

SECTION 2.6 Termination of Revolving Credit Facility. The Revolving Credit Facility and the Revolving Credit Commitments shall terminate on the Revolving Credit Maturity Date.

ARTICLE III

LETTER OF CREDIT FACILITY

SECTION 3.1 L/C Facility.

(a) Availability. Subject to the terms and conditions hereof, each applicable Issuing Lender, in reliance on the agreements of the Revolving Credit Lenders set forth in Section 3.4(a), agrees to issue (i) standby or commercial US Letters of Credit in an aggregate amount not to exceed its L/C Commitment for the account of the US Borrowers or, subject to Section 3.10, any US Subsidiary or Affiliate thereof that is organized under the laws of the United States, any State thereof or the District of Columbia and (ii) standby or commercial Canadian Letters of Credit in an aggregate amount not to exceed its L/C Commitment for the account of the Canadian Borrower or, subject to Section 3.10, any Canadian Subsidiary or Affiliate thereof that is organized under the laws of Canada or any province or territory thereof, in each case, on any Business Day from the Closing Date through but not including the thirtieth (30th) Business Day prior to the Revolving Credit Maturity Date in such form as may be approved from time to time by the applicable Issuing Lender; provided, that no Issuing Lender shall issue any Letter of Credit if, after giving effect to such issuance, (A) the L/C Obligations would exceed the L/C Sublimit, (B) the Revolving Credit Outstandings would exceed the Revolving Credit Commitment, (C) in the case of Canadian Letters of Credit, the Canadian L/C Obligations plus the aggregate principal amount of all Canadian Swingline Loans and Canadian Revolving Credit Loans would exceed the Canadian Revolving Credit Sublimit or (D) the L/C Obligations with respect to Letters of Credit issued by such Issuing Lender would exceed such Issuing Lender's L/C Commitment. Each Letter of Credit (1) (x) to be denominated in Dollars shall, in the case of a commercial US Letter of Credit, be in a minimum amount of $100,000 and, in the case of a standby US Letter of Credit, be in a minimum amount of $100,000 (or such lesser amounts as agreed to by the applicable Issuing Lender and the Administrative Agent), and (y) to be denominated in Canadian Dollars shall, in the case of a commercial Canadian Letter of Credit, be in a minimum amount of C$100,000 and, in the case of a standby Canadian Letter of Credit, be in a minimum amount of C$100,000 (or such lesser amounts as agreed to by the applicable Issuing Lender and the Administrative Agent), (2) except as agreed to by the Administrative Agent and the applicable Issuing Lender with respect to any Existing Letter of Credit, shall expire on a date no more than twelve (12) months after the date of issuance or last renewal of such Letter of Credit (subject to automatic renewal for additional one (1) year periods pursuant to the terms of the Letter of Credit Application or other documentation acceptable to the applicable Issuing Lender), (3) shall expire no later than the fifth (5th) Business Day prior to the Revolving Credit Maturity Date (except that if agreed to by the applicable Issuing Lender and the Administrative Agent, any Existing Letter of Credit may expire after such date so long as such Existing Letter of Credit is Cash Collateralized pursuant to documentation and on terms and conditions acceptable to such Issuing Lender and the Administrative Agent no later than the date that is 91 days prior to the Revolving Credit Maturity Date), (4) with respect to each US Letter of Credit, shall be subject to the Uniform Customs, in the case of a commercial Letter of Credit, or ISP98, in the case of a standby Letter of Credit, in each case, as set forth in the Letter of Credit Application or as determined by the applicable Issuing Lender and, to the extent not inconsistent therewith, the laws of the State of New York and (5) with respect to each Canadian Letter of Credit, shall be subject to the law set forth in the Letter of Credit Application or as agreed by the applicable Issuing Lender and the Canadian Borrower.

No Issuing Lender shall at any time be obligated to issue any Letter of Credit hereunder if (A) any order, judgment or decree of any Governmental Authority or arbitrator shall by its terms purport to enjoin or restrain such Issuing Lender from issuing such Letter of Credit, or any Applicable Law applicable to such Issuing Lender or any request or directive (whether or not having the force of law) from any Governmental Authority with jurisdiction over such Issuing Lender shall prohibit, or request that such Issuing Lender refrain from, the issuance of letters of credit generally or such Letter of Credit in particular or shall impose upon such Issuing Lender with respect to letters of credit generally or such Letter of Credit in particular any restriction or reserve or capital requirement (for which such Issuing Lender is not otherwise compensated) not in effect on the Closing Date, or any unreimbursed loss, cost or expense that was not applicable, in effect as of the Closing Date and that such Issuing Lender in good faith deems material to it, (C) the conditions set forth in Section 6.2 are not satisfied or (D) the beneficiary of such Letter of Credit is a Sanctioned Person. References herein to "issue" and derivations thereof with respect to Letters of Credit shall also include extensions or modifications of any outstanding Letters of Credit, unless the context otherwise requires. As of the Closing Date, each of the Existing Letters of Credit shall constitute, for all purposes of this Agreement and the other Loan Documents, a Letter of Credit issued and outstanding hereunder.

(b) Defaulting Lenders. Notwithstanding anything to the contrary contained in this Agreement, Article III shall be subject to the terms and conditions of Section 5.14 and Section 5.15.

SECTION 3.2 Procedure for Issuance of Letters of Credit. The (a) US Borrowers may from time to time request that any Issuing Lender issue a US Letter of Credit and (b) Canadian Borrower may from time to time request that any Issuing Lender issue a Canadian Letter of Credit, in each case, by delivering to such Issuing Lender at its applicable office (with a copy to the Administrative Agent at the Administrative Agent's Office) a Letter of Credit Application therefor, completed to the satisfaction of such Issuing Lender, and such other certificates, documents and other papers and information as such Issuing Lender or the Administrative Agent may request. Upon receipt of any Letter of Credit Application, the applicable Issuing Lender shall process such Letter of Credit Application and the certificates, documents and other papers and information delivered to it in connection therewith in accordance with its customary procedures and shall, subject to Section 3.1 and Article VI, promptly issue the Letter of Credit requested thereby (but in no event shall such Issuing Lender be required to issue any Letter of Credit earlier than three (3) Business Days after its receipt of the Letter of Credit Application therefor and all such other certificates, documents and other papers and information relating thereto) by issuing the original of such Letter of Credit to the beneficiary thereof or as otherwise may be agreed by such Issuing Lender and the applicable Borrower. The applicable Issuing Lender shall promptly furnish to the applicable Borrowers and the Administrative Agent a copy of such Letter of Credit and the Administrative Agent shall promptly notify each Revolving Credit Lender of the issuance and upon request by any Lender, furnish to such Revolving Credit Lender a copy of such Letter of Credit and the amount of such Revolving Credit Lender's participation therein.

SECTION 3.3 Commissions and Other Charges.

(a) Letter of Credit Commissions. Subject to Section 5.15(a)(iii)(B), Centuri shall pay to the Administrative Agent, for the account of the applicable Issuing Lender and the L/C Participants, a letter of credit commission with respect to each Letter of Credit in the amount equal to the daily amount available to be drawn under such Letters of Credit times 50% of the Applicable Margin with respect to Revolving Credit Loans that are LIBOR Rate Loans (determined, in each case, on a per annum basis). Such commission shall be payable quarterly in arrears on the last Business Day of each calendar quarter, on the Revolving Credit Maturity Date and thereafter on demand of the Administrative Agent. The Administrative Agent shall, promptly following its receipt thereof, distribute to the applicable Issuing Lender and the L/C Participants all commissions received pursuant to this Section 3.3 in accordance with their respective Revolving Credit Commitment Percentages.

(b) Issuance Fee. In addition to the foregoing commission, the applicable Borrower shall pay directly to the applicable Issuing Lender, for its own account, an issuance fee with respect to each Letter of Credit issued by such Issuing Lender as set forth in the applicable Fee Letter executed by such Issuing Lender. Such issuance fee shall be payable quarterly in arrears on the last Business Day of each calendar quarter commencing with the first such date to occur after the issuance of such Letter of Credit, on the Revolving Credit Maturity Date and thereafter on demand of the applicable Issuing Lender. For the avoidance of doubt, such issuance fee shall be applicable to and paid upon each of the Existing Letters of Credit.

(c) Other Fees, Costs, Charges and Expenses. In addition to the foregoing fees and commissions, the Borrowers shall pay or reimburse each Issuing Lender for such normal and customary fees, costs, charges and expenses as are incurred or charged by such Issuing Lender in issuing, effecting payment under, amending or otherwise administering any Letter of Credit issued by it.

SECTION 3.4 L/C Participations.

(a) Each Issuing Lender irrevocably agrees to grant and hereby grants to each L/C Participant, and, to induce each Issuing Lender to issue Letters of Credit hereunder, each L/C Participant irrevocably agrees to accept and purchase and hereby accepts and purchases from each Issuing Lender, on the terms and conditions hereinafter stated, for such L/C Participant's own account and risk an undivided interest equal to such L/C Participant's Revolving Credit Commitment Percentage in each Issuing Lender's obligations and rights under and in respect of each Letter of Credit issued by it hereunder and the amount of each draft paid by such Issuing Lender thereunder. Each L/C Participant unconditionally and irrevocably agrees with each Issuing Lender that, if a draft is paid under any Letter of Credit issued by such Issuing Lender for which such Issuing Lender is not reimbursed in full by the Borrowers through a Revolving Credit Loan or otherwise in accordance with the terms of this Agreement, such L/C Participant shall pay to such Issuing Lender upon demand at such Issuing Lender's address for notices specified herein an amount equal to such L/C Participant's Revolving Credit Commitment Percentage of the amount of such draft, or any part thereof, which is not so reimbursed.

(b) Upon becoming aware of any amount required to be paid by any L/C Participant to any Issuing Lender pursuant to Section 3.4(a) in respect of any unreimbursed portion of any payment made by such Issuing Lender under any Letter of Credit issued by it, such Issuing Lender shall notify the Administrative Agent of such unreimbursed amount and the Administrative Agent shall notify each L/C Participant (with a copy to the applicable Issuing Lender) of the amount and due date of such required payment and such L/C Participant shall pay to the Administrative Agent (which, in turn shall pay such Issuing Lender) the amount specified on the applicable due date. If any such amount is paid to such Issuing Lender after the date such payment is due, such L/C Participant shall pay to such Issuing Lender on demand, in addition to such amount, the product of (i) such amount, times (ii) the daily average Federal Funds Rate as determined by the Administrative Agent during the period from and including the date such payment is due to the date on which such payment is immediately available to such Issuing Lender, times (iii) a fraction the numerator of which is the number of days that elapse during such period and the denominator of which is 360. A certificate of such Issuing Lender with respect to any amounts owing under this Section shall be conclusive in the absence of manifest error. With respect to payment to such Issuing Lender of the unreimbursed amounts described in this Section, if the L/C Participants receive notice that any such payment is due (A) prior to 1:00 p.m. on any Business Day, such payment shall be due that Business Day, and (B) after 1:00 p.m. on any Business Day, such payment shall be due on the following Business Day.

(c) Whenever, at any time after any Issuing Lender has made payment under any Letter of Credit issued by it and has received from any L/C Participant its Revolving Credit Commitment Percentage of such payment in accordance with this Section, such Issuing Lender receives any payment related to such Letter of Credit (whether directly from the US Borrowers or otherwise), or any payment of interest on account thereof, such Issuing Lender will distribute to such L/C Participant its pro rata share thereof; provided, that in the event that any such payment received by such Issuing Lender shall be required to be returned by such Issuing Lender, such L/C Participant shall return to such Issuing Lender the portion thereof previously distributed by such Issuing Lender to it.

SECTION 3.5 Reimbursement Obligation of the Borrowers. In the event of any drawing under any Letter of Credit, the applicable Borrower agrees to reimburse (either with the proceeds of a Revolving Credit Loan as provided for in this Section or with funds from other sources), in same day funds, the applicable Issuing Lender on each date on which such Issuing Lender notifies the applicable Borrower of the date and amount of a draft paid by it under any Letter of Credit for the amount of (a) such draft so paid and (b) any amounts referred to in Section 3.3(c) incurred by such Issuing Lender in connection with such payment. Unless the applicable Borrower shall immediately notify such Issuing Lender that such Borrower intends to reimburse such Issuing Lender for such drawing from other sources or funds, such Borrower shall be deemed to have timely given a Notice of Borrowing to the Administrative Agent requesting that the Revolving Credit Lenders make a Revolving Credit Loan bearing interest at the Base Rate on the applicable repayment date in the amount of (i) such draft so paid and (ii) any amounts referred to in Section 3.3(c) incurred by such Issuing Lender in connection with such payment, and the Revolving Credit Lenders shall make a Revolving Credit Loan bearing interest at the Base Rate in such amount, the proceeds of which shall be applied to reimburse such Issuing Lender for the amount of the related drawing and such fees and expenses. Each Revolving Credit Lender acknowledges and agrees that its obligation to fund a Revolving Credit Loan in accordance with this Section to reimburse such Issuing Lender for any draft paid under a Letter of Credit issued by it is absolute and unconditional and shall not be affected by any circumstance whatsoever, including, without limitation, non-satisfaction of the conditions set forth in Section 2.3(a) or Article VI. If a Borrower has elected to pay the amount of such drawing with funds from other sources and shall fail to reimburse such Issuing Lender as provided above, the unreimbursed amount of such drawing shall bear interest at the rate which would be payable on any outstanding Base Rate Loans which were then overdue from the date such amounts become payable (whether at stated maturity, by acceleration or otherwise) until payment in full.

SECTION 3.6 Obligations Absolute. Each Borrower's obligations under this Article III (including, without limitation, the Reimbursement Obligation) shall be absolute and unconditional under any and all circumstances and irrespective of any set off, counterclaim or defense to payment such Borrower may have or have had against the applicable Issuing Lender or any beneficiary of a Letter of Credit or any other Person. Each Borrower also agrees that the applicable Issuing Lender and the L/C Participants shall not be responsible for, and such Borrower's Reimbursement Obligation under Section 3.5 shall not be affected by, among other things, the validity or genuineness of documents or of any endorsements thereon, even though such documents shall in fact prove to be invalid, fraudulent or forged, or any dispute between or among such Borrower and any beneficiary of any Letter of Credit or any other party to which such Letter of Credit may be transferred or any claims whatsoever of such Borrower against any beneficiary of such Letter of Credit or any such transferee. No Issuing Lender shall be liable for any error, omission, interruption or delay in transmission, dispatch or delivery of any message or advice, however transmitted, in connection with any Letter of Credit issued by it, except for errors or omissions caused by such Issuing Lender's gross negligence or willful misconduct, as determined by a court of competent jurisdiction by final nonappealable judgment. Each Borrower agrees that any action taken or omitted by any Issuing Lender under or in connection with any Letter of Credit issued by it or the related drafts or documents, if done in the absence of gross negligence or willful

misconduct shall be binding on such Borrower and shall not result in any liability of such Issuing Lender or any L/C Participant to any Borrower. The responsibility of any Issuing Lender to the Borrowers in connection with any draft presented for payment under any Letter of Credit issued to it shall, in addition to any payment obligation expressly provided for in such Letter of Credit, be limited to determining that the documents (including each draft) delivered under such Letter of Credit in connection with such presentment substantially conforms to the requirements under such Letter of Credit.

SECTION 3.7 Effect of Letter of Credit Application. To the extent that any provision of any Letter of Credit Application related to any Letter of Credit is inconsistent with the provisions of this Agreement, the provisions of this Agreement shall apply and control.

SECTION 3.8 Removal and Resignation of Issuing Lenders.

(a) The Borrowers may at any time remove any Lender from its role as an Issuing Lender hereunder upon not less than thirty (30) days prior notice to such Issuing Lender and the Administrative Agent (or such shorter period of time as may be acceptable to such Issuing Lender and the Administrative Agent).

(b) Any Lender may at any time resign from its role as an Issuing Lender hereunder upon not less than thirty (30) days prior notice to Centuri and the Administrative Agent (or such shorter period of time as may be acceptable to Centuri and the Administrative Agent).

(c) Any removed or resigning Issuing Lender shall retain all the rights, powers, privileges and duties of an Issuing Lender hereunder with respect to all Letters of Credit issued by it that are outstanding as of the effective date of its removal or resignation as an Issuing Lender and all L/C Obligations with respect thereto (including, without limitation, the right to require the Revolving Credit Lenders to take such actions as are required under Section 3.4). Without limiting the foregoing, upon the removal or resignation of a Lender as an Issuing Lender hereunder, the Borrowers may, or at the request of such removed or resigned Issuing Lender the Borrowers shall, use commercially reasonable efforts to, arrange for one or more of the other Issuing Lenders to issue Letters of Credit hereunder in substitution for the Letters of Credit, if any, issued by such removed or resigned Issuing Lender and outstanding at the time of such removal or resignation, or make other arrangements satisfactory to the removed or resigned Issuing Lender to effectively cause another Issuing Lender to assume the obligations of the removed or resigned Issuing Lender with respect to any such Letters of Credit.

SECTION 3.9 Reporting of Letter of Credit Information and L/C Commitment. At any time that there is an Issuing Lender that is not also the financial institution acting as Administrative Agent, then (a) on the last Business Day of each calendar month, (b) on each date that a Letter of Credit is amended, terminated or otherwise expires, (c) on each date that a Letter of Credit is issued or the expiry date of a Letter of Credit is extended, and (d) upon the request of the Administrative Agent, each Issuing Lender (or, in the case of clauses (b), (c) or (d) of this Section, the applicable Issuing Lender) shall deliver to the Administrative Agent a report setting forth in form and detail reasonably satisfactory to the Administrative Agent information (including, without limitation, any reimbursement, Cash Collateral, or termination in respect of Letters of Credit issued by such Issuing Lender) with respect to each Letter of Credit issued by such Issuing Lender that is outstanding hereunder. In addition, each Issuing Lender shall provide notice to the Administrative Agent of its L/C Commitment, or any change thereto, promptly upon it becoming an Issuing Lender or making any change to its L/C Commitment. No failure on the part of any Issuing Lender to provide such information pursuant to this Section 3.9 shall limit the obligations of the Borrowers or any Revolving Credit Lender hereunder with respect to its reimbursement and participation obligations hereunder.

SECTION 3.10 Letters of Credit Issued for Subsidiaries. Notwithstanding that a Letter of Credit issued or outstanding hereunder is in support of any obligations of, or is for the account of, a Borrower or any Subsidiary or Affiliate thereof described in Section 3.1(a), the applicable Borrower shall be obligated to reimburse, or to cause the applicable Subsidiary or Affiliate to reimburse, the applicable Issuing Lender hereunder for any and all drawings under such Letter of Credit; provided that aggregate face amount of all Letters of Credit issued for the account of such Affiliates of the Borrowers that are not also Subsidiaries of the Borrowers shall not exceed $10,000,000 at any time outstanding. Each Borrower hereby acknowledges that the issuance of Letters of Credit for the account of any of its Subsidiaries or Affiliates inures to the benefit of such Borrower and that such Borrower's business derives substantial benefits from the businesses of such Subsidiaries and Affiliates.

ARTICLE IV

TERM LOAN FACILITY

SECTION 4.1 Initial Term Loans. Subject to the terms and conditions of this Agreement and the other Loan Documents, and in reliance upon the representations and warranties set forth in this Agreement and the other Loan Documents, each Term Loan Lender severally agrees to make (a) the Initial Canadian Term Loan to the Canadian Borrower, on the Closing Date in a principal amount equal to such Lender's Term Loan Percentage of the Initial Canadian Term Loan as of the Closing Date and (b) the Initial US Term Loan to Meritus, on the Closing Date in a principal amount equal to such Lender's Term Loan Percentage of the Initial US Term Loan as of the Closing Date.

SECTION 4.2 Procedure for Advance of Initial Term Loans. The applicable Borrower shall give the Administrative Agent an irrevocable Notice of Borrowing prior to 11:00 a.m. no later than (a) in the case of the Initial Canadian Term Loan, one (1) Business Day prior to the Closing Date requesting that the Term Loan Lenders make the Initial Canadian Term Loan as a Canadian Base Rate Loan on such date (provided that the Canadian Borrower may request, no later than four (4) Business Days prior to the Closing Date, that the Term Loan Lenders make the Initial Canadian Term Loan as a CDOR Rate Loan, as applicable, if the Canadian Borrower has delivered to the Administrative Agent a letter in form and substance reasonably satisfactory to the Administrative Agent indemnifying the Lenders in the manner set forth in Section 5.9 of this Agreement) and (b) in the case of the Initial US Term Loan, on the Closing Date requesting that the Term Loan Lenders make the Initial US Term Loan as a Base Rate Loan on such date (provided that the Centuri may request, no later than three (3) Business Days prior to the Closing Date, that the Term Loan Lenders make the Initial US Term Loan as a LIBOR Rate Loan, as applicable, if Centuri has delivered to the Administrative Agent a letter in form and substance reasonably satisfactory to the Administrative Agent indemnifying the Lenders in the manner set forth in Section 5.9 of this Agreement). Upon receipt of such Notice of Borrowing from the applicable Borrower, the Administrative Agent shall promptly notify each Term Loan Lender thereof. Not later than 1:00 p.m. on the Closing Date, each Term Loan Lender will make available to the Administrative Agent for the account of the applicable Borrower, at the Administrative Agent's Office in immediately available funds, the amount of such Initial Term Loans to be made by such Term Loan Lender on the Closing Date. The Borrowers hereby irrevocably authorize the Administrative Agent to disburse the proceeds of the Initial Term Loans in immediately available funds by wire transfer to such Person or Persons as may be designated by the applicable Borrower in writing.

SECTION 4.3 Repayment of Term Loans.

(a) Initial Term Loan.

(i) Initial Canadian Term Loan. The Canadian Borrower shall repay the aggregate outstanding principal amount of the Initial Canadian Term Loan in consecutive quarterly installments on the last Business Day of each of March, June, September and December commencing December 31, 2017 as set forth below, except as the amounts of individual installments may be adjusted pursuant to Section 4.4 hereof:

PAYMENT DATE	PRINCIPAL INSTALLMENT
December 31, 2017	C$1,601,125.00
March 31, 2018	C$1,601,125.00
June 30, 2018	C$1,601,125.00
September 30, 2018	C$1,601,125.00
December 31, 2018	C$2,401,687.50
March 31, 2019	C$2,401,687.50
June 30, 2019	C$2,401,687.50
September 30, 2019	C$2,401,687.50
December 31, 2019	C$2,401,687.50
March 31, 2020	C$2,401,687.50
June 30, 2020	C$2,401,687.50
September 30, 2020	C$2,401,687.50
December 31, 2020	C$3,202,250.00
March 31, 2021	C$3,202,250.00
June 30, 2021	C$3,202,250.00
September 30, 2021	C$3,202,250.00
December 31, 2021	C$3,202,250.00
March 31, 2022	C$3,202,250.00
June 30, 2022	C$3,202,250.00
September 30, 2022	C$3,202,250.00
Term Loan Maturity Date	Remaining Outstanding Principal Amount

(ii) Initial US Term Loan. Meritus shall repay the aggregate outstanding principal amount of the Initial US Term Loan in consecutive quarterly installments on the last Business Day of each of March, June, September and December commencing December 31, 2017 as set forth below, except as the amounts of individual installments may be adjusted pursuant to Section 4.4 hereof:

PAYMENT DATE	PRINCIPAL INSTALLMENT
December 31, 2017	$1,250,000.00
March 31, 2018	$1,250,000.00
June 30, 2018	$1,250,000.00
September 30, 2018	$1,250,000.00
December 31, 2018	$1,875,000.00
March 31, 2019	$1,875,000.00
June 30, 2019	$1,875,000.00
September 30, 2019	$1,875,000.00
December 31, 2019	$1,875,000.00
March 31, 2020	$1,875,000.00
June 30, 2020	$1,875,000.00
September 30, 2020	$1,875,000.00
December 31, 2020	$2,500,000.00
March 31, 2021	$2,500,000.00
June 30, 2021	$2,500,000.00
September 30, 2021	$2,500,000.00
December 31, 2021	$2,500,000.00
March 31, 2022	$2,500,000.00
June 30, 2022	$2,500,000.00
September 30, 2022	$2,500,000.00
Term Loan Maturity Date	Remaining Outstanding Principal Amount

(iii) If not sooner paid, each Initial Term Loan shall be paid in full, together with accrued interest thereon, on the Term Loan Maturity Date.

(b) Incremental Term Loans. The US Borrowers or the Canadian Borrower, as applicable, shall repay the aggregate outstanding principal amount of each Incremental Term Loan (if any) as determined pursuant to, and in accordance with, Section 5.13.

SECTION 4.4 Prepayments of Term Loans.

(a) Optional Prepayments. The applicable Borrower shall have the right at any time and from time to time, without premium or penalty, to prepay any of the Term Loans, in whole or in part, upon delivery to the Administrative Agent of a Notice of Prepayment not later than 11:00 a.m. (i) on the same Business Day as each Base Rate Loan, (ii) at least one (1) Business Day before each Canadian Base Rate Loan and (iii) at least three (3) Business Days before each LIBOR Rate Loan or CDOR Rate Loan, as applicable, specifying the date and amount of repayment, whether the repayment is of LIBOR Rate Loans, CDOR Rate Loans, Base Rate Loans or Canadian Base Rate Loans or a combination thereof, and if a combination thereof, the amount allocable to each and whether the repayment is of the Initial Canadian Term Loan, the Initial US Term Loan, an Incremental Term Loan or a combination thereof, and if a combination thereof, the amount allocable to each. Each optional prepayment of the Term Loans hereunder shall be in an aggregate principal amount of at least C$5,000,000 (or $5,000,000) or any whole multiple of C$1,000,000 ($1,000,000) in excess thereof and shall be applied, on a pro rata basis, to the outstanding principal installments of the Term Loans being so repaid as directed by the applicable Borrowers. Each repayment shall be accompanied by any amount required to be paid pursuant to Section 5.9 hereof. A Notice of Prepayment received after 11:00 a.m. shall be deemed received on the next Business Day. The Administrative Agent shall promptly notify the applicable Term Loan Lenders of each Notice of Prepayment. Notwithstanding the foregoing, any Notice of Prepayment delivered in connection with any refinancing of all of the Credit Facility with the proceeds of such refinancing or of any other incurrence of Indebtedness may be, if expressly so stated to be, contingent upon the consummation of such refinancing or incurrence and may be revoked by the applicable Borrower in the event such refinancing is not consummated; provided that the delay or failure of such contingency shall not relieve any Borrower from its obligations in respect thereof under Section 5.9.

(b) Mandatory Prepayments.

(i) Debt Issuances. The Borrowers shall make mandatory principal prepayments of the Loans in the manner set forth in clause (iv) below in an amount equal to one hundred percent (100%) of the aggregate Net Cash Proceeds from any Debt Issuance not otherwise permitted pursuant to Section 9.1. Such prepayment shall be made within three (3) Business Days after the date of receipt of the Net Cash Proceeds of any such Debt Issuance.

(ii) Asset Dispositions and Insurance and Condemnation Events. The Borrowers shall make mandatory principal prepayments of the Loans in the manner set forth in clause (iv) below in amounts equal to one hundred percent (100%) of the aggregate Net Cash Proceeds from (A) any Asset Disposition (other than any Asset Disposition permitted pursuant to, and in accordance with, clauses (a) through (n) of Section 9.5) or (B) any Insurance and Condemnation Event, to the extent that the aggregate amount of such Net Cash Proceeds, in the case of each of clauses (A) and (B), respectively, exceed $1,500,000 during any Fiscal Year. Such prepayments shall be made within three (3) Business Days after the date of receipt of the Net Cash Proceeds; provided that, so long as no Default or Event of Default has occurred and is continuing, no prepayment shall be required under this Section 4.4(b)(ii) with respect to such portion of such Net Cash Proceeds that Centuri shall have reinvested, or prior to such date given written notice to the Administrative Agent of its intent to reinvest in accordance with Section 4.4(b)(iii).

(iii) Reinvestment Option. With respect to any Net Cash Proceeds realized or received with respect to any Asset Disposition or any Insurance and Condemnation Event by any Credit Party of any Subsidiary thereof (in each case, to the extent not excluded pursuant to Section 4.4(b)(ii)), at the option of Centuri, the Credit Parties may reinvest all or any portion of such Net Cash Proceeds in assets used or useful for the business of the Credit Parties and their Subsidiaries within (x) twelve (12) months following receipt of such Net Cash Proceeds or (y) if such Credit Party enters into a bona fide commitment to reinvest such Net Cash Proceeds within twelve (12) months following receipt thereof, within the later of (A) twelve (12) months following receipt thereof and (B) six (6) months of the date of such commitment; provided that if any Net Cash Proceeds are no longer intended to be or cannot be so reinvested at any time after delivery of a notice of reinvestment election, an amount equal to any such Net Cash Proceeds shall be applied within three (3) Business Days after the applicable Credit Party reasonably determines that such Net Cash Proceeds are no longer intended to be or cannot be so reinvested to the prepayment of the Term Loans as set forth in this Section 4.4(b); provided further that any Net Cash Proceeds relating to Collateral shall be reinvested in assets constituting Collateral. Pending the final application of any such Net Cash Proceeds, the applicable Credit Party may invest an amount equal to such Net Cash Proceeds in any manner that is not prohibited by this Agreement.

(iv) Notice; Manner of Payment. Upon the occurrence of any event triggering the prepayment requirement under clauses (i) through and including (iii) above, the applicable Borrower shall promptly deliver a Notice of Prepayment to the Administrative Agent and upon receipt of such notice, the Administrative Agent shall promptly so notify the Lenders. Each prepayment of the Loans under this Section shall be applied as follows: first, ratably between the Initial Canadian Term Loans, Initial US Term Loans and any Incremental Term Loans to reduce on a pro rata basis (applied to reduce the remaining scheduled principal installments of the Initial Canadian Term Loans, Initial US Term Loans and any Incremental Term Loans on a pro rata basis) and (ii) second, to the extent of any excess, to repay the Revolving Credit Loans pursuant to Section 2.4(d), without a corresponding reduction in the Revolving Credit Commitment.

(v) Prepayment of LIBOR Rate Loans and CDOR Rate Loans. Each prepayment shall be accompanied by any amount required to be paid pursuant to Section 5.9; provided that, so long as no Default or Event of Default shall have occurred and be continuing, if any prepayment of LIBOR Rate Loans or CDOR Rate Loans is required to be made under this Section 4.4(b) prior to the last day of the Interest Period therefor, in lieu of making any payment pursuant to this

Section 4.4(b) in respect of any such LIBOR Rate Loan or CDOR Rate Loans prior to the last day of the Interest Period therefor, the applicable Borrower may, in its sole discretion, deposit an amount sufficient to make any such prepayment otherwise required to be made thereunder together with accrued interest to the last day of such Interest Period into an account held at, and subject to the sole control of, the Administrative Agent until the last day of such Interest Period, at which time the Administrative Agent shall be authorized (without any further action by or notice to or from the Borrowers or any other Credit Party) to apply such amount to the prepayment of such Term Loans in accordance with this Section 4.4(b). Upon the occurrence and during the continuance of any Default or Event of Default, the Administrative Agent shall also be authorized (without any further action by or notice to or from the Borrowers or any other Credit Party) to apply such amount to the prepayment of the outstanding Term Loans in accordance with the relevant provisions of this Section 4.4(b).

(vi) No Reborrowings. Amounts prepaid under the Term Loan pursuant to this Section may not be reborrowed.

ARTICLE V

GENERAL LOAN PROVISIONS

SECTION 5.1 Interest.

(a) Interest Rate Options. Subject to the provisions of this Section, at the election of the US Borrowers or the Canadian Borrower, as applicable:

(i) US Revolving Credit Loans and any Term Loans denominated in Dollars shall bear interest at (A) the Base Rate plus the Applicable Margin or (B) the LIBOR Rate plus the Applicable Margin (provided that the LIBOR Rate shall not be available until three (3) Business Days after the Closing Date unless the US Borrowers have delivered to the Administrative Agent a letter in form and substance reasonably satisfactory to the Administrative Agent indemnifying the Lenders in the manner set forth in Section 5.9 of this Agreement);

(ii) Canadian Revolving Credit Loans and Term Loans denominated in Canadian Dollars shall bear interest at (A) the Canadian Base Rate plus the Applicable Margin or (B) the CDOR Rate plus the Applicable Margin (provided that the CDOR Rate shall not be available until four (4) Business Days after the Closing Date unless the Canadian Borrower has delivered to the Administrative Agent a letter in form and substance reasonably satisfactory to the Administrative Agent indemnifying the Lenders in the manner set forth in Section 5.9 of this Agreement);

(iii) US Swingline Loans shall bear interest at the Base Rate plus the Applicable Margin; and

(iv) Canadian Swingline Loans shall bear interest at the Canadian Base Rate plus the Applicable Margin.

The US Borrowers or the Canadian Borrower, as applicable, shall select the rate of interest and Interest Period, if any, applicable to any Loan at the time a Notice of Borrowing is given or at the time a Notice of Conversion/Continuation is given pursuant to Section 5.2. Any US Revolving Credit Loan or Term Loan denominated in Dollars or any portion thereof as to which a US Borrower has not duly specified an interest rate as provided herein shall be deemed a Base Rate Loan. Any Canadian Revolving

Credit Loan or Term Loan denominated in Canadian Dollars or any portion thereof as to which the Canadian Borrower has not duly specified an interest rate as provided herein shall be deemed a Canadian Base Rate Loan. Subject to Section 5.1(b), any LIBOR Rate Loan or CDOR Rate Loan or any portion thereof as to which the applicable Borrower has not duly specified an Interest Period as provided herein shall be deemed a LIBOR Rate Loan or a CDOR Rate Loan with an Interest Period of one (1) month.

(b) Default Rate. Subject to Section 10.3, (i) immediately upon the occurrence and during the continuance of an Event of Default under Section 10.1(a), (b), (i) or (j), or (ii) at the election of the Required Lenders (or the Administrative Agent at the direction of the Required Lenders), upon the occurrence and during the continuance of any other Event of Default, (A) the Borrowers shall no longer have the option to request LIBOR Rate Loans, CDOR Loans, Swingline Loans or Letters of Credit, (B) all outstanding LIBOR Rate Loans shall bear interest at a rate per annum of two percent (2%) in excess of the rate (including the Applicable Margin) then applicable to LIBOR Rate Loans until the end of the applicable Interest Period and thereafter at a rate equal to two percent (2%) in excess of the rate (including the Applicable Margin) then applicable to Base Rate Loans, (C) all outstanding CDOR Rate Loans shall bear interest at a rate per annum of two percent (2%) in excess of the rate (including the Applicable Margin) then applicable to CDOR Rate Loans until the end of the applicable Interest Period and thereafter at a rate equal to two percent (2%) in excess of the rate (including the Applicable Margin) then applicable to Canadian Base Rate Loans, (D) all outstanding Base Rate Loans and other US Obligations arising hereunder or under any other Loan Document shall bear interest at a rate per annum equal to two percent (2%) in excess of the rate (including the Applicable Margin) then applicable to Base Rate Loans or such other US Obligations arising hereunder or under any other Loan Document, (E) all outstanding Canadian Base Rate Loans and other Canadian Obligations arising hereunder or under any other Loan Document shall bear interest at a rate per annum equal to two percent (2%) in excess of the rate (including the Applicable Margin) then applicable to Canadian Base Rate Loans or such other Canadian Obligations arising hereunder or under any other Loan Document, and (F) all accrued and unpaid interest shall be due and payable on demand of the Administrative Agent. Interest shall continue to accrue on the Obligations after the filing by or against any Borrower of any petition seeking any relief in bankruptcy or under any Debtor Relief Law.

(c) Interest Payment and Computation.

(i) Interest on (A) each Base Rate Loan and each Canadian Base Rate Loan shall be due and payable in arrears on the last Business Day of each calendar quarter commencing December 31, 2017; (B) each US Swingline Loan and each Canadian Swingline Loan shall be due and payable in arrears on the last Business Day of each calendar quarter commencing December 31, 2017; and (C) each LIBOR Rate Loan shall be due and payable on the last day of each Interest Period applicable thereto, and if such Interest Period extends over three (3) months, at the end of each three (3) month interval during such Interest Period. All computations of interest for Base Rate Loans when the Base Rate is determined by the Prime Rate, all computations of interest for Canadian Base Rate Loans and all computations of interest for CDOR Rate Loans shall be made on the basis of a year of 365 or 366 days, as applicable, and actual days elapsed. All other computations of fees and interest provided hereunder shall be made on the basis of a 360-day year and actual days elapsed (which results in more fees or interest, as applicable, being paid than if computed on the basis of a 365/366-day year).

(ii) Whenever any amount is payable under this Agreement or any other Loan Document by the Canadian Borrower as interest or as a fee which requires the calculation of an amount using a percentage per annum, each party to this Agreement acknowledges and agrees that such amount shall be calculated as of the date payment is due without application of the “deemed reinvestment principle” or the “effective yield method” (e.g., when interest is calculated and payable monthly, the rate of interest payable per month is 1/12 of the stated rate of interest per annum).

(iii) For the purposes of the *Interest Act* (Canada) and disclosure under such Act, whenever interest to be paid under this Agreement or any other Loan Document is to be calculated on the basis of a year of 365 days or any other period of time that is less than a calendar year, the yearly rate of interest to which the rate determined pursuant to such calculation is equivalent is the rate so determined multiplied by the actual number of days in the calendar year in which the same is to be ascertained and divided by either 365 or such other period of time, as the case may be.

(d) Maximum Rate.

(i) In no contingency or event whatsoever shall the aggregate of all amounts deemed interest under this Agreement charged or collected pursuant to the terms of this Agreement exceed the highest rate permissible under any Applicable Law which a court of competent jurisdiction shall, in a final determination, deem applicable hereto. In the event that such a court determines that the Lenders have charged or received interest hereunder in excess of the highest applicable rate, the rate in effect hereunder shall automatically be reduced to the maximum rate permitted by Applicable Law and the Lenders shall at the Administrative Agent's option (A) promptly refund to the applicable Borrowers any interest received by the Lenders in excess of the maximum lawful rate or (B) apply such excess to the principal balance of the US Obligations or the Canadian Obligations, as applicable. It is the intent hereof that the Borrowers not pay or contract to pay, and that neither the Administrative Agent nor any Lender receive or contract to receive, directly or indirectly in any manner whatsoever, interest in excess of that which may be paid by the applicable Borrower under Applicable Law.

(ii) If any provision of this Agreement or of any of the other Loan Documents would obligate the Canadian Borrower or any other Canadian Credit Party to make any payment of interest or other amount payable to any Lender, in an amount or calculated at a rate which would result in a receipt by such Lender of interest at a criminal rate (as such terms are construed under the Criminal Code (Canada)) then, notwithstanding such provisions, such amount or rate shall be deemed to have been adjusted with retroactive effect to the maximum amount or rate of interest, as the case may be, as would not be so prohibited by law or so result in a receipt by such Lender of interest at a criminal rate, such adjustment to be effected, to the extent necessary, as follows: (A) firstly, by reducing the amount or rate of interest required to be paid to such Lender on Canadian Revolving Credit Loans or Canadian Swingline Loans, as applicable, and (B) thereafter, by reducing any fees, commissions, premiums and other amounts required to be paid to such Lender, which would constitute "interest" for purposes of Section 347 of the Criminal Code (Canada). Any amount or rate of interest referred to in this Section 5.1 shall be determined in accordance with generally accepted actuarial practices and principles as an effective annual rate of interest over the term that the applicable Canadian Revolving Credit Loan or Canadian Swingline Loan remains outstanding on the assumption that any charges, fees or expenses that fall within the meaning of "interest" (as defined in the Criminal Code (Canada)) shall, if they relate to a specific period of time, be pro-rated over that period of time and otherwise be pro-rated over the period from the Closing Date to the date set out in clause (a) of the definition of "Revolving Credit Maturity Date" and, in the event of a dispute, a certificate of a Fellow of the Canadian Institute of Actuaries appointed by Administrative Agent shall be conclusive for the purposes of such determination.

SECTION 5.2 Notice and Manner of Conversion or Continuation of Loans. Provided that no Default or Event of Default has occurred and is then continuing:

(a) the US Borrowers shall have the option to (a) convert at any time all or any portion of any outstanding Base Rate Loans (other than US Swingline Loans) in a principal amount equal to $3,000,000 or any whole multiple of $500,000 in excess thereof into one or more LIBOR Rate Loans and (b) upon the expiration of any Interest Period, (i) convert all or any part of its outstanding LIBOR Rate Loans in a principal amount equal to $1,000,000 or a whole multiple of $100,000 in excess thereof into Base Rate Loans (other than Swingline Loans) or (ii) continue such LIBOR Rate Loans as LIBOR Rate Loans; and

(b) the Canadian Borrower shall have the option to (a) convert at any time all or any portion of any outstanding Canadian Base Rate Loans (other than Canadian Swingline Loans) in a principal amount equal to C$1,000,000 or any whole multiple of C$100,000 in excess thereof into one or more CDOR Rate Loans and (b) upon the expiration of any Interest Period for such CDOR Rate Loans, (i) convert all or any part of its outstanding CDOR Rate Loans in a principal amount equal to C$1,000,000or a whole multiple of C$100,000 in excess thereof into Canadian Base Rate Loans (other than Canadian Swingline Loans) or (ii) continue such CDOR Rate Loans as CDOR Rate Loans.

Whenever any Borrower desires to convert or continue Loans as provided above, such Borrower shall give the Administrative Agent irrevocable prior written notice in the form attached as ***Exhibit E*** (a "Notice of Conversion/Continuation") not later than 11:00 a.m. three (3) Business Days before (or four (4) Business Days before the day of a proposed conversion to or continuation of CDOR Rate Loans) the day on which a proposed conversion or continuation of such Loan is to be effective specifying (A) the Loans to be converted or continued, and, in the case of any LIBOR Rate Loan or CDOR Rate Loan to be converted or continued, the last day of the Interest Period therefor, (B) the effective date of such conversion or continuation (which shall be a Business Day), (C) the principal amount of such Loans to be converted or continued, and (D) the Interest Period to be applicable to such converted or continued LIBOR Rate Loan or CDOR Rate Loan. If the applicable Borrower fails to give a timely Notice of Conversion/Continuation prior to the end of the Interest Period for any LIBOR Rate Loan or CDOR Rate Loan, then the applicable LIBOR Rate Loan or CDOR Rate Loan shall automatically continue as a LIBOR Rate Loan or CDOR Rate Loan (in each case having the same Interest Period as the then expiring Interest Period), as applicable. Any such automatic continuation shall be effective as of the last day of the Interest Period then in effect with respect to the applicable LIBOR Rate Loan or CDOR Rate Loan. If the applicable Borrower requests a conversion to, or continuation of, LIBOR Rate Loans or CDOR Rate Loans, but fails to specify an Interest Period, it will be deemed to have specified an Interest Period of one month in the case of a conversion and an Interest Period that is the same as the then expiring Interest Period in the case of a continuation. Notwithstanding anything to the contrary herein, a Swingline Loan may not be converted to a LIBOR Rate Loan or CDOR Rate Loan. The Administrative Agent shall promptly notify the affected Lenders of such Notice of Conversion/Continuation.

SECTION 5.3 Fees.

(a) Commitment Fee. Commencing on the Closing Date, subject to Section 5.15(a)(iii)(A), the US Borrowers shall pay to the Administrative Agent, for the account of the Revolving Credit Lenders, a non-refundable commitment fee (the "Commitment Fee") at a rate per annum equal to the Applicable Margin on the average daily unused portion of the Revolving Credit Commitment of the Revolving Credit Lenders (other than the Defaulting Lenders, if any); provided, that the amount of outstanding Swingline Loans shall not be considered usage of the Revolving Credit Commitment for the purpose of calculating the Commitment Fee. The Commitment Fee shall be payable in arrears on the last Business Day of each calendar quarter during the term of this Agreement commencing December 31, 2017 and ending on the

date upon which all Obligations (other than contingent indemnification obligations not then due) arising under the Revolving Credit Facility shall have been indefeasibly and irrevocably paid and satisfied in full, all Letters of Credit have been terminated or expired (or been Cash Collateralized) and the Revolving Credit Commitment has been terminated. The Commitment Fee shall be distributed by the Administrative Agent to the Revolving Credit Lenders (other than any Defaulting Lender) pro rata in accordance with such Revolving Credit Lenders' respective Revolving Credit Commitment Percentages.

(b) Other Fees. The Borrowers shall pay to the Arrangers and the Administrative Agent for their own respective accounts fees in the amounts and at the times specified in the Engagement Letter and any Fee Letter as applicable. The Borrowers shall pay to the Lenders such fees as shall have been separately agreed upon in writing in the amounts and at the times so specified.

SECTION 5.4 Manner of Payment.

(a) Payments made by the Borrowers. Each payment by a Borrower on account of the principal of or interest on the Loans or of any fee, commission or other amounts (including the Reimbursement Obligations) payable to the Lenders under this Agreement shall be made not later than 1:00 p.m. on the date specified for payment under this Agreement to the Administrative Agent at the Administrative Agent's Office for the account of the Lenders entitled to such payment, in immediately available funds and shall be made without any set off, counterclaim or deduction whatsoever. Any payment received after such time but before 2:00 p.m. on such day shall be deemed a payment on such date for the purposes of Section 10.1, but for all other purposes shall be deemed to have been made on the next succeeding Business Day. Any payment received after 2:00 p.m. shall be deemed to have been made on the next succeeding Business Day for all purposes. Upon receipt by the Administrative Agent of each such payment, the Administrative Agent shall distribute to each such Lender at its address for notices set forth herein its Commitment Percentage in respect of the relevant Credit Facility (or other applicable share as provided herein) of such payment and shall wire advice of the amount of such credit to each Lender. Each payment to the Administrative Agent on account of the principal of or interest on the Swingline Loans or of any fee, commission or other amounts payable to the applicable Swingline Lender shall be made in like manner, but for the account of the applicable Swingline Lender. Each payment to the Administrative Agent of any Issuing Lender's fees or L/C Participants' commissions shall be made in like manner, but for the account of such Issuing Lender or the L/C Participants, as the case may be. Each payment to the Administrative Agent of Administrative Agent's fees or expenses shall be made for the account of the Administrative Agent and any amount payable to any Lender under Sections 5.9, 5.10, 5.11 or 12.3 shall be paid to the Administrative Agent for the account of the applicable Lender. Subject to the definition of Interest Period, if any payment under this Agreement shall be specified to be made upon a day which is not a Business Day, it shall be made on the next succeeding day which is a Business Day and such extension of time shall in such case be included in computing any interest if payable along with such payment.

(b) Defaulting Lenders. Notwithstanding the foregoing, if there exists a Defaulting Lender each payment by any Borrower to such Defaulting Lender hereunder shall be applied in accordance with Section 5.15(a)(ii).

SECTION 5.5 Evidence of Indebtedness.

(a) Extensions of Credit. The Extensions of Credit made by each Lender and each Issuing Lender shall be evidenced by one or more accounts or records maintained by such Lender or such Issuing Lender and by the Administrative Agent in the ordinary course of business. The accounts or records maintained by the Administrative Agent and each Lender or the applicable Issuing Lender shall be conclusive absent manifest error of the amount of the Extensions of Credit made by the Lenders or such

Issuing Lender to the applicable Borrowers and their applicable respective Subsidiaries and the interest and payments thereon. Any failure to so record or any error in doing so shall not, however, limit or otherwise affect the obligation of the Borrowers hereunder to pay any amount owing with respect to the Obligations. In the event of any conflict between the accounts and records maintained by any Lender or any Issuing Lender and the accounts and records of the Administrative Agent in respect of such matters, the accounts and records of the Administrative Agent shall control in the absence of manifest error. Upon the request of any Lender made through the Administrative Agent, the applicable Borrower shall execute and deliver to such Lender (through the Administrative Agent) a US Revolving Credit Note, Canadian Revolving Credit Note, a US Term Loan Note, a Canadian Term Loan Note, US Swingline Note and/or Canadian Swingline Note, as applicable, which shall evidence such Lender's Revolving Credit Loans, Term Loans and/or Swingline Loans, as applicable, in addition to such accounts or records. Each Lender may attach schedules to its Notes and endorse thereon the date, amount and maturity of its Loans and payments with respect thereto.

(b) Participations. In addition to the accounts and records referred to in subsection (a), each Revolving Credit Lender and the Administrative Agent shall maintain in accordance with its usual practice accounts or records evidencing the purchases and sales by such Revolving Credit Lender of participations in Letters of Credit and Swingline Loans. In the event of any conflict between the accounts and records maintained by the Administrative Agent and the accounts and records of any Revolving Credit Lender in respect of such matters, the accounts and records of the Administrative Agent shall control in the absence of manifest error.

SECTION 5.6 Sharing of Payments by Lenders. If any Lender shall, by exercising any right of setoff or counterclaim or otherwise, obtain payment in respect of any principal of or interest on any of its Loans or other obligations hereunder resulting in such Lender's receiving payment of a proportion of the aggregate amount of its Loans and accrued interest thereon or other such obligations (other than pursuant to Sections 5.9, 5.10, 5.11 or 12.3) greater than its pro rata share thereof as provided herein, then the Lender receiving such greater proportion shall (a) notify the Administrative Agent of such fact, and (b) purchase (for cash at face value) participations in the Loans and such other obligations of the other Lenders, or make such other adjustments as shall be equitable, so that the benefit of all such payments shall be shared by the Lenders ratably in accordance with the aggregate amount of principal of and accrued interest on their respective Loans and other amounts owing them; provided that:

(i) if any such participations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations shall be rescinded and the purchase price restored to the extent of such recovery, without interest, and

(ii) the provisions of this paragraph shall not be construed to apply to (A) any payment made by the Borrowers pursuant to and in accordance with the express terms of this Agreement (including the application of funds arising from the existence of a Defaulting Lender), (B) the application of Cash Collateral provided for in Section 5.14 or (C) any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Loans or participations in Swingline Loans and Letters of Credit to any assignee or participant, other than to any of the Consolidated Companies or their Affiliates (as to which this Section 5.6 shall apply).

Each Credit Party consents to the foregoing and agrees, to the extent it may effectively do so under Applicable Law, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against each Credit Party rights of setoff and counterclaim with respect to such participation as fully as if such Lender were a direct creditor of each Credit Party in the amount of such participation.

SECTION 5.7 Administrative Agent's Clawback.

(a) Funding by Lenders; Presumption by Administrative Agent. Unless the Administrative Agent shall have received notice from a Lender (i) in the case of Base Rate Loans, not later than 12:00 noon on the date of any proposed borrowing, (ii) in the case of Canadian Revolving Credit Loans, not later than 12:00 noon one (1) Business Day before the date of any proposed borrowing and (iii) otherwise, prior to the proposed date of any borrowing that such Lender will not make available to the Administrative Agent such Lender's share of such borrowing, the Administrative Agent may assume that such Lender has made such share available on such date in accordance with Sections 2.3(b) and 4.2 and may, in reliance upon such assumption, make available to the applicable Borrower a corresponding amount. In such event, if a Lender has not in fact made its share of the applicable borrowing available to the Administrative Agent, then the applicable Lender and the applicable Borrower severally agree to pay to the Administrative Agent forthwith on demand such corresponding amount with interest thereon, for each day from and including the date such amount is made available to the applicable Borrower to but excluding the date of payment to the Administrative Agent, (A) in the case of a payment to be made by such Lender, (1) with respect to any Loan denominated in Dollars, at the greater of (x) the daily average Federal Funds Rate and (y) a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation and (2) with respect to any Loan denominated in Canadian Dollars, at the greater of (x) a rate equal to the Administrative Agent's aggregate marginal cost (including the cost of maintaining any required reserves or deposit insurance and of any fees, penalties, overdraft charges or other costs or expenses incurred by the Administrative Agent as a result of the failure to deliver funds hereunder) of carrying such amount and (y) a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation and (B) in the case of a payment to be made by such Borrower, (1) with respect to any Loan denominated in Dollars, the Base Rate and (2) with respect to any Loan denominated in Canadian Dollars, the Canadian Base Rate. If the applicable Borrower and such Lender shall pay such interest to the Administrative Agent for the same or an overlapping period, the Administrative Agent shall promptly remit to such Borrower the amount of such interest paid by such Borrower for such period. If such Lender pays its share of the applicable borrowing to the Administrative Agent, then the amount so paid shall constitute such Lender's Loan included in such borrowing. Any payment by any Borrower shall be without prejudice to any claim such Borrower may have against a Lender that shall have failed to make such payment to the Administrative Agent.

(b) Payments by the Borrowers; Presumptions by Administrative Agent. Unless the Administrative Agent shall have received notice from the applicable Borrower prior to the date on which any payment is due to the Administrative Agent for the account of the Lenders, any Issuing Lender or any Swingline Lender hereunder that the applicable Borrower will not make such payment, the Administrative Agent may assume that such Borrower has made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to the Lenders, such Issuing Lender or such Swingline Lender, as the case may be, the amount due. In such event, if the applicable Borrower has not in fact made such payment, then each of the Lenders, each Issuing Lender or each Swingline Lender, as the case maybe, severally agrees to repay to the Administrative Agent forthwith on demand the amount so distributed to such Lender, Issuing Lender or Swingline Lender, with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Administrative Agent, (i) with respect to any Extension of Credit (other than any Canadian Revolving Credit Loan, an Initial Canadian Term Loan, any Canadian Swingline Loan and, to the extent applicable, any Incremental Term Loan made to the Canadian Borrower), at the greater of the Federal Funds Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation and (ii) with respect to any Canadian Revolving Credit Loan, an Initial Canadian Term Loan, any Canadian Swingline Loan and, to the extent applicable, any Incremental Term Loan made to the Canadian Borrower, at a rate equal to the Administrative Agent's aggregate marginal cost (including the cost of maintaining any required reserves or deposit insurance and of any fees, penalties, overdraft charges or other costs or expenses incurred by the Administrative Agent as a result of the failure to deliver funds hereunder) of carrying such amount.

(c) Nature of Obligations of Lenders Regarding Extensions of Credit. The obligations of the Lenders under this Agreement to make the Loans and issue or participate in Letters of Credit and to make payments under this Section, Section 5.11(e), Section 12.3(c) or Section 12.7, as applicable, are several and are not joint or joint and several. The failure of any Lender to make available its Commitment Percentage of any Loan requested by any Borrower shall not relieve it or any other Lender of its obligation, if any, hereunder to make its Commitment Percentage of such Loan available on the borrowing date, but no Lender shall be responsible for the failure of any other Lender to make its Commitment Percentage of such Loan available on the borrowing date.

SECTION 5.8 Changed Circumstances.

(a) Circumstances Affecting LIBOR Rate or CDOR Rate Availability. Unless and until a Replacement Rate is established in accordance with clause (c) below, in connection with any request for (x) a LIBOR Rate Loan (or a Base Rate Loan as to which the interest rate is determined with reference to LIBOR or a conversion to or continuation thereof) or (y) a CDOR Rate Loan (or a Canadian Base Rate Loan as to which the interest rate is determined with reference to the CDOR Rate or a conversion thereof) or otherwise, if for any reason

(i) with respect to a proposed LIBOR Rate Loan, the Administrative Agent shall determine (which determination shall be conclusive and binding absent manifest error) that Dollar deposits are not being offered to banks in the London interbank Eurodollar market for the applicable amount and Interest Period of such Loan,

(ii) the Administrative Agent shall determine (which determination shall be conclusive and binding absent manifest error) that reasonable and adequate means do not exist for ascertaining (A) the LIBOR Rate for such Interest Period with respect to a proposed LIBOR Rate Loan (or any Base Rate Loan as to which the interest rate is determined with reference to LIBOR) or (B) the CDOR Rate for such Interest Period with respect to a proposed CDOR Rate Loan (or any Canadian Base Rate Loan as to which the interest rate is determined with reference to the CDOR Rate), or

(iii) the Required Lenders shall determine (which determination shall be conclusive and binding absent manifest error) that the LIBOR Rate or CDOR Rate, as applicable, does not adequately and fairly reflect the cost to such Lenders of making or maintaining such Loans during such Interest Period,

then the Administrative Agent shall promptly give notice thereof to Centuri. Thereafter, until the Administrative Agent notifies Centuri that such circumstances no longer exist, the obligation of the Lenders to make LIBOR Rate Loans (or Base Rate Loans as to which the interest rate is determined with reference to LIBOR) or CDOR Rate Loans (or Canadian Base Rate Loans as to which the interest rate is determined with reference to CDOR), as applicable, and the right of any Borrower to convert any Loan to or continue any Loan as a LIBOR Rate Loan (or a Base Rate Loan as to which the interest rate is determined with reference to LIBOR) or a CDOR Rate Loan (or Canadian Base Rate Loan as to which the interest rate is determined with reference to CDOR), as applicable, shall be suspended, and (i) in the case of LIBOR Rate Loans, the applicable Borrower shall either (A) repay in full (or cause to be repaid in full) the then outstanding principal amount of each such LIBOR Rate Loan made to it together with accrued interest thereon (subject to Section 5.1(d)), on the last day of the then current Interest Period applicable to such LIBOR Rate Loan; or (B) convert the then outstanding principal amount of each such

LIBOR Rate Loan made to it to a Base Rate Loan as to which the interest rate is not determined by reference to LIBOR as of the last day of such Interest Period; (ii) in the case of Base Rate Loans as to which the interest rate is determined by reference to LIBOR, the US Borrowers shall convert the then outstanding principal amount of each such Loan to a Base Rate Loan as to which the interest rate is not determined by reference to LIBOR as of the last day of such Interest Period; or (iii) in the case of CDOR Rate Loans (or Canadian Base Rate Loans as to which the interest rate is determined by reference to the CDOR Rate), the Canadian Borrower shall convert the then outstanding principal amount of each such Loan to a Canadian Base Rate Loan as to which the interest rate is not determined by reference to the CDOR Rate.

(b) Laws Affecting LIBOR Rate or CDOR Rate Availability. If, after the date hereof, the introduction of, or any change in, any Applicable Law or any change in the interpretation or administration thereof by any Governmental Authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by any of the Lenders (or any of their respective Lending Offices) with any request or directive (whether or not having the force of law) of any such Governmental Authority, central bank or comparable agency, shall make it unlawful or impossible for any of the Lenders (or any of their respective Lending Offices) to honor its obligations hereunder to make or maintain (x) any LIBOR Rate Loan (or any Base Rate Loan as to which the interest rate is determined by reference to LIBOR) or (y) any CDOR Rate Loan (or any Canadian Base Rate Loan as to which the interest rate is determined by reference to the CDOR Rate), such Lender shall promptly give notice thereof to the Administrative Agent and the Administrative Agent shall promptly give notice to Centuri and the other Lenders. Thereafter, until the Administrative Agent notifies Centuri that such circumstances no longer exist:

(i) the obligations of the Lenders to make LIBOR Rate Loans (or Base Rate Loans as to which the interest rate is determined by reference to LIBOR) or CDOR Rate Loans (or Canadian Base Rate Loans as to which the interest rate is determined by reference to the CDOR Rate), as applicable, and the right of the Borrowers to convert any Loan to a LIBOR Rate Loan or continue any Loan as a LIBOR Rate Loan (or a Base Rate Loan as to which the interest rate is determined by reference to LIBOR), or to convert any Loan to a CDOR Rate Loan (or any Canadian Base Rate Loan as to which the interest rate is determined by reference to the CDOR Rate), shall be suspended and thereafter the applicable Borrower may select only Base Rate Loans and Canadian Base Rate Loans, as applicable, as to which the interest rate is not determined by reference to LIBOR or CDOR hereunder,

(ii) all Base Rate Loans shall cease to be determined by reference to LIBOR and/or all Canadian Base Rate Loans shall cease to be determined by reference to CDOR, as applicable, and

(iii) if any of the Lenders may not lawfully continue to maintain a LIBOR Rate Loan to the end of the then current Interest Period applicable thereto, the applicable Loan shall immediately be converted to a Base Rate Loan as to which the interest rate is not determined by reference to LIBOR for the remainder of such Interest Period. Each Lender agrees to designate a different Lending Office or assign its rights and obligations hereunder to another of its officers, branches or affiliates if such designation or assignment will avoid the need for such notice and will not, in the good faith judgment of such Lender, otherwise be materially disadvantageous to such Lender. Each Borrower hereby agrees to pay all reasonable costs and expenses incurred by such Lender in connection with any such designation or assignment.

(c) Alternative Rate of Interest. If (i) the Administrative Agent has made the determination described in Section 5.8(a)(i) or (a)(ii), (ii) the Administrative Agent has determined (such determination

to be conclusive absent manifest error) that any applicable interest rate specified herein is no longer a widely recognized benchmark rate for newly originated loans in the U.S. or Canadian syndicated loan market or (iii) the applicable supervisor or administrator (if any) of any applicable interest rate specified herein or any Governmental Authority having or purporting to have jurisdiction over the Administrative Agent has made a public statement identifying a specific date after which any applicable interest rate specified herein shall no longer be used for determining interest rates for loans in the U.S. or Canadian syndicated loan market in the applicable currency, then the Administrative Agent may, to the extent practicable (in consultation with Centuri and as determined by the Administrative Agent to be generally in accordance with similar situations in other transactions in which it is serving as administrative agent or otherwise consistent with market practice), establish a replacement interest rate (the "Replacement Rate"), in which case, the Replacement Rate shall, subject to the next two sentences, replace such applicable interest rate for all purposes under the Loan Documents unless and until (A) if applicable, the Administrative Agent revokes the notice delivered with respect to the affected LIBOR Rate Loans under Section 5.8(a)(i) or (a)(ii), (B) an event described in Section 5.8(a)(i), (a)(ii), (c)(i), (c)(ii) or (c)(iii) occurs with respect to the Replacement Rate or (C) the Administrative Agent (or the Required Lenders through the Administrative Agent) notifies Centuri that the Replacement Rate does not adequately and fairly reflect the cost to the Lenders of funding the Loans bearing interest at the Replacement Rate. In connection with the establishment and application of the Replacement Rate, this Agreement and the other Loan Documents shall be amended solely with the consent of the Administrative Agent and Centuri, as may be necessary or appropriate, in the opinion of the Administrative Agent, to effect the provisions of this Section 5.8(c). Notwithstanding anything to the contrary in this Agreement or the other Loan Documents (including, without limitation, Section 12.2), such amendment shall become effective without any further action or consent of any other party to this Agreement so long as the Administrative Agent shall not have received, within five (5) Business Days of the delivery of such amendment to the Lenders, a written notice signed by Lenders constituting Required Lenders stating that such Lenders object to such amendment (which such notice shall note with specificity the particular provisions of the amendment to which such Lenders object). To the extent the Replacement Rate is established by the Administrative Agent in connection with this clause (c), the Replacement Rate shall be applied in a manner consistent with market practice; provided that, in each case, to the extent such market practice is not administratively feasible for the Administrative Agent, such Replacement Rate shall be applied as otherwise reasonably determined by the Administrative Agent (it being understood that any such modification by the Administrative Agent shall not require the consent of, or consultation with, any of the Lenders).

(d) Illegality. Subject to Section 5.12, if, in any applicable jurisdiction, the Administrative Agent, any Issuer Lender or any Lender or its Applicable Designee determines that any Applicable Law has made it unlawful, or that any Governmental Authority has asserted that it is unlawful, for the Administrative Agent, any Issuer Lender, any Lender or any Applicable Designee to (i) perform any of its obligations hereunder or under any other Loan Document, (ii) to fund or maintain its participation in any Loan or (iii) issue, make, maintain, fund or charge interest or fees with respect to any Extension of Credit to any Borrower that is a Foreign Subsidiary such Person shall promptly notify the Administrative Agent, then, upon the Administrative Agent notifying Centuri, and until such notice by such Person is revoked, any obligation of such Person to issue, make, maintain, fund or charge interest or fees with respect to any such Extension of Credit shall be suspended, and to the extent required by Applicable Law, cancelled. Upon receipt of such notice, the Credit Parties shall, (A) repay that Person's participation in the Loans or other applicable Obligations on the last day of the Interest Period for each Loan or other Obligation occurring after the Administrative Agent has notified Centuri or, if earlier, the date specified by such Person in the notice delivered to the Administrative Agent (being no earlier than the last day of any applicable grace period permitted by Applicable Law) and (B) take all reasonable actions requested by such Person to mitigate or avoid such illegality.

SECTION 5.9 Indemnity. Each Borrower hereby indemnifies each of the Lenders against any loss or expense (including any loss or expense arising from the liquidation or reemployment of funds obtained by it to maintain a LIBOR Rate Loan or a CDOR Rate Loan or from fees payable to terminate the deposits from which such funds were obtained) which may arise or be attributable to each Lender's obtaining, liquidating or employing deposits or other funds acquired to effect, fund or maintain any Loan (a) as a consequence of any failure by such Borrower to make any payment when due of any amount due hereunder in connection with a LIBOR Rate Loan or a CDOR Rate Loan, (b) due to any failure of such Borrower to borrow, continue or convert on a date specified therefor in a Notice of Borrowing or Notice of Conversion/Continuation or (c) due to any payment, prepayment or conversion of any LIBOR Rate Loan or any CDOR Rate Loan on a date other than the last day of the Interest Period therefor. The amount of such loss or expense shall be determined, in the applicable Lender's sole discretion, based upon the assumption that such Lender funded its Commitment Percentage of the LIBOR Rate Loans in the London interbank market or the CDOR Rate Loans in the Canadian bankers' acceptance market, as applicable, and using any reasonable attribution or averaging methods which such Lender deems appropriate and practical. A certificate of such Lender setting forth the basis for determining such amount or amounts necessary to compensate such Lender shall be forwarded to the applicable Borrower through the Administrative Agent and shall be conclusively presumed to be correct save for manifest error. The applicable Borrower shall pay such Lender the amount shown as due on any such certificate within ten (10) days after receipt thereof.

SECTION 5.10 Increased Costs.

(a) Increased Costs Generally. If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit, compulsory loan, insurance charge or similar requirement against assets of, deposits with or for the account of, or advances, loans or other credit extended or participated in by, any Lender (except any reserve requirement reflected in the LIBOR Rate) or any Issuing Lender;

(ii) subject any Recipient to any Taxes (other than (A) Indemnified Taxes, (B) Taxes described in clauses (b) through (e) of the definition of Excluded Taxes and (C) Connection Income Taxes) on its loans, loan principal, letters of credit, commitments, or other obligations, or its deposits, reserves, other liabilities or capital attributable thereto; or

(iii) impose on any Lender or any Issuing Lender or the London interbank market any other condition, cost or expense (other than Taxes) affecting this Agreement or Loans made by such Lender or any Letter of Credit or participation therein;

and the result of any of the foregoing shall be to increase the cost to such Lender, the Issuing Lender or such other Recipient of making, converting to, continuing or maintaining any Loan (or of maintaining its obligation to make any such Loan), or to increase the cost to such Lender, such Issuing Lender or such other Recipient of participating in, issuing or maintaining any Letter of Credit (or of maintaining its obligation to participate in or to issue any Letter of Credit), or to reduce the amount of any sum received or receivable by such Lender, such Issuing Lender or such other Recipient hereunder (whether of principal, interest or any other amount) then, upon written request of such Lender, such Issuing Lender or other Recipient, the Borrowers shall promptly pay to any such Lender, such Issuing Lender or other Recipient, as the case may be, such additional amount or amounts as will compensate such Lender, such Issuing Lender or other Recipient, as the case may be, for such additional costs incurred or reduction suffered.

(b) Capital Requirements. If any Lender or any Issuing Lender determines that any Change in Law affecting such Lender or such Issuing Lender or any Lending Office of such Lender or such Lender's or such Issuing Lender's holding company, if any, regarding capital or liquidity requirements, has or would have the effect of reducing the rate of return on such Lender's or such Issuing Lender's capital or on the capital of such Lender's or such Issuing Lender's holding company, if any, as a consequence of this Agreement, the Revolving Credit Commitment of such Lender or the Loans made by, or participations in Letters of Credit or Swingline Loans held by, such Lender, or the Letters of Credit issued by such Issuing Lender, to a level below that which such Lender or such Issuing Lender or such Lender's or such Issuing Lender's holding company could have achieved but for such Change in Law (taking into consideration such Lender's or such Issuing Lender's policies and the policies of such Lender's or such Issuing Lender's holding company with respect to capital adequacy or liquidity), then from time to time upon written request of such Lender or such Issuing Lender the Borrowers shall promptly pay to such Lender or such Issuing Lender, as the case may be, such additional amount or amounts as will compensate such Lender or such Issuing Lender or such Lender's or such Issuing Lender's holding company for any such reduction suffered.

(c) Certificates for Reimbursement. A certificate of a Lender, or an Issuing Lender or such other Recipient setting forth the amount or amounts necessary to compensate such Lender or such Issuing Lender, such other Recipient or any of their respective holding companies, as the case may be, as specified in paragraph (a) or (b) of this Section and delivered to the Borrowers, shall be conclusive absent manifest error. The Borrowers shall pay such Lender or such Issuing Lender or such other Recipient, as the case may be, the amount shown as due on any such certificate within ten (10) days after receipt thereof.

(d) Delay in Requests. Failure or delay on the part of any Lender or any Issuing Lender or such other Recipient to demand compensation pursuant to this Section shall not constitute a waiver of such Lender's or such Issuing Lender's or such other Recipient's right to demand such compensation; provided that the Borrowers shall not be required to compensate any Lender or an Issuing Lender or any other Recipient pursuant to this Section for any increased costs incurred or reductions suffered more than six (6) months prior to the date that such Lender or such Issuing Lender or such other Recipient, as the case may be, notifies the Borrowers of the Change in Law giving rise to such increased costs or reductions, and of such Lender's or such Issuing Lender's or such other Recipient's intention to claim compensation therefor (except that if the Change in Law giving rise to such increased costs or reductions is retroactive, then the nine-month period referred to above shall be extended to include the period of retroactive effect thereof).

SECTION 5.11 Taxes.

(a) Defined Terms. For purposes of this Section 5.11, the term "Lender" includes any Issuing Lender and the term "Applicable Law" includes FATCA.

(b) Payments Free of Taxes. Any and all payments by or on account of any obligation of any Credit Party under any Loan Document shall be made without deduction or withholding for any Taxes, except as required by Applicable Law. If any Applicable Law (as determined in the good faith discretion of an applicable Withholding Agent) requires the deduction or withholding of any Tax from any such payment by a Withholding Agent, then the applicable Withholding Agent shall be entitled to make such deduction or withholding and shall timely pay the full amount deducted or withheld to the relevant Governmental Authority in accordance with Applicable Law and, if such Tax is an Indemnified Tax, then the sum payable by the applicable Credit Party shall be increased as necessary so that, after such deduction or withholding has been made (including such deductions and withholdings applicable to additional sums payable under this Section), the applicable Recipient receives an amount equal to the sum it would have received had no such deduction or withholding been made.

(c) Payment of Other Taxes by the Credit Parties. The Credit Parties shall timely pay to the relevant Governmental Authority in accordance with Applicable Law, or at the option of the Administrative Agent timely reimburse it for the payment of, any Other Taxes.

(d) Indemnification by the Credit Parties. With respect to any Indemnified Taxes arising from US Obligations, the US Credit Parties shall jointly and severally indemnify each Recipient, within ten (10) days after written demand therefor, for the full amount of any such Indemnified Taxes (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under this Section) payable or paid by such Recipient or required to be withheld or deducted from a payment to such Recipient and any reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. With respect to any Indemnified Taxes arising from Canadian Obligations, the Credit Parties shall jointly and severally indemnify each Recipient, within ten (10) days after written demand therefor, for the full amount of any such Indemnified Taxes (including Indemnified Taxes imposed on or asserted on or attributable to amounts payable under this Section) payable or paid by such Recipient or required to be withheld or deducted from a payment to such Recipient and any reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to the Borrowers by a Recipient (with a copy to the Administrative Agent), or by the Administrative Agent on its own behalf or on behalf of a Recipient, shall be conclusive absent manifest error.

(e) Indemnification by the Lenders. Each Lender shall severally indemnify the Administrative Agent, within ten (10) days after demand therefor, for (i) any Indemnified Taxes attributable to such Lender (but only to the extent that any Credit Party has not already indemnified the Administrative Agent for such Indemnified Taxes and without limiting the obligation of the Credit Parties to do so), (ii) any Taxes attributable to such Lender's failure to comply with the provisions of Section 12.9(d) relating to the maintenance of a Participant Register and (iii) any Excluded Taxes attributable to such Lender, in each case, that are payable or paid by the Administrative Agent in connection with any Loan Document, and any reasonable expenses arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to any Lender by the Administrative Agent shall be conclusive absent manifest error. Each Lender hereby authorizes the Administrative Agent to set off and apply any and all amounts at any time owing to such Lender under any Loan Document or otherwise payable by the Administrative Agent to the Lender from any other source against any amount due to the Administrative Agent under this paragraph (e).

(f) Evidence of Payments. As soon as practicable after any payment of Taxes by any Credit Party to a Governmental Authority pursuant to this Section 5.11, such Credit Party shall deliver to the Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent.

(g) Status of Lenders.

(i) Any Lender that is entitled to an exemption from or reduction of withholding Tax with respect to payments made under any Loan Document shall deliver to Centuri and the Administrative Agent, at the time or times reasonably requested by Centuri or the Administrative Agent, such properly completed and executed documentation reasonably requested by Centuri or

the Administrative Agent as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Lender, if reasonably requested by Centuri or the Administrative Agent, shall deliver such other documentation prescribed by Applicable Law or reasonably requested by Centuri or the Administrative Agent as will enable Centuri or the Administrative Agent to determine whether or not such Lender is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation (other than such documentation set forth in Section 5.11(g)(ii)(A), (ii)(B) and (ii)(D) below) shall not be required if in the Lender's reasonable judgment such completion, execution or submission would subject such Lender to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Lender.

(ii) Without limiting the generality of the foregoing:

(A) Any Lender that is a U.S. Person shall deliver to Centuri and the Administrative Agent on or prior to the date on which such Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of Centuri or the Administrative Agent), executed originals of IRS Form W-9 (or any successor form) certifying that such Lender is exempt from United States federal backup withholding tax;

(B) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to Centuri and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of Centuri or the Administrative Agent), whichever of the following is applicable:

(1) in the case of a Foreign Lender claiming the benefits of an income tax treaty to which the United States is a party (x) with respect to payments of interest under any Loan Document, executed copies of IRS Form W-8BEN (or any successor form) or W-8BEN-E (or any successor form), as applicable, establishing an exemption from, or reduction of, United States federal withholding Tax pursuant to the "interest" article of such tax treaty and (y) with respect to any other applicable payments under any Loan Document, IRS Form W-8BEN (or any successor form) or W-8BEN-E (or any successor form), as applicable, establishing an exemption from, or reduction of, United States federal withholding Tax pursuant to the "business profits" or "other income" article of such tax treaty;

(2) executed copies of IRS Form W-8ECI (or any successor form);

(3) in the case of a Foreign Lender claiming the benefits of the exemption for portfolio interest under Section 881(c) of the Code, (x) a certificate substantially in the form of ***Exhibit H-1*** to the effect that such Foreign Lender is not a "bank" within the meaning of Section 881(c)(3)(A) of the Code, a "10 percent shareholder" of a US Borrower within the meaning of Section 881(c)(3)(B) of the Code, or a "controlled foreign corporation" described in Section 881(c)(3)(C) of the Code (a "U.S. Tax Compliance Certificate") and (y) executed copies of IRS Form W-8BEN (or any successor form) or W-8BEN-E (or any successor form), as applicable; or

(4) to the extent a Foreign Lender is not the beneficial owner, executed copies of IRS Form W-8IMY (or any successor form), accompanied by IRS Form W-8ECI (or any successor form), IRS Form W-8BEN (or any successor form) or W-8BEN-E (or any successor form), a U.S. Tax Compliance Certificate substantially in the form of ***Exhibit H-2*** or ***Exhibit H-3***, IRS Form W-9, and/or other certification documents from each beneficial owner, as applicable; provided that if the Foreign Lender is a partnership and one or more direct or indirect partners of such Foreign Lender are claiming the portfolio interest exemption, such Foreign Lender may provide a U.S. Tax Compliance Certificate substantially in the form of ***Exhibit H-4*** on behalf of each such direct and indirect partner;

(C) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to Centuri and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of Centuri or the Administrative Agent), executed copies of any other form prescribed by Applicable Law as a basis for claiming exemption from or a reduction in United States federal withholding Tax, duly completed, together with such supplementary documentation as may be prescribed by Applicable Law to permit the US Borrowers or the Administrative Agent to determine the withholding or deduction required to be made; and

(D) if a payment made to a Lender under any Loan Document would be subject to United States federal withholding Tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Lender shall deliver to Centuri and the Administrative Agent at the time or times prescribed by law and at such time or times reasonably requested by Centuri or the Administrative Agent such documentation prescribed by Applicable Law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by Centuri or the Administrative Agent as may be necessary for the US Borrowers and the Administrative Agent to comply with their obligations under FATCA and to determine that such Lender has complied with such Lender's obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this clause (D), "FATCA" shall include any amendments made to FATCA after the date of this Agreement.

Each Lender agrees that (x) it shall promptly notify Centuri and the Administrative Agent of any change in circumstances which would modify or render invalid any claimed exemption or reduction to withholding and (y) if any form or certification it previously delivered expires or becomes obsolete or inaccurate in any respect, it shall update such form or certification or promptly notify Centuri and the Administrative Agent in writing of its legal inability to do so; provided that no such updating or notification is required to be made on account of any Canadian withholding tax if no form or certification has been previously delivered for Canadian withholding tax purposes.

(h) Treatment of Certain Refunds. If any party determines, in its sole discretion exercised in good faith, that it has received a refund of any Taxes as to which it has been indemnified pursuant to this Section 5.11 (including by the payment of additional amounts pursuant to this Section 5.11), it shall pay to the indemnifying party an amount equal to such refund (but only to the extent of indemnity payments made under this Section with respect to the Taxes giving rise to such refund), net of all out-of-pocket

expenses (including Taxes) of such indemnified party and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund). Such indemnifying party, upon the request of such indemnified party, shall repay to such indemnified party the amount paid over pursuant to this paragraph (h) (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) in the event that such indemnified party is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this paragraph (h), in no event will the indemnified party be required to pay any amount to an indemnifying party pursuant to this paragraph (h) the payment of which would place the indemnified party in a less favorable net after-Tax position than the indemnified party would have been in if the Tax subject to indemnification and giving rise to such refund had not been deducted, withheld or otherwise imposed and the indemnification payments or additional amounts with respect to such Tax had never been paid. This paragraph shall not be construed to require any indemnified party to make available its Tax returns (or any other information relating to its Taxes that it deems confidential) to the indemnifying party or any other Person.

(i) Survival. Each party's obligations under this Section 5.11 shall survive the resignation or replacement of the Administrative Agent or any assignment of rights by, or the replacement of, a Lender, the termination of the Commitments and the repayment, satisfaction or discharge of all obligations under any Loan Document.

SECTION 5.12 Mitigation Obligations; Replacement of Lenders.

(a) Designation of a Different Lending Office. If any Lender requests compensation under Section 5.10, or requires any Borrower to pay any Indemnified Taxes or additional amounts to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 5.11, or determines that it is unable to fulfill its obligations hereunder due to illegality pursuant to Section 5.8(d), then such Lender shall, at the request of the Borrowers, use reasonable efforts to designate a different Lending Office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the judgment of such Lender, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 5.10 or Section 5.11 or avoid illegality under Section 5.8(d), as the case may be, in the future and (ii) would not subject such Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender. Each Borrower hereby agrees to pay all reasonable costs and expenses incurred by any Lender in connection with any such designation or assignment.

(b) Replacement of Lenders. If any Lender requests compensation under Section 5.10, or if the Borrowers are required to pay any Indemnified Taxes or additional amounts to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 5.11, or any Lender determines that it is unable to fulfill its obligations hereunder due to illegality pursuant to Section 5.8(d) and, in each case, such Lender has declined or is unable to designate a different Lending Office in accordance with Section 5.12(a), or if any Lender is a Defaulting Lender or a Non-Consenting Lender, then the Borrowers may, at their sole expense and effort, upon notice to such Lender and the Administrative Agent, require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in, and consents required by, Section 12.9), all of its interests, rights (other than its existing rights to payments pursuant to Section 5.10 or Section 5.11) and obligations under this Agreement and the related Loan Documents to an Eligible Assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment); provided that:

(i) the Borrowers shall have paid to the Administrative Agent the assignment fee (if any) specified in Section 12.9;

(ii) such Lender shall have received payment of an amount equal to the outstanding principal of its Loans and funded participations in Letters of Credit and Swingline Loans, accrued interest thereon, accrued fees and all other amounts payable to it hereunder and under the other Loan Documents (including any amounts under Section 5.9) from the assignee (to the extent of such outstanding principal and accrued interest and fees) or the Borrowers (in the case of all other amounts);

(iii) in the case of any such assignment resulting from a claim for compensation under Section 5.10 or payments required to be made pursuant to Section 5.11, such assignment will result in a reduction in such compensation or payments thereafter;

(iv) such assignment does not conflict with Applicable Law; and

(v) in the case of any assignment resulting from a Lender becoming a Non-Consenting Lender, the applicable assignee shall have consented to the applicable amendment, waiver or consent.

A Lender shall not be required to make any such assignment or delegation if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling the Borrowers to require such assignment and delegation cease to apply.

SECTION 5.13 Incremental Loans.

(a) Request for Increase. At any time after the Closing Date, upon written notice to the Administrative Agent, the US Borrowers, or the Canadian Borrower, as applicable, may, from time to time, request (i) one or more incremental term loans, including a borrowing of an additional term loan, the principal amount of which will be added to the tranche of Term Loan with the latest maturity date (an "Incremental Term Loan") or (ii) one or more increases in the Revolving Credit Commitments (a "Revolving Credit Facility Increase" and, together with the initial principal amount of the Incremental Term Loans, the "Incremental Increases"); provided that (A) the aggregate principal amount for all such Incremental Increases shall not exceed $200,000,000 and (B) any such request for an increase shall be in a minimum amount of $5,000,000 (or C$5,000,000) for any Incremental Term Loan and $5,000,000 for any Revolving Credit Facility Increase or, if less, the remaining amount permitted pursuant to the foregoing clause (A). Incremental Term Loans may be made to the US Borrowers in Dollars or to the Canadian Borrower in Canadian Dollars.

(b) Incremental Lenders. Each notice from the applicable Borrower pursuant to this Section shall set forth the requested amount, currency and proposed terms of the relevant Incremental Increase. Incremental Increases may be provided by any existing Lender or by any other Persons (an "Incremental Lender"); provided that the Administrative Agent, each Issuing Lender and/or each Swingline Lender, as applicable, shall have consented (not to be unreasonably withheld, conditioned or delayed) to such Incremental Lender's providing such Incremental Increases to the extent any such consent would be required under Section 12.9(b) for an assignment of Loans or Revolving Credit Commitments, as applicable, to such Incremental Lender. At the time of sending such notice, the applicable Borrower (in consultation with the Administrative Agent) shall specify the time period within which each Incremental Lender is requested to respond, which shall in no event be less than ten (10) Business Days from the date of delivery of such notice to the proposed Incremental Lenders (or such shorter period as may be approved by the Administrative Agent). Each proposed Incremental Lender may elect or decline, in its sole discretion, and shall notify the Administrative Agent within such time period whether it agrees, to provide an Incremental Increase and, if so, whether by an amount equal to, greater than or less than requested. Any Person not responding within such time period shall be deemed to have declined to provide an Incremental Increase.

(c) Increase Effective Date and Allocations. The Administrative Agent and the applicable Borrower shall determine the effective date (the "Increase Effective Date") and the final allocation of such Incremental Increase (limited in the case of the Incremental Lenders to their own respective allocations thereof). The Administrative Agent shall promptly notify the applicable Borrower and the Incremental Lenders of the final allocation of such Incremental Increases and the Increase Effective Date.

(d) Conditions to Effectiveness of Increase. Any Incremental Increase shall become effective as of such Increase Effective Date; provided that:

(i) no Default or Event of Default shall exist on such Increase Effective Date immediately prior to or after giving effect to (A) such Incremental Increase or (B) the making of any Extensions of Credit pursuant thereto;

(ii) the Administrative Agent shall have received from Centuri, an Officer's Compliance Certificate demonstrating that the Consolidated Companies are in pro forma compliance with the financial covenants set forth in Section 9.13 (based on the financial statements most recently delivered pursuant to Section 8.1) after giving effect to such Incremental Increase (assuming that the entire applicable Incremental Term Loan and/or Revolving Credit Facility Increase is fully funded on the effective date thereof) and the use of proceeds thereof;

(iii) each such Incremental Increase shall be effected pursuant to an amendment (an "Incremental Amendment") to this Agreement and, as appropriate, the other Loan Documents, executed by the Credit Parties, the Administrative Agent and the applicable Incremental Lenders, which Incremental Amendment may, without the consent of any other Lenders, effect such amendments to this Agreement and the other Loan Documents as may be necessary or appropriate, in the reasonable opinion of the Administrative Agent, to effect the provisions of this Section 5.13;

(iv) in the case of each Incremental Term Loan (the terms of which shall be set forth in the relevant Incremental Amendment):

(A) such Incremental Term Loan will mature and amortize in a manner reasonably acceptable to the Incremental Lenders making such Incremental Term Loan and the applicable Borrower, but will not in any event have a shorter weighted average life to maturity than the remaining weighted average life to maturity of the Initial Term Loan or a maturity date earlier than the Term Loan Maturity Date;

(B) the Applicable Margin and pricing grid, if applicable, for such Incremental Term Loan shall be determined by the applicable Incremental Lenders and the applicable Borrower on the applicable Increase Effective Date and shall be reasonably acceptable to the Administrative Agent; and

(C) except as provided above, all other terms and conditions applicable to any Incremental Term Loan borrowed by the Canadian Borrower shall be consistent with the terms and conditions applicable to the Initial Canadian Term Loan and all other terms and conditions applicable to any Incremental Term Loan borrowed by the US Borrower shall be consistent with the terms and conditions of the Initial US Term Loans;

(v) in the case of each Revolving Credit Facility Increase (the terms of which shall be set forth in the relevant Incremental Amendment):

(A) Revolving Credit Loans made with respect to the Revolving Credit Facility Increase shall mature on the Revolving Credit Maturity Date and shall bear interest at the rate applicable to the Revolving Credit Loans;

(B) the outstanding Revolving Credit Loans and Revolving Credit Commitment Percentages of Swingline Loans and L/C Obligations will be reallocated by the Administrative Agent on the applicable Increase Effective Date among the Revolving Credit Lenders (including the Incremental Lenders providing such Revolving Credit Facility Increase) in accordance with their revised Revolving Credit Commitment Percentages (and the Revolving Credit Lenders (including the Incremental Lenders providing such Revolving Credit Facility Increase) agree to make all payments and adjustments necessary to effect such reallocation and the applicable Borrower shall pay any and all costs required pursuant to Section 5.9 in connection with such reallocation as if such reallocation were a repayment); and

(C) except as provided above, all of the other terms and conditions applicable to such Revolving Credit Facility Increase shall, except to the extent otherwise provided in this Section 5.13, be identical to the terms and conditions applicable to the Revolving Credit Facility;

(vi) each Incremental Increase shall constitute US Obligations of the US Borrower or Canadian Obligations of the Canadian Borrower, as applicable, and shall be secured and guaranteed with the other Extensions of Credit on a pari passu basis; and

(vii) any Incremental Lender with a Revolving Credit Facility Increase shall be entitled to the same voting rights as the existing Revolving Credit Lenders under the Revolving Credit Facility and any Extensions of Credit made in connection with each Revolving Credit Facility Increase shall receive proceeds of prepayments on the same basis as the other Revolving Credit Loans made hereunder.

(e) Conflicting Provisions. This Section shall supersede any provisions in Section 5.6 or 12.2 to the contrary.

SECTION 5.14 Cash Collateral. At any time that there shall exist a Defaulting Lender, within one Business Day following the written request of the Administrative Agent, any Issuing Lender (with a copy to the Administrative Agent) or any Swingline Lender (with a copy to the Administrative Agent), the Borrowers shall Cash Collateralize the Fronting Exposure of such Issuing Lender and/or such Swingline Lender, as applicable, with respect to such Defaulting Lender (determined after giving effect to Section 5.15(a)(iv) and any Cash Collateral provided by such Defaulting Lender) in an amount not less than the Minimum Collateral Amount.

(a) Grant of Security Interest. Each Borrower, and to the extent provided by any Defaulting Lender, such Defaulting Lender, hereby grants to the Administrative Agent, for the benefit of each Issuing Lender and each Swingline Lender, and agrees to maintain, a first priority security interest in all such Cash Collateral as security for the Defaulting Lender's obligation to fund participations in respect of L/C Obligations and Swingline Loans, to be applied pursuant to subsection (b) below. If at any time the Administrative Agent determines that Cash Collateral is subject to any right or claim of any Person other than the Administrative Agent, each Issuing Lender and each Swingline Lender as herein provided (other

than Permitted Liens in favor of a depository bank), or that the total amount of such Cash Collateral is less than the Minimum Collateral Amount, the Borrowers will, promptly upon demand by the Administrative Agent, pay or provide to the Administrative Agent additional Cash Collateral in an amount sufficient to eliminate such deficiency (after giving effect to any Cash Collateral provided by the Defaulting Lender).

(b) Application. Notwithstanding anything to the contrary contained in this Agreement or any other Loan Document, Cash Collateral provided under this Section 5.14 or Section 5.15 in respect of Letters of Credit and Swingline Loans shall be applied to the satisfaction of the Defaulting Lender's obligation to fund participations in respect of L/C Obligations and Swingline Loans (including, as to Cash Collateral provided by a Defaulting Lender, any interest accrued on such obligation) for which the Cash Collateral was so provided, prior to any other application of such property as may otherwise be provided for herein.

(c) Termination of Requirement. Cash Collateral (or the appropriate portion thereof) provided to reduce the Fronting Exposure of any Issuing Lender and/or any Swingline Lender, as applicable, shall no longer be required to be held as Cash Collateral pursuant to this Section 5.14 following (i) the elimination of the applicable Fronting Exposure (including by the termination of Defaulting Lender status of the applicable Lender), or (ii) the determination by the Administrative Agent, the Issuing Lenders and the Swingline Lenders that there exists excess Cash Collateral; provided that, subject to Section 5.15, the Person providing Cash Collateral, the Issuing Lenders and the Swingline Lenders may agree that Cash Collateral shall be held to support future anticipated Fronting Exposure or other obligations.

SECTION 5.15 Defaulting Lenders.

(a) Defaulting Lender Adjustments. Notwithstanding anything to the contrary contained in this Agreement, if any Lender becomes a Defaulting Lender, then, until such time as such Lender is no longer a Defaulting Lender, to the extent permitted by Applicable Law:

(i) Waivers and Amendments. Such Defaulting Lender's right to approve or disapprove any amendment, waiver or consent with respect to this Agreement shall be restricted as set forth in the definition of Required Lenders and Section 12.2.

(ii) Defaulting Lender Waterfall. Any payment of principal, interest, fees or other amounts received by the Administrative Agent for the account of such Defaulting Lender (whether voluntary or mandatory, at maturity, pursuant to Article X or otherwise) or received by the Administrative Agent from a Defaulting Lender pursuant to Section 12.4 shall be applied at such time or times as may be determined by the Administrative Agent as follows: *first*, to the payment of any amounts owing by such Defaulting Lender to the Administrative Agent hereunder; *second*, to the payment on a pro rata basis of any amounts owing by such Defaulting Lender to the Issuing Lenders or the Swingline Lenders hereunder; *third*, to Cash Collateralize the Fronting Exposure of the Issuing Lenders and the Swingline Lenders with respect to such Defaulting Lender in accordance with Section 5.14; *fourth*, as the Borrowers may request (so long as no Default or Event of Default exists), to the funding of any Loan or funded participation in respect of which such Defaulting Lender has failed to fund its portion thereof as required by this Agreement, as determined by the Administrative Agent; *fifth*, if so determined by the Administrative Agent and the Borrowers, to be held in a deposit account and released pro rata in order to (A) satisfy such Defaulting Lender's potential future funding obligations with respect to Loans and funded participations under this Agreement and (B) Cash Collateralize the Issuing Lenders' future Fronting Exposure with respect to such Defaulting Lender with respect to future

Letters of Credit and Swingline Loans issued under this Agreement, in accordance with Section 5.14; *sixth*, to the payment of any amounts owing to the Lenders, the Issuing Lenders or the Swingline Lenders as a result of any judgment of a court of competent jurisdiction obtained by any Lender, any Issuing Lender or any Swingline Lender against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement; *seventh*, so long as no Default or Event of Default exists, to the payment of any amounts owing to any Borrower as a result of any judgment of a court of competent jurisdiction obtained by such Borrower against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement; and *eighth*, to such Defaulting Lender or as otherwise directed by a court of competent jurisdiction; provided that if (1) such payment is a payment of the principal amount of any Loans or funded participations in Letters of Credit or Swingline Loans in respect of which such Defaulting Lender has not fully funded its appropriate share, and (2) such Loans were made or the related Letters of Credit or Swingline Loans were issued at a time when the conditions set forth in Section 6.2 were satisfied or waived, such payment shall be applied solely to pay the Loans of, and funded participations in Letters of Credit or Swingline Loans owed to, all Non-Defaulting Lenders on a pro rata basis prior to being applied to the payment of any Loans of, or funded participations in Letters of Credit or Swingline Loans owed to, such Defaulting Lender until such time as all Loans and funded and unfunded participations in L/C Obligations and Swingline Loans are held by the Lenders pro rata in accordance with the Revolving Credit Commitments under the applicable Revolving Credit Facility without giving effect to Section 5.15(a)(iv). Any payments, prepayments or other amounts paid or payable to a Defaulting Lender that are applied (or held) to pay amounts owed by a Defaulting Lender or to post Cash Collateral pursuant to this Section 5.15(a)(ii) shall be deemed paid to and redirected by such Defaulting Lender, and each Lender irrevocably consents hereto.

(iii) Certain Fees.

(A) No Defaulting Lender shall be entitled to receive any Commitment Fee for any period during which that Lender is a Defaulting Lender (and the Borrowers shall not be required to pay any such fee that otherwise would have been required to have been paid to that Defaulting Lender).

(B) Each Defaulting Lender shall be entitled to receive letter of credit commissions pursuant to Section 3.3 for any period during which that Lender is a Defaulting Lender only to the extent allocable to its Revolving Credit Commitment Percentage of the stated amount of Letters of Credit for which it has provided Cash Collateral pursuant to Section 5.14.

(C) With respect to any Commitment Fee or letter of credit commission not required to be paid to any Defaulting Lender pursuant to clause (A) or (B) above, the Borrowers shall (1) pay to each Non-Defaulting Lender that portion of any such fee otherwise payable to such Defaulting Lender with respect to such Defaulting Lender's participation in L/C Obligations or Swingline Loans that has been reallocated to such Non-Defaulting Lender pursuant to clause (iv) below, (2) pay to each applicable Issuing Lender and Swingline Lender, as applicable, the amount of any such fee otherwise payable to such Defaulting Lender to the extent allocable to such Issuing Lender's or Swingline Lender's Fronting Exposure to such Defaulting Lender, and (3) not be required to pay the remaining amount of any such fee.

(iv) Reallocation of Participations to Reduce Fronting Exposure. All or any part of such Defaulting Lender's participation in L/C Obligations and Swingline Loans shall be

reallocated among the Non-Defaulting Lenders in accordance with their respective Revolving Credit Commitment Percentages (calculated without regard to such Defaulting Lender's Revolving Credit Commitment) but only to the extent that (x) the conditions set forth in Section 6.2 are satisfied at the time of such reallocation (and, unless the Borrowers shall have otherwise notified the Administrative Agent at such time, the Borrowers shall be deemed to have represented and warranted that such conditions are satisfied at such time), and (y) such reallocation does not cause the aggregate Revolving Credit Exposure of any Non-Defaulting Lender to exceed such Non-Defaulting Lender's Revolving Credit Commitment. No reallocation hereunder shall constitute a waiver or release of any claim of any party hereunder against a Defaulting Lender arising from that Lender having become a Defaulting Lender, including any claim of a Non-Defaulting Lender as a result of such Non-Defaulting Lender's increased exposure following such reallocation.

(v) Cash Collateral, Repayment of Swingline Loans. If the reallocation described in clause (iv) above cannot, or can only partially, be effected, the Borrowers shall, without prejudice to any right or remedy available to it hereunder or under law, (x) first, repay Swingline Loans in an amount equal to the Swingline Lenders' Fronting Exposure and (y) second, Cash Collateralize the Issuing Lenders' Fronting Exposure in accordance with the procedures set forth in Section 5.14.

(b) Defaulting Lender Cure. If the Borrowers, the Administrative Agent, the Issuing Lenders and the Swingline Lenders agree in writing that a Lender is no longer a Defaulting Lender, the Administrative Agent will so notify the parties hereto, whereupon as of the effective date specified in such notice and subject to any conditions set forth therein (which may include arrangements with respect to any Cash Collateral), such Lender will, to the extent applicable, purchase at par that portion of outstanding Loans of the other Lenders or take such other actions as the Administrative Agent may determine to be necessary to cause the Loans and funded and unfunded participations in Letters of Credit and Swingline Loans to be held pro rata by the Lenders in accordance with the Commitments under the applicable Credit Facility (without giving effect to Section 5.15(a)(iv)), whereupon such Lender will cease to be a Defaulting Lender; provided that no adjustments will be made retroactively with respect to fees accrued or payments made by or on behalf of the Borrowers while that Lender was a Defaulting Lender; and provided, further, that except to the extent otherwise expressly agreed by the affected parties, no change hereunder from Defaulting Lender to Lender will constitute a waiver or release of any claim of any party hereunder arising from that Lender's having been a Defaulting Lender.

SECTION 5.16 Centuri as Agent for the Borrowers. Each Borrower hereby irrevocably appoints and authorizes Centuri (a) to provide the Administrative Agent with all notices with respect to Loans obtained for the benefit of such Borrower and all other notices and instructions under this Agreement, (b) to take such action on behalf of such Borrower as Centuri deems appropriate on its behalf to such Borrower Loans or Letters of Credit and to exercise such other powers as are reasonably incidental thereto to carry out the purposes of this Agreement and (c) to act as its agent for service of process and notices required to be delivered under this Agreement or the other Loan Documents, it being understood and agreed that receipt by Centuri of any summons, notice or other similar item shall be deemed effective receipt by the Consolidated Companies.

ARTICLE VI

CONDITIONS OF CLOSING AND BORROWING

SECTION 6.1 Conditions to Closing and Initial Extensions of Credit. The obligation of the Lenders to close this Agreement and to make the initial Loans or issue or participate in the initial Letter of Credit, if any, is subject to the satisfaction of each of the following conditions:

(a) Executed Loan Documents. This Agreement, a US Revolving Credit Note and a Canadian Revolving Credit Note in favor of each Revolving Credit Lender requesting a US Revolving Credit Note and a Canadian Revolving Credit Note, a US Term Loan Note and a Canadian Term Loan Note in favor of each Term Loan Lender requesting a Term Loan Note, a US Swingline Note in favor of the US Swingline Lender and a Canadian Swingline Note in favor of the Canadian Swingline Lender (in each case, if requested thereby), the Security Documents and the Guaranty Agreements, together with any other applicable Loan Documents, shall have been duly authorized, executed and delivered to the Administrative Agent by the parties thereto, shall be in full force and effect and no Default or Event of Default shall exist hereunder or thereunder.

(b) Closing Certificates; Etc. The Administrative Agent shall have received each of the following in form and substance reasonably satisfactory to the Administrative Agent:

(i) Officer's Certificate. A certificate from a Responsible Officer of Centuri to the effect that (A) all representations and warranties of the Credit Parties contained in this Agreement and the other Loan Documents are true, correct and complete in all material respects (except to the extent any such representation and warranty is qualified by materiality or reference to Material Adverse Effect, in which case, such representation and warranty shall be true, correct and complete in all respects); (B) none of the Credit Parties is in violation of any of the covenants contained in this Agreement and the other Loan Documents; (C) after giving effect to the Transactions, no Default or Event of Default has occurred and is continuing; (D) the condition set forth in Section 6.1(g)(iv) is satisfied; (E) attached thereto is a true and correct copy of the NEUCO Purchase Agreement as in effect on the Closing Date; and (F) each of the Credit Parties, as applicable, has satisfied each of the conditions set forth in Section 6.1 and Section 6.2.

(ii) Officer's Certificate of each Credit Party. A certificate of a Responsible Officer of each Credit Party certifying as to the incumbency and genuineness of the signature of each officer of such Credit Party executing Loan Documents to which it is a party and certifying that attached thereto is a true, correct and complete copy of (A) the articles or certificate of incorporation or formation (or equivalent), as applicable, of such Credit Party and all amendments thereto, and in the case of the US Credit Parties only, certified as of a recent date by the appropriate Governmental Authority in its jurisdiction of incorporation, organization or formation (or equivalent), as applicable, (B) the bylaws or other governing document of such Credit Party as in effect on the Closing Date, (C) resolutions duly adopted by the board of directors (or other governing body) of such Credit Party authorizing and approving the transactions contemplated hereunder and the execution, delivery and performance of this Agreement and the other Loan Documents to which it is a party, and (D) with respect to the US Credit Parties only, each certificate required to be delivered pursuant to Section 6.1(b)(iii).

(iii) Certificates of Good Standing. Certificates as of a recent date of the good standing of each US Credit Party under the laws of its jurisdiction of incorporation, organization or formation (or equivalent), as applicable.

(iv) Opinions of Counsel. Opinions of counsel to the Credit Parties addressed to the Administrative Agent and the Lenders with respect to the Credit Parties, the Loan Documents and such other matters as the Administrative Agent shall reasonably request (which such opinions shall expressly permit reliance by permitted successors and assigns of the addressees thereof).

(c) Personal Property Collateral.

(i) Filings and Recordings. The Administrative Agent shall have received all filings and recordations that are necessary to perfect the security interests of the Administrative Agent, on behalf of the US Secured Parties and the Canadian Secured Parties in the Collateral and the Administrative Agent shall have received evidence reasonably satisfactory to the Administrative Agent that upon such filings and recordations such security interests constitute valid and perfected first priority Liens thereon (subject to Permitted Liens).

(ii) Pledged Collateral. The Administrative Agent shall have received (A) original stock certificates or other certificates evidencing the certificated Equity Interests pledged pursuant to the Security Documents, together with an undated stock power for each such certificate duly executed in blank by the registered owner thereof and (B) each original promissory note pledged pursuant to the Security Documents together with an undated allonge for each such promissory note duly executed in blank by the holder thereof.

(iii) Lien Search. The Administrative Agent shall have received the results of customary Lien searches (including UCC and PPSA searches and a search as to bankruptcy, tax and intellectual property matters as applicable), in form and substance reasonably satisfactory thereto, made against the Credit Parties, indicating among other things that the assets of each such Credit Party are free and clear of any Lien (except for Permitted Liens).

(iv) Property and Liability Insurance. The Administrative Agent shall have received, in each case in form and substance reasonably satisfactory to the Administrative Agent, evidence of property and liability insurance covering each Credit Party, evidence of payment of all insurance premiums for the current policy year of each policy (with appropriate endorsements naming the Administrative Agent as lender's loss payee on all policies for property hazard insurance and as additional insured on all policies for liability insurance), and if requested by the Administrative Agent, copies of such insurance policies.

(v) Other Collateral Documentation. The Administrative Agent shall have received any documents reasonably requested thereby or as required by the terms of the Security Documents to evidence its security interest in the Collateral.

(d) Consents; Defaults.

(i) Governmental and Third Party Approvals. The Credit Parties shall have received all material governmental, shareholder and third party consents and approvals necessary (or any other material consents as determined in the reasonable discretion of the Administrative Agent) in connection with the transactions contemplated by this Agreement and the other Loan Documents and the other transactions contemplated hereby and all applicable waiting periods shall have expired without any action being taken by any Person that could reasonably be expected to restrain, prevent or impose any material adverse conditions on any of the Credit Parties or such other transactions or that could seek or threaten any of the foregoing, and no law or regulation shall be applicable which in the reasonable judgment of the Administrative Agent could reasonably be expected to have such effect.

(ii) No Injunction, Etc. No action, proceeding or investigation shall have been instituted or, to the knowledge of any Credit Party, threatened or proposed before any Governmental Authority to enjoin, restrain, or prohibit, or to obtain substantial damages in respect of, or which is related to or arises out of this Agreement or the other Loan Documents or the consummation of the transactions contemplated hereby or thereby that could reasonably be expected to have a Material Adverse Effect or adversely affect the transactions contemplated by this Agreement or the other Loan Documents.

(e) Financial Matters.

(i) Financial Statements. The Administrative Agent shall have received (A) the audited Consolidated balance sheet of Centuri (or its predecessors) and its Subsidiaries for the three Fiscal Years most recently ended prior to the Closing Date and the related audited statements of income and retained earnings and cash flows for each such Fiscal Year, (B) an unaudited Consolidated balance sheet of Centuri and its Subsidiaries for each of the fiscal quarters ended on March 31, 2017 and June 30, 2017 and related unaudited interim statements of income and retained earnings and cash flows, (C) the audited Consolidated balance sheet of NEUCO and its Subsidiaries for the two fiscal years most recently ended prior to the Closing Date and the related audited statements of income and retained earnings and cash flows for each such fiscal year and (D) interim unaudited comparable year-to-date financial statements of NEUCO and its Subsidiaries for the period ending June 30, 2017.

(ii) Pro Forma Financial Statements. The Administrative Agent shall have received pro forma Consolidated financial statements for the Consolidated Companies for the four-quarter period most recently ended prior to the Closing Date for which financial statements are available calculated on a Pro Forma Basis after giving effect to the Transactions (including adjustments reasonably acceptable to the Administrative Agent).

(iii) Financial Projections. The Administrative Agent shall have received pro forma combined financial statements for the Consolidated Companies, and projections prepared by management of Centuri, of balance sheets, income statements and cash flow statements.

(iv) Financial Condition/Solvency Certificate. Centuri shall have delivered to the Administrative Agent a certificate, in form and substance satisfactory to the Administrative Agent, and certified as accurate by the chief financial officer of Centuri, that (A) after giving effect to the Transactions, each Borrower is, individually, and together with the other Credit Parties on a Consolidated basis, Solvent, (B) attached thereto are calculations evidencing that the Consolidated Leverage Ratio (calculated by Centuri in good faith and on a Pro Forma Basis after giving effect to the Transactions, as of the Closing Date based on the results of operations for Centuri and its Subsidiaries (excluding NEUCO and its Subsidiaries) for the four (4) consecutive fiscal quarter period ended September 30, 2017 and NEUCO and its Subsidiaries for the twelve (12) consecutive month period ended August 31, 2017, will not exceed 3.00 to 1.00 and (C) the financial projections previously delivered to the Administrative Agent represent the good faith estimates (utilizing reasonable assumptions) of the financial condition and operations of the Consolidated Companies.

(v) Payment at Closing. If an invoice has been provided to Centuri not less than two (2) Business Days prior to the Closing Date, the Borrowers shall have paid or made arrangements to pay contemporaneously with closing (A) to the Administrative Agent, the Arrangers and the Lenders the fees set forth or referenced in Section 5.3 and any other accrued and unpaid fees or commissions due hereunder, (B) all fees, charges and disbursements of counsel to the

Administrative Agent (directly to such counsel if requested by the Administrative Agent) to the extent accrued and unpaid prior to or on the Closing Date, plus such additional amounts of such fees, charges and disbursements as shall constitute its reasonable estimate of such fees, charges and disbursements incurred or to be incurred by it through the closing proceedings (provided that such estimate shall not thereafter preclude a final settling of accounts between Centuri and the Administrative Agent) and (C) to any other Person such amount as may be due thereto in connection with the transactions contemplated hereby, including all taxes, fees and other charges in connection with the execution, delivery, recording, filing and registration of any of the Loan Documents.

(f) NEUCO Acquisition.

(i) Consummation of the NEUCO Acquisition. The NEUCO Acquisition (including the payment of all amounts due and payable in connection with the consummation of the NEUCO Acquisition) shall be, or shall have been, consummated in accordance with the NECUO Purchase Agreement without giving effect to any waivers, modifications, or consents thereof that are materially adverse to the Lenders (as reasonably determined by the Arrangers) unless such waivers, modifications, or consents are approved in writing by the Arrangers.

(ii) NEUCO Purchase Agreement. The Arrangers shall have received true, correct and fully executed copies of the NEUCO Purchase Agreement.

(g) Miscellaneous.

(i) Notice of Account Designation. The Administrative Agent shall have received a Notice of Account Designation specifying the account or accounts to which the proceeds of any Loans made on or after the Closing Date are to be disbursed.

(ii) Existing Indebtedness. (A) All amounts due or outstanding in respect of the Existing Credit Agreement shall have been (or substantially simultaneously with the Closing Date shall be) refinanced in full and (B) all existing Indebtedness of NEUCO and its Subsidiaries (other than such Indebtedness that is expressly permitted to remain outstanding pursuant to the NEUCO Purchase Agreement and permitted by Section 9.1(c)) shall be repaid in full, all commitments (if any) in respect thereof shall have been terminated and all guarantees therefor and security therefor shall be released, in each case prior to or concurrently with the initial Extensions of Credit hereunder and the Administrative Agent shall have received pay-off letters in form and substance satisfactory to it evidencing such repayment, termination and release.

(iii) PATRIOT Act, etc. At least five Business Days prior to the Closing Date (or such shorter period as the Administrative Agent may agree), each Borrower and each of the Subsidiary Guarantors shall have provided to the Administrative Agent and the Lenders the documentation and other information requested by the Administrative Agent in order to comply with requirements of any Anti-Money Laundering Laws including, without limitation, the PATRIOT Act and any applicable “know your customer” rules and regulations.

(iv) Material Adverse Effect. Since (A) December 31, 2016, with respect to the Consolidated Companies (excluding NEUCO and its Subsidiaries), no event has occurred or condition arisen, either individually or in the aggregate, that has had or could reasonably be expected to have a Material Adverse Effect and (B) October 31, 2016, with respect to NEUCO and its Subsidiaries, no event has occurred or condition arisen, either individually or in the aggregate, that has had or could reasonably be expected to have a NEUCO Material Adverse Effect.

(v) Other Documents. All opinions, certificates and other instruments and all proceedings in connection with the transactions contemplated by this Agreement shall be satisfactory in form and substance to the Administrative Agent. The Administrative Agent shall have received copies of all other documents, certificates and instruments reasonably requested thereby, with respect to the transactions contemplated by this Agreement.

Without limiting the generality of the provisions of Section 11.3(c), for purposes of determining compliance with the conditions specified in this Section 6.1, the Administrative Agent and each Lender that has signed this Agreement shall be deemed to have consented to, approved or accepted or to be satisfied with, each document or other matter required thereunder to be consented to or approved by or acceptable or satisfactory to a Lender unless the Administrative Agent shall have received notice from such Lender prior to the proposed Closing Date specifying its objection thereto.

SECTION 6.2 Conditions to All Extensions of Credit. The obligations of the Lenders to make or participate in any Extensions of Credit (including the initial Extension of Credit), convert or continue any Loan and/or any Issuing Lender to issue or extend any Letter of Credit are subject to the satisfaction of the following conditions precedent on the relevant borrowing, continuation, conversion, issuance or extension date:

(a) Continuation of Representations and Warranties. The representations and warranties contained in this Agreement and the other Loan Documents shall be true and correct in all material respects, except for any representation and warranty that is qualified by materiality or reference to Material Adverse Effect, which such representation and warranty shall be true and correct in all respects, on and as of such borrowing, continuation, conversion, issuance or extension date with the same effect as if made on and as of such date (except for any such representation and warranty that by its terms is made only as of an earlier date, which representation and warranty shall remain true and correct in all material respects as of such earlier date, except for any representation and warranty that is qualified by materiality or reference to Material Adverse Effect, which such representation and warranty shall be true and correct in all respects as of such earlier date).

(b) No Existing Default. No Default or Event of Default shall have occurred and be continuing (i) on the borrowing, continuation or conversion date with respect to such Loan or after giving effect to the Loans to be made, continued or converted on such date or (ii) on the issuance or extension date with respect to such Letter of Credit or after giving effect to the issuance or extension of such Letter of Credit on such date.

(c) Notices. The Administrative Agent shall have received a Notice of Borrowing, Letter of Credit Application, or Notice of Conversion/Continuation, as applicable, from the applicable Borrower in accordance with Section 2.3(a), Section 3.2, Section 4.2 or Section 5.2, as applicable.

(d) New Swingline Loans/Letters of Credit. So long as any Lender is a Defaulting Lender, (i) no Swingline Lender shall be required to fund any Swingline Loans unless it is satisfied that it will have no Fronting Exposure after giving effect to such Swingline Loan and (ii) no Issuing Lender shall be required to issue, extend, renew or increase any Letter of Credit unless it is satisfied that it will have no Fronting Exposure after giving effect thereto.

ARTICLE VII

REPRESENTATIONS AND WARRANTIES OF THE CREDIT PARTIES

To induce the Administrative Agent and Lenders to enter into this Agreement and to induce the Lenders to make Extensions of Credit, the Credit Parties hereby represent and warrant to the Administrative Agent and the Lenders both immediately before and after giving effect to the transactions contemplated hereunder, which representations and warranties shall be deemed made on the Closing Date and as otherwise set forth in Section 6.2, that:

SECTION 7.1 Organization; Power; Qualification. Each Credit Party and each Subsidiary thereof (a) is duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation or formation, (b) has the power and authority to own its Properties and to carry on its business as now being conducted and (c) is duly qualified and authorized to do business in each jurisdiction in which the character of its Properties or the nature of its business requires such qualification and authorization. The jurisdictions in which each Credit Party and each Subsidiary thereof are organized and qualified to do business as of the Closing Date are described on Schedule 7.1. No Credit Party nor any Subsidiary thereof is an EEA Financial Institution.

SECTION 7.2 Ownership. Each Subsidiary of each Credit Party as of the Closing Date is listed on Schedule 7.2. As of the Closing Date, the capitalization of each Credit Party and its Subsidiaries consists of the number of shares, authorized, issued and outstanding, of such classes and series, with or without par value, described on Schedule 7.2. All outstanding shares have been duly authorized and validly issued and are fully paid and nonassessable and not subject to any preemptive or similar rights, except as described in Schedule 7.2. As of the Closing Date, there are no outstanding stock purchase warrants, subscriptions, options, securities, instruments or other rights of any type or nature whatsoever, which are convertible into, exchangeable for or otherwise provide for or require the issuance of Equity Interests of any Credit Party or any Subsidiary thereof, except as described on Schedule 7.2.

SECTION 7.3 Authorization; Enforceability. Each Credit Party has the right, power and authority and has taken all necessary corporate and other action to authorize the execution, delivery and performance of this Agreement and each of the other Loan Documents to which it is a party in accordance with their respective terms. This Agreement and each of the other Loan Documents have been duly executed and delivered by the duly authorized officers of each Credit Party that is a party thereto, and each such document constitutes the legal, valid and binding obligation of each Credit Party that is a party thereto, enforceable in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar state, provincial, or federal Debtor Relief Laws from time to time in effect which affect the enforcement of creditors' rights in general and the availability of equitable remedies.

SECTION 7.4 Compliance of Agreement, Loan Documents and Borrowing with Laws, Etc. The execution, delivery and performance by each Credit Party of the Loan Documents to which each such Credit Party is a party, in accordance with their respective terms, the Extensions of Credit hereunder and the transactions contemplated hereby or thereby do not and will not, by the passage of time, the giving of notice or otherwise, (a) require any Governmental Approval or violate any Applicable Law relating to any Credit Party or any Subsidiary thereof where the failure to obtain such Governmental Approval or such violation could reasonably be expected to have a Material Adverse Effect, (b) conflict with, result in a breach of or constitute a default under the articles of incorporation, bylaws or other organizational documents of any Credit Party or any Subsidiary thereof, (c) conflict with, result in a breach of or constitute a default under any indenture, agreement or other instrument to which such Person is a party or by which any of its properties may be bound or any Governmental Approval relating to such Person,

which could, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, (d) result in or require the creation or imposition of any Lien upon or with respect to any property now owned or hereafter acquired by such Person other than Permitted Liens or (e) require any consent or authorization of, filing with, or other act in respect of, an arbitrator or Governmental Authority and no consent of any other Person is required in connection with the execution, delivery, performance, validity or enforceability of this Agreement other than consents, authorizations, filings or other acts or consents for which the failure to obtain or make could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

SECTION 7.5 Compliance with Law; Governmental Approvals. Each Credit Party and each Subsidiary thereof (a) has all Governmental Approvals required by any Applicable Law for it to conduct its business, each of which is in full force and effect, is final and not subject to review on appeal and is not the subject of any pending or, to its knowledge, threatened attack by direct or collateral proceeding, (b) is in compliance with each Governmental Approval applicable to it and in compliance with all other Applicable Laws relating to it or any of its properties and (c) has timely filed all material reports, documents and other materials required to be filed by it under all Applicable Laws with any Governmental Authority and has retained all material records and documents required to be retained by it under Applicable Law except in each case (a), (b) or (c) where the failure to have, comply or file could not reasonably be expected to have a Material Adverse Effect.

SECTION 7.6 Tax Returns and Payments. Each Credit Party and each Subsidiary thereof has duly filed or caused to be filed all federal, state, provincial, local and other tax returns required by Applicable Law to be filed, and has paid, or made adequate provision for the payment of, all federal, state, provincial, local and other taxes, assessments and governmental charges or levies upon it and its property, income, profits and assets which are due and payable (other than (a) where the failure to file, pay, or make provision could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, or (b) any amount the validity of which is currently being contested in good faith by appropriate proceedings and with respect to which reserves in conformity with GAAP have been provided for on the books of the relevant Credit Party). Such returns accurately reflect in all material respects all liability for taxes of any Credit Party or any Subsidiary thereof for the periods covered thereby. As of the Closing Date, except as set forth on Schedule 7.6, there is no ongoing audit or examination or, to its knowledge, other investigation by any Governmental Authority of the tax liability of any Credit Party or any Subsidiary thereof. No Governmental Authority has asserted any Lien or other claim against any Credit Party or any Subsidiary thereof with respect to unpaid taxes which has not been discharged or resolved (other than (a) any amount the validity of which is currently being contested in good faith by appropriate proceedings and with respect to which reserves in conformity with GAAP have been provided for on the books of the relevant Credit Party or (b) Permitted Liens). The charges, accruals and reserves on the books of each Credit Party and each Subsidiary thereof in respect of federal, state, provincial, local and other taxes for all Fiscal Years and portions thereof since the organization of any Credit Party or any Subsidiary thereof are in the judgment of the Borrowers adequate, and the Borrowers do not anticipate any additional taxes or assessments for any of such years.

SECTION 7.7 Intellectual Property Matters. Each Credit Party and each Subsidiary thereof owns or possesses rights to use all franchises, licenses, copyrights, copyright applications, patents, patent rights or licenses, patent applications, trademarks, trademark rights, service mark, service mark rights, trade names, trade name rights, copyrights and other rights with respect to the foregoing which are reasonably necessary to conduct its business, except where the failure to own or possess such rights could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. No event has occurred which permits, or after notice or lapse of time or both would permit, the revocation or termination of any such rights, and no Credit Party nor any Subsidiary thereof is liable to any Person for infringement under Applicable Law with respect to any such rights as a result of its business operations, except as could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

SECTION 7.8 Environmental Matters. Except where the failure of any of the following representations to be correct could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect:

(a) the properties owned, leased or operated by each Credit Party and each Subsidiary thereof do not contain, and to their knowledge have not previously contained, any Hazardous Materials in amounts or concentrations which constitute or constituted a violation of applicable Environmental Laws and, to their knowledge, the properties owned, leased or operated by each Credit Party and each Subsidiary thereof in the past do not contain and have not previously contained any Hazardous Materials in amounts or concentrations which constituted a violation of applicable Environmental Laws;

(b) each Credit Party and each Subsidiary thereof and such properties owned, leased or operated by such Credit Party or such Subsidiary and all operations conducted in connection therewith are in compliance, and have been in compliance, with all applicable Environmental Laws, and there is no contamination at, under or about such properties or such operations which could interfere with the continued operation of such properties or impair the fair saleable value thereof;

(c) no Credit Party nor any Subsidiary thereof has received any written notice of violation, alleged violation, non-compliance, liability or potential liability regarding environmental matters, Hazardous Materials, or compliance with Environmental Laws, nor does any Credit Party or any Subsidiary thereof have knowledge or reason to believe that any such notice will be received or is being threatened;

(d) to the knowledge of each Credit Party and each Subsidiary thereof, Hazardous Materials have not been transported or disposed of to or from the properties owned, leased or operated by any Credit Party or any Subsidiary thereof in violation of, or in a manner or to a location which could give rise to liability under, Environmental Laws, nor have any Hazardous Materials been generated, treated, stored or disposed of at, on or under any of such properties in violation of, or in a manner that could give rise to liability under, any applicable Environmental Laws;

(e) no judicial proceedings or governmental or administrative action is pending, or, to the knowledge of the Borrowers, threatened, under any Environmental Law to which any Credit Party or any Subsidiary thereof is or will be named as a potentially responsible party with respect to such properties or operations conducted in connection therewith, nor are there any consent decrees or other decrees, consent orders, administrative orders or other orders, or other administrative or judicial requirements outstanding under any applicable Environmental Law with respect to any Credit Party, any Subsidiary thereof or such properties or such operations; and

(f) there has been no release, or to the best of each Borrower's knowledge, threat of release, of Hazardous Materials at or from properties owned, leased or operated by any Credit Party or any Subsidiary, now or in the past five (5) years, in violation of or in amounts or in a manner that could give rise to liability under applicable Environmental Laws.

SECTION 7.9 Employee Benefit Matters.

(a) As of the Closing Date, no Credit Party nor any ERISA Affiliate maintains or contributes to, or has any obligation under, any Employee Benefit Plans or Canadian Employee Benefit Plans other than those identified on Schedule 7.9;

(b) Each Credit Party and each ERISA Affiliate is in compliance with all applicable provisions of ERISA, the Code and the regulations and published interpretations thereunder with respect to all Employee Benefit Plans (and with all Canadian Pension Laws with respect to all Canadian Employee Benefit Plans) except for any required amendments for which the remedial amendment period as defined in Section 401(b) of the Code has not yet expired and except where a failure to so comply could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. Each Employee Benefit Plan that is intended to be qualified under Section 401(a) of the Code has been determined by the IRS to be so qualified, and each trust related to such plan has been determined to be exempt under Section 501(a) of the Code except for such plans that have not yet received determination letters but for which the remedial amendment period for submitting a determination letter has not yet expired. Each Canadian Employee Benefit Plan that is intended to be registered under Canadian Pension Laws has been so registered and such registration has not been revoked nor has any notice of intent to revoke such registration been received. No liability has been incurred by any Credit Party or any ERISA Affiliate which remains unsatisfied for any taxes or penalties assessed with respect to any Employee Benefit Plan, Canadian Employee Benefit Plan or any Multiemployer Plan except for a liability that could not reasonably be expected to have a Material Adverse Effect;

(c) As of the Closing Date, no Pension Plan has been terminated, nor has any Pension Plan become subject to funding based benefit restrictions under Section 436 of the Code, nor has any funding waiver from the IRS been received or requested with respect to any Pension Plan, nor has any Credit Party or any ERISA Affiliate failed to make any contributions or to pay any amounts due and owing as required by Sections 412 or 430 of the Code, Section 302 of ERISA or the terms of any Pension Plan on or prior to the due dates of such contributions under Sections 412 or 430 of the Code or Section 302 of ERISA, nor has there been any event requiring any disclosure under Section 4041(c)(3)(C) or 4063(a) of ERISA with respect to any Pension Plan, nor has any Credit Party nor any Subsidiary thereof failed to make or remit any required contributions when due to any Canadian Employee Benefit Plan, nor has any solvency funding relief been elected or exercised with respect to any Canadian Pension Plan;

(d) Except where the failure of any of the following representations to be correct could not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect, no Credit Party nor any ERISA Affiliate has: (i) engaged in a nonexempt prohibited transaction described in Section 406 of the ERISA or Section 4975 of the Code, (ii) incurred any liability to the PBGC which remains outstanding other than the payment of premiums and there are no premium payments which are due and unpaid, (iii) failed to make a required contribution or payment to a Multiemployer Plan or Canadian Multiemployer Plan, or (iv) failed to make a required installment or other required payment under Sections 412 or 430 of the Code or Canadian Pension Laws or to make a required contribution or payment under the terms of any Canadian Employee Benefit Plan;

(e) No Termination Event or Canadian Termination Event has occurred or is reasonably expected to occur;

(f) Except where the failure of any of the following representations to be correct could not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect, no proceeding, claim (other than a benefits claim in the ordinary course of business), lawsuit and/or investigation is existing or, to the best of the knowledge of each Borrower after due inquiry, threatened concerning or involving (i) any employee welfare benefit plan (as defined in Section 3(1) of ERISA) currently maintained or contributed to by any Credit Party or any ERISA Affiliate, (ii) any Pension Plan or Canadian Pension Plan, or (iii) any Multiemployer Plan or Canadian Multiemployer Plan.

(g) No Credit Party nor any Subsidiary thereof is a party to any contract, agreement or arrangement that could, solely as a result of the delivery of this Agreement or the consummation of transactions contemplated hereby, result in the payment of any “excess parachute payment” within the meaning of Section 280G of the Code.

(h) As of the Closing Date, no Credit Party nor any Subsidiary thereof has established, or commenced participation in, any defined benefit Canadian Employee Benefit Plan.

(i) As of the Closing Date no Borrower is nor will be using "plan assets" (within the meaning of 29 CFR § 2510.3-101, as modified by Section 3(42) of ERISA) of one or more Benefit Plans in connection with the Loans, the Letters of Credit or the Commitments. For purposes of this clause, "Benefit Plan" means any of (i) an "employee benefit plan" (as defined in ERISA) that is subject to Title I of ERISA, (ii) a "plan" as defined in Section 4975 of the Code or (iii) any Person whose assets include (for purposes of ERISA Section 3(42) or otherwise for purposes of Title I of ERISA or Section 4975 of the Code) the assets of any such "employee benefit plan" or "plan".

SECTION 7.10 Margin Stock. No Credit Party nor any Subsidiary thereof is engaged principally or as one of its activities in the business of extending credit for the purpose of "purchasing" or "carrying" any "margin stock" (as each such term is defined or used, directly or indirectly, in Regulation U of the Board of Governors of the Federal Reserve System). No part of the proceeds of any of the Loans or Letters of Credit will be used for purchasing or carrying margin stock or for any purpose which violates, or which would be inconsistent with, the provisions of Regulation T, U or X of such Board of Governors. Following the application of the proceeds of each Extension of Credit, not more than twenty-five percent (25%) of the value of the assets (either of each Borrower only or of the Consolidated Companies on a Consolidated basis) subject to the provisions of Section 9.2 or Section 9.5 or subject to any restriction contained in any agreement or instrument between any Borrower and any Lender or any Affiliate of any Lender relating to Indebtedness in excess of the Threshold Amount will be "margin stock".

SECTION 7.11 Government Regulation. No Credit Party nor any Subsidiary thereof is an "investment company" or a company "controlled" by an "investment company" (as each such term is defined or used in the Investment Company Act) and no Credit Party nor any Subsidiary thereof is, or after giving effect to any Extension of Credit will be, subject to regulation under the Interstate Commerce Act, or any other Applicable Law which limits its ability to incur or consummate the transactions contemplated hereby.

SECTION 7.12 Material Contracts. As of the Closing Date, and immediately after giving effect to the consummation of the transactions contemplated by the Loan Documents each Material Contract will be, in full force and effect in accordance with the terms thereof.

SECTION 7.13 Employee Relations. As of the Closing Date, no Credit Party nor any Subsidiary thereof is party to any collective bargaining agreement, nor has any labor union been recognized as the representative of its employees except as set forth on Schedule 7.13. No Borrower knows of any pending, threatened or contemplated strikes, work stoppage or other collective labor disputes involving its employees or those of its Subsidiaries that, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect.

SECTION 7.14 Burdensome Provisions. The Credit Parties and their respective Subsidiaries do not presently anticipate that future expenditures needed to meet the provisions of any statutes, orders, rules or regulations of a Governmental Authority will be so burdensome as to have a Material Adverse Effect. No Subsidiary is party to any agreement or instrument or otherwise subject to any restriction or encumbrance that restricts or limits its ability to make dividend payments or other distributions in respect of its Equity Interests to any Consolidated Company or to transfer any of its assets or properties to any Consolidated Company in each case other than existing under or by reason of the Loan Documents or Applicable Law.

SECTION 7.15 Financial Statements. The audited and unaudited financial statements delivered pursuant to Section 6.1(e)(i) are complete and correct and fairly present on a Consolidated basis the assets, liabilities and financial position of the Consolidated Companies as at such dates, and the results of the operations and changes of financial position for the periods then ended (other than customary year-end adjustments for unaudited financial statements and the absence of footnote disclosures for unaudited financial statements). All such financial statements, including the related schedules and notes thereto, have been prepared in accordance with GAAP. Such financial statements show all material indebtedness and other material liabilities, direct or contingent, of the Consolidated Companies as of the date thereof, including material liabilities for taxes, material commitments, and Indebtedness, in each case, to the extent required to be disclosed under GAAP. The pro forma financial statements delivered pursuant to Section 6.1(e)(ii) and the projections delivered pursuant to Section 6.1(e)(iii) and were prepared in good faith on the basis of the assumptions stated therein, which assumptions are believed to be reasonable in light of then existing conditions except that such financial projections and statements shall be subject to normal year end closing and audit adjustments (it being recognized by the Lenders that projections are not to be viewed as facts and that the actual results during the period or periods covered by such projections may vary from such projections).

SECTION 7.16 No Material Adverse Change. Since December 31, 2016, there has been no material adverse change in the properties, business, operations, or financial condition of the Consolidated Companies and no event has occurred or condition arisen, either individually or in the aggregate, that could reasonably be expected to have a Material Adverse Effect.

SECTION 7.17 Solvency. Each Borrower is, individually, and together with the other Credit Parties on a Consolidated basis, Solvent.

SECTION 7.18 Title to Properties. As of the Closing Date, the real property listed on Schedule 7.18 constitutes all of the real property that is owned, leased, or subleased by any Credit Party or any of its Subsidiaries. Each Credit Party and each Subsidiary thereof has such title to the real property owned or leased by it as is necessary or desirable to the conduct of its business and valid and legal title to all of its personal property and assets, except those which have been disposed of by such Credit Party or such Subsidiary subsequent to such date which dispositions have been in the ordinary course of business or as otherwise expressly permitted hereunder.

SECTION 7.19 Litigation. There are no actions, suits or proceedings pending nor, to the knowledge of any Borrower, threatened against or in any other way relating adversely to or affecting any Credit Party or any Subsidiary thereof or any of their respective properties in any court or before any arbitrator of any kind or before or by any Governmental Authority that could reasonably be expected to have a Material Adverse Effect.

SECTION 7.20 Anti-Corruption Laws and Sanctions.

(a) None of (i) the Borrowers, any Subsidiary of any Borrower or, to the knowledge of any Borrower or any such Subsidiary, any of their respective directors, officers or employees, or (ii) to the knowledge of any Borrower, any agent of any Borrower or any Subsidiary of any Borrower that will act in any capacity in connection with or benefit from the credit facilities established hereby, (A) is a Sanctioned Person or currently the subject or target of any Sanctions, (B) is controlled by or is acting on behalf of a Sanctioned Person, (C) has its assets located in a Sanctioned Country, (D) is under

administrative, civil or criminal investigation for an alleged violation of, or received notice from or made a voluntary disclosure to any governmental entity regarding a possible violation of, Anti-Corruption Laws, Anti-Money Laundering Laws or Sanctions by a governmental authority that enforces Sanctions or any Anti-Corruption Laws or Anti-Money Laundering Laws, or (E) directly or indirectly derives revenues from investments in, or transactions with, Sanctioned Persons.

(b) Each Borrower and its Subsidiaries has implemented and maintains in effect policies and procedures designed to ensure compliance by such Borrower and its Subsidiaries and their respective directors, officers, employees, agents and Controlled Affiliates with all Anti-Corruption Laws, Anti-Money Laundering Laws and applicable Sanctions.

(c) Each Borrower and its Subsidiaries, each director, officer, and to the knowledge of such Borrower, employee, agent and Affiliate of such Borrower and each such Subsidiary, is in compliance with all Anti-Corruption Laws, Anti-Money Laundering Laws in all material respects and applicable Sanctions.

(d) No proceeds of any Extension of Credit have been used, directly or indirectly, by any Borrower, any of its Subsidiaries or any of its or their respective directors, officers, employees and agents in violation of Section 8.15.

SECTION 7.21 Absence of Defaults. No event has occurred or is continuing (a) which constitutes a Default or an Event of Default, or (b) which constitutes, or which with the passage of time or giving of notice or both would constitute, a default or event of default by any Credit Party or any Subsidiary thereof under (i) any Material Contract or (ii) any judgment, decree or order to which any Credit Party or any Subsidiary thereof is a party or by which any Credit Party or any Subsidiary thereof or any of their respective properties may be bound or which would require any Credit Party or any Subsidiary thereof to make any payment thereunder prior to the scheduled maturity date therefor that, in any case under this clause (ii), could, either individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

SECTION 7.22 Senior Indebtedness Status. The Obligations of each Credit Party and each Subsidiary thereof under this Agreement and each of the other Loan Documents ranks and shall continue to rank at least senior in priority of payment to all Subordinated Indebtedness and pari passu in priority of payment with all senior unsecured Indebtedness of each such Person and, to the extent required to be so designated to constitute "Senior Indebtedness" (or the equivalent), has been so designated as "Senior Indebtedness" (or the equivalent) under all instruments and documents, now or in the future, relating to all Subordinated Indebtedness and all senior unsecured Indebtedness of such Person.

SECTION 7.23 Disclosure. Each Credit Party and each Subsidiary thereof has disclosed to the Administrative Agent and the Lenders all agreements, instruments and corporate or other restrictions to which any Credit Party and any Subsidiary thereof are subject, and all other matters known to them, that, individually or in the aggregate, could reasonably be expected to result in a Material Adverse Effect. No financial statement, material report, material certificate or other material information furnished (whether in writing or orally) by or on behalf of any Credit Party or any Subsidiary thereof to the Administrative Agent or any Lender in connection with the transactions contemplated hereby and the negotiation of this Agreement or delivered hereunder (as modified or supplemented by other information so furnished), taken together as a whole, contains any untrue statement of a material fact or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided that, with respect to projected financial information, pro forma financial information, estimated financial information and other projected or estimated information, such information was prepared in good faith based upon assumptions believed to be reasonable at the time (it being recognized by the Lenders that projections are not to be viewed as facts and that the actual results during the period or periods covered by such projections may vary from such projections).

SECTION 7.24 Insurance. The Credit Parties and their Subsidiaries are insured by financially sound and reputable insurance companies against at least such risks and in at least such amounts as are customarily maintained by similar businesses and as may be required by Applicable Law (including, without limitation, hazard and business interruption insurance).

ARTICLE VIII

AFFIRMATIVE COVENANTS

Until all of the Obligations (other than contingent indemnification obligations not then due) have been paid and satisfied in full in cash, all Letters of Credit have been terminated or expired (or been Cash Collateralized) and the Commitments terminated, each Credit Party will, and will cause each of its Subsidiaries to:

SECTION 8.1 Financial Statements and Budgets. Deliver to the Administrative Agent, in form and detail satisfactory to the Administrative Agent (which shall promptly make such information available to the Lenders in accordance with its customary practice):

(a) Annual Financial Statements. As soon as practicable and in any event within ninety (90) days (or, if earlier, on the date of any required public filing thereof) after the end of each Fiscal Year (commencing with the Fiscal Year ending December 31, 2017), an audited Consolidated balance sheet of the Consolidated Companies as of the close of such Fiscal Year and audited Consolidated statements of income, retained earnings and cash flows including the notes thereto and a report containing management's discussion and analysis of such financial statements, all in reasonable detail setting forth in comparative form the corresponding figures as of the end of and for the preceding Fiscal Year and prepared in accordance with GAAP and, if applicable, containing disclosure of the effect on the financial position or results of operations of any change in the application of accounting principles and practices during the year. Such annual financial statements shall be audited by an independent certified public accounting firm of recognized national standing acceptable to the Administrative Agent, and accompanied by a report and opinion thereon by such certified public accountants prepared in accordance with generally accepted auditing standards that is not subject to any "going concern" or similar qualification or exception or any qualification as to the scope of such audit or with respect to accounting principles followed by the Consolidated Companies not in accordance with GAAP.

(b) Quarterly Financial Statements. As soon as practicable and in any event within forty-five (45) days (or, if earlier, on the date of any required public filing thereof) after the end of the first three fiscal quarters of each Fiscal Year (commencing with the fiscal quarter ended March 31, 2018), an unaudited Consolidated balance sheet of the Consolidated Companies as of the close of such fiscal quarter and unaudited Consolidated statements of income, retained earnings and cash flows and a report containing management's discussion and analysis of such financial statements for the fiscal quarter then ended and that portion of the Fiscal Year then ended, including the notes thereto, all in reasonable detail setting forth in comparative form the corresponding figures as of the end of and for the corresponding period in the preceding Fiscal Year and prepared by Centuri in accordance with GAAP and, if applicable, containing disclosure of the effect on the financial position or results of operations of any change in the application of accounting principles and practices during the period, and certified by the chief financial officer of Centuri to present fairly in all material respects the financial condition of the Consolidated Companies on a Consolidated basis as of their respective dates and the results of operations of the Consolidated Companies for the respective periods then ended, subject to normal year-end adjustments and the absence of footnotes.

(c) Annual Budget. As soon as practicable and in any event within forty-five (45) days after the end of each Fiscal Year, an operating and capital budget of the Consolidated Companies for the ensuing four (4) fiscal quarters, such budget to be prepared in accordance with GAAP and to include, on a quarterly basis, the following: a quarterly operating and capital budget, a projected income statement, statement of cash flows and balance sheet, calculations demonstrating projected compliance with the financial covenants set forth in Section 9.13 and a report containing management's discussion and analysis of such budget with a reasonable disclosure of the key assumptions and drivers with respect to such budget, accompanied by a certificate from a Responsible Officer of Centuri to the effect that such budget contains good faith estimates (utilizing assumptions believed to be reasonable at the time of delivery of such budget) of the financial condition and operations of the Consolidated Companies for such period.

(d) 2017 Third Quarter Financial Statements. As soon as practicable and in any event within ninety (90) days (or, if earlier, on the date of any required public filing thereof) after the end of the fiscal quarter ended September 30, 2017, (i) an unaudited Consolidated balance sheet of Centuri and its Subsidiaries as of the close of such fiscal quarter and unaudited Consolidated statements of income, retained earnings and cash flows for the fiscal quarter then ended and that portion of the Fiscal Year then ended, including the notes thereto, (ii) an unaudited Consolidated balance sheet of NEUCO and its Subsidiaries as of the close of such fiscal quarter and unaudited Consolidated statements of income, retained earnings and cash flows for the fiscal quarter then ended and that portion of the Fiscal Year then ended, including the notes thereto, in each case, all in reasonable detail setting forth in comparative form the corresponding figures as of the end of and for the corresponding period in the preceding Fiscal Year and prepared in accordance with GAAP and, if applicable, containing disclosure of the effect on the financial position or results of operations of any change in the application of accounting principles and practices during the period, and, solely with respect to the items delivered pursuant to clause (i), certified by the chief financial officer of Centuri to present fairly in all material respects the financial condition of Centuri and its Subsidiaries on a Consolidated basis as of their respective dates and the results of operations of Centuri and its Subsidiaries for the period then ended, subject to normal year end adjustments and the absence of footnotes and (iii) unaudited Consolidated financial statements of the Consolidated Companies giving effect, on a Pro Forma Basis, to the NEUCO Acquisition as if such NEUCO Acquisition was consummated on September 30, 2017, as contemplated for preparation of the Officer's Compliance Certificate required pursuant to Section 8.2(b).

(e) NEUCO Financial Statements. (i) Concurrently with the delivery of the financial statements required pursuant to Section 8.1(a) for the Fiscal Year ending December 31, 2017, an unaudited Consolidated balance sheet of NEUCO and its Subsidiaries as of the month ended October 31, 2017 and unaudited Consolidated statements of income, retained earnings and cash flows for the month ended October 31, 2017, all in reasonable detail and prepared by Centuri in accordance with GAAP and, if applicable, containing disclosure of the effect on the financial position or results of operations of any change in the application of accounting principles and practices during the period and (ii) concurrently with the delivery of the financial statements required pursuant to Section 8.1(d), an unaudited Consolidated balance sheet of NEUCO and its Subsidiaries as of the month ended August 31, 2017 and unaudited Consolidated statements of income, retained earnings and cash flows of NEUCO and its Subsidiaries for the twelve (12) consecutive month period ended August 31, 2017, all in reasonable detail and prepared by Centuri in accordance with GAAP and, if applicable, containing disclosure of the effect on the financial position or results of operations of any change in the application of accounting principles and practices during the period.

SECTION 8.2 Certificates; Other Reports. Deliver to the Administrative Agent (which shall promptly make such information available to the Lenders in accordance with its customary practice):

(a) at each time financial statements are delivered pursuant to Sections 8.1(a) or (b) and at such other times as the Administrative Agent shall reasonably request, a duly completed Officer's Compliance Certificate signed by the chief executive officer, chief financial officer, treasurer or controller of Centuri and, if requested by the Administrative Agent, work-in-progress reports in a form consistent with that provided by Centuri in connection with the Existing Credit Agreement;

(b) at such time as financial statements are delivered pursuant to Section 8.1(d), a duly completed Officer's Compliance Certificate signed by the chief executive officer, chief financial officer, treasurer or controller of Centuri, giving effect, on a Pro Forma Basis, to the NEUCO Acquisition as if such NEUCO Acquisition was consummated on September 30, 2017;

(c) promptly upon receipt thereof, copies of all reports, if any, submitted to any Credit Party, any Subsidiary thereof or any of their respective boards of directors by their respective independent public accountants in connection with their auditing function, including, without limitation, any management report and any management responses thereto;

(d) promptly after the furnishing thereof, copies of any material statement or report furnished to any holder of Indebtedness of any Credit Party or any Subsidiary thereof in excess of the Threshold Amount pursuant to the terms of any indenture, loan or credit or similar agreement;

(e) promptly after the assertion or occurrence thereof, notice of any action or proceeding against or of any noncompliance by any Credit Party or any Subsidiary thereof with any Environmental Law that could reasonably be expected to have a Material Adverse Effect;

(f) [intentionally omitted];

(g) promptly, and in any event within five (5) Business Days after receipt thereof by any Consolidated Company, copies of each notice or other correspondence received from the SEC (or comparable agency in any applicable non-U.S. jurisdiction) concerning any investigation or possible investigation or other inquiry by such agency regarding financial or other operational results of such Consolidated Company;

(h) promptly upon the request thereof, such other information and documentation required by bank regulatory authorities under applicable Anti-Money Laundering Laws (including, without limitation, any applicable "know your customer" rules and regulations, the PATRIOT Act and Canadian AML Laws), as from time to time reasonably requested by the Administrative Agent or any Lender;

(i) promptly: (i) notice of the establishment, or intent to establish, a new Canadian Employee Benefit Plan that contains a defined benefit provision, or any change to an existing Canadian Employee Benefit Plan to include a defined benefit provision, or (ii) notice of the acquisition of an interest in any Person if such Person sponsors, administers, participates in, or has any liability in respect of any Canadian Employee Benefit Plan that contains a defined benefit provision;

(j) promptly: (i) copies of all actuarial reports and any other material reports with respect to each Canadian Employee Benefit Plan as filed by a Credit Party with any applicable Governmental Authority, (ii) a current calculation of the Credit Parties' aggregate Canadian Pension Plan Unfunded Liabilities pursuant to a valuation or report in a form and substance reasonably satisfactory to the Administrative Agent, when available on an annual basis or upon the reasonable request of the

Administrative Agent (such additional request not to be made more than one time per calendar year), (iii) promptly after receipt thereof, a copy of any material direction, order, notice or ruling that any Credit Party receives from any applicable Governmental Authority with respect to any Canadian Employee Benefit Plan, (iv) notification within thirty (30) days of any increases having a cost to one or more of the Credit Parties in excess of the Threshold Amount per annum in the aggregate in the benefits of any Canadian Employee Benefit Plan, and (v) notification of the existence of any report which discloses a Canadian Pension Plan Unfunded Liability; and

(k) such other information regarding the operations, business affairs and financial condition of any Credit Party or any Subsidiary thereof as the Administrative Agent or any Lender may reasonably request.

Each Borrower hereby acknowledges that (a) the Administrative Agent and/or the Arrangers will make available to the Lenders and the Issuing Lenders materials and/or information provided by or on behalf of the Borrowers hereunder (collectively, "Borrower Materials") by posting the Borrower Materials on Debt Domain, IntraLinks, SyndTrak Online or another similar electronic system (the "Platform") and (b) certain of the Lenders may be "public-side" Lenders (i.e., Lenders that do not wish to receive material non-public information with respect to the Borrowers or their respective securities) (each, a "Public Lender"). Each Borrower hereby agrees that it will use commercially reasonable efforts to identify that portion of the Borrower Materials that may be distributed to the Public Lenders and that (w) all such Borrower Materials shall be clearly and conspicuously marked "PUBLIC" which, at a minimum, shall mean that the word "PUBLIC" shall appear prominently on the first page thereof; (x) by marking Borrower Materials "PUBLIC," each Borrower shall be deemed to have authorized the Administrative Agent, the Arrangers, the Issuing Lenders and the Lenders to treat such Borrower Materials as not containing any material non-public information (although it may be sensitive and proprietary) with respect to such Borrower or its securities for purposes of United States Federal and state securities laws (provided, however, that to the extent such Borrower Materials constitute Information, they shall be treated as set forth in Section 12.10); (y) all Borrower Materials marked "PUBLIC" are permitted to be made available through a portion of the Platform designated "Public Investor;" and (z) the Administrative Agent and the Arrangers shall be entitled to treat any Borrower Materials that are not marked "PUBLIC" as being suitable only for posting on a portion of the Platform not designated "Public Investor."

SECTION 8.3 Notice of Litigation and Other Matters. Promptly (but in no event later than ten (10) Business Days after any Responsible Officer of any Credit Party obtains knowledge thereof) notify the Administrative Agent in writing of (which shall promptly make such information available to the Lenders in accordance with its customary practice):

(a) the occurrence of any Default or Event of Default;

(b) the commencement of all proceedings and investigations by or before any Governmental Authority and all actions and proceedings in any court or before any arbitrator against or involving any Credit Party or any Subsidiary thereof or any of their respective properties, assets or businesses in each case that if adversely determined could reasonably be expected to result in a Material Adverse Effect;

(c) any notice of any violation received by any Credit Party or any Subsidiary thereof from any Governmental Authority including, without limitation, any notice of violation of Environmental Laws which in any such case could reasonably be expected to have a Material Adverse Effect;

(d) any labor controversy that has resulted in, or threatens to result in, a strike or other work action against any Credit Party or any Subsidiary thereof which could reasonably be expected to have a Material Adverse Effect;

(e) any attachment, judgment, lien (other than Permitted Liens), levy or order exceeding the Threshold Amount that may be assessed against or threatened against any Credit Party or any Subsidiary thereof;

(f) any event which constitutes or which with the passage of time or giving of notice or both would constitute a default or event of default under any contract or other agreement, written or oral, of any Credit Party or any of its Subsidiaries involving monetary liability of or to any such Person in an amount in excess of $15,000,000 per annum;

(g) (i) any unfavorable determination letter from the IRS regarding the qualification of an Employee Benefit Plan under Section 401(a) of the Code (along with a copy thereof), (ii) all notices received by any Credit Party or any ERISA Affiliate of the PBGC's intent to terminate any Pension Plan or to have a trustee appointed to administer any Pension Plan, (iii) all notices received by any Credit Party or any ERISA Affiliate from a Multiemployer Plan sponsor concerning the imposition or amount of withdrawal liability pursuant to Section 4202 of ERISA and (iv) the Borrowers obtaining knowledge or reason to know that any Credit Party or any ERISA Affiliate has filed or intends to file a notice of intent to terminate any Pension Plan under a distress termination within the meaning of Section 4041(c) of ERISA, or any notice of intent to terminate in whole or in part any Canadian Employee Benefit Plan under Canadian Pension Laws or otherwise that, in each case, is filed with or by the PBGC or other Governmental Authority applicable to Canadian Employee Benefit Plans by any Credit Party or any ERISA Affiliate or otherwise received by any Credit Party or any ERISA Affiliate; and

(h) any event which makes any of the representations set forth in Article VII that is subject to materiality or Material Adverse Effect qualifications inaccurate in any respect or any event which makes any of the representations set forth in Article VII that is not subject to materiality or Material Adverse Effect qualifications inaccurate in any material respect.

Each notice pursuant to Section 8.3 shall be accompanied by a statement of a Responsible Officer of Centuri setting forth details of the occurrence referred to therein and stating what action Centuri has taken and proposes to take with respect thereto. Each notice pursuant to Section 8.3(a) shall describe with particularity any and all provisions of this Agreement and any other Loan Document that have been breached.

SECTION 8.4 Preservation of Corporate Existence and Related Matters. Except as permitted by Section 9.4, preserve and maintain its separate corporate existence and all rights, franchises, licenses and privileges necessary to the conduct of its business, and qualify and remain qualified as a foreign corporation or other entity and authorized to do business in each jurisdiction where the nature and scope of its activities require it to so qualify under Applicable Law.

SECTION 8.5 Maintenance of Property and Licenses.

(a) Protect and preserve all Properties necessary in and material to its business, including copyrights, patents, trade names, service marks and trademarks; maintain in good working order and condition, ordinary wear and tear excepted, all buildings, equipment and other tangible real and personal property; and from time to time make or cause to be made all repairs, renewals and replacements thereof and additions to such Property necessary for the conduct of its business, so that the business carried on in connection therewith may be conducted in a commercially reasonable manner, in each case except as such action or inaction could not reasonably be expected to result in a Material Adverse Effect.

(b) Maintain, in full force and effect in all material respects, each and every material license, permit, certification, qualification, approval or franchise issued by any Governmental Authority (each a "License") required for each of them to conduct their respective businesses as presently conducted, except where the failure to do so could not reasonably be expected to have a Material Adverse Effect.

SECTION 8.6 Insurance. Maintain insurance with financially sound and reputable insurance companies against at least such risks and in at least such amounts as are customarily maintained by similar businesses and as may be required by Applicable Law (including, without limitation, hazard and business interruption insurance). All such insurance shall, (a) provide that no cancellation or material modification thereof shall be effective until at least 30 days after receipt by the Administrative Agent of written notice thereof (except as a result of non-payment of premium in which case only 10 days' prior written notice shall be required) and (b) name the Administrative Agent as an additional insured party (or in the case of each casualty insurance policy, name the Administrative Agent as lender's loss payee) thereunder. On the Closing Date and from time to time thereafter deliver to the Administrative Agent upon its request information in reasonable detail as to the insurance then in effect, stating the names of the insurance companies, the amounts and rates of the insurance, the dates of the expiration thereof and the properties and risks covered thereby.

SECTION 8.7 Accounting Methods and Financial Records. Maintain a system of accounting, and keep proper books, records and accounts (which shall be true and complete in all material respects) as may be required or as may be necessary to permit the preparation of financial statements in accordance with GAAP and in compliance with the regulations of any Governmental Authority having jurisdiction over it or any of its Properties.

SECTION 8.8 Payment of Taxes and Other Obligations. Pay and perform (a) all taxes, assessments and other governmental charges that may be levied or assessed upon it or any of its Property and (b) all other Indebtedness, obligations and liabilities in accordance with customary trade practices, except where the failure to pay or perform such items described in clauses (a) or (b) of this Section could not reasonably be expected to have a Material Adverse Effect.

SECTION 8.9 Compliance with Laws and Approvals. Observe and remain in compliance in all material respects with all Applicable Laws and maintain in full force and effect all Governmental Approvals, in each case applicable to the conduct of its business except where the failure to do so could not reasonably be expected to have a Material Adverse Effect.

SECTION 8.10 Environmental Laws. In addition to and without limiting the generality of Section 8.9, (a) comply with, and take commercially reasonable efforts to ensure such compliance by all tenants and subtenants with all applicable Environmental Laws and obtain and comply with and maintain, and take commercially reasonable efforts to ensure that all tenants and subtenants, if any, obtain and comply with and maintain, any and all licenses, approvals, notifications, registrations or permits required by applicable Environmental Laws, except with respect to any matters that could not reasonably be expected to result in a Material Adverse Effect, (b) conduct and complete all investigations, studies, sampling and testing, and all remedial, removal and other actions required under Environmental Laws, and promptly comply with all lawful orders and directives of any Governmental Authority regarding Environmental Laws, and (c) defend, indemnify and hold harmless the Administrative Agent and the Lenders, and their respective parents, Subsidiaries, Affiliates, employees, agents, officers and directors, from and against any claims, demands, penalties, fines, liabilities, settlements, damages, costs and expenses of whatever kind or nature known or unknown, contingent or otherwise, arising out of, or in any way relating to the presence of Hazardous Materials, or the violation of, noncompliance with or liability under any Environmental Laws applicable to the operations of the Consolidated Companies, or any orders, requirements or demands of Governmental Authorities related thereto, including, without limitation, reasonable attorney's and consultant's fees, investigation and laboratory fees, response costs, court costs and litigation expenses, except to the extent that any of the foregoing directly result from the gross negligence or willful misconduct of the party seeking indemnification therefor, as determined by a court of competent jurisdiction by final nonappealable judgment.

SECTION 8.11 Compliance with ERISA and Canadian Pension Laws. In addition to and without limiting the generality of Section 8.9, (a) except where the failure to so comply could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, (i) comply with applicable provisions of ERISA, the Code and the regulations and published interpretations thereunder with respect to all Employee Benefit Plans and with Canadian Pension Laws with respect to all Canadian Employee Benefit Plans, (ii) not take any action or fail to take action the result of which could reasonably be expected to result in a liability to the PBGC or to a Multiemployer Plan or to a Canadian Multiemployer Plan, (iii) not participate in any prohibited transaction that could result in any civil penalty under ERISA or tax under the Code or under Canadian Pension Laws and (iv) operate each Employee Benefit Plan in such a manner that will not incur any tax liability under Section 4980B of the Code or any liability to any qualified beneficiary as defined in Section 4980B of the Code, (b) comply with and perform in all material respects all of their obligations, including any fiduciary, funding, investment and administration obligations, under and in respect of each Canadian Employee Benefit Plan under the terms thereof, any funding agreements, and all Applicable Laws, and (c) furnish to the Administrative Agent upon the Administrative Agent's request such additional information about any Employee Benefit Plan or Canadian Employee Benefit Plan as may be reasonably requested by the Administrative Agent. No Credit Party nor any Subsidiary shall at any time terminate or wind-up a Canadian Employee Benefit Plan unless there are no Canadian Pension Plan Unfunded Liabilities in excess of the Threshold Amount.

SECTION 8.12 Compliance with Material Contracts. Comply in all respects with each term, condition and provision of all leases, agreements and other instruments entered into in the conduct of its business including, without limitation, any Material Contract, except as could not reasonably be expected to have a Material Adverse Effect.

SECTION 8.13 Visits and Inspections. Permit representatives of the Administrative Agent or any Lender, from time to time upon prior reasonable notice and at such times during normal business hours, all at the expense of the Borrowers, to visit and inspect its properties; inspect, audit and make extracts from its books, records and files, including, but not limited to, management letters prepared by independent accountants; and discuss with its principal officers, and its independent accountants, its business, assets, liabilities, financial condition, results of operations and business prospects; provided that excluding any such visits and inspections during the continuation of an Event of Default, the Administrative Agent shall not exercise such rights more often than one (1) time during any calendar year at the Borrowers' expense; provided further that upon the occurrence and during the continuance of an Event of Default, the Administrative Agent or any Lender may do any of the foregoing at the expense of the Borrowers at any time without advance notice. Upon the request of the Administrative Agent or the Required Lenders, participate in a meeting of the Administrative Agent and Lenders once during each Fiscal Year, which meeting will be held at Centuri's corporate offices (or such other location as may be agreed to by Centuri and the Administrative Agent) at such time as may be agreed by Centuri and the Administrative Agent.

SECTION 8.14 Additional Subsidiaries and Collateral.

(a) Additional US Subsidiaries. Promptly after the creation or acquisition of any US Subsidiary (other than an Immaterial Subsidiary) or the re-designation of any Immaterial Subsidiary (and, in any event, within thirty (30) days after such creation or acquisition or re-designation, as such time period may be extended by the Administrative Agent in its sole discretion) cause such Person to (i) become a US Subsidiary Guarantor by delivering to the Administrative Agent a duly executed supplement to the US Credit Party Guaranty Agreement or such other document as the Administrative

Agent shall deem appropriate for such purpose, (ii) grant a security interest, to secure all Secured Obligations, in all Collateral (subject to the exceptions specified in the US Collateral Agreement) owned by such US Subsidiary by delivering to the Administrative Agent a duly executed supplement to each applicable Security Document or such other document as the Administrative Agent shall deem appropriate for such purpose and comply with the terms of each applicable Security Document, (iii) deliver to the Administrative Agent such opinions, documents and certificates referred to in Section 6.1 as may be reasonably requested by the Administrative Agent, (iv) deliver to the Administrative Agent such original certificated Equity Interests or other certificates and stock or other transfer powers evidencing the Equity Interests of such Person, (v) deliver to the Administrative Agent such updated Schedules to the Loan Documents as requested by the Administrative Agent with respect to such Person, and (vi) deliver to the Administrative Agent such other documents as may be reasonably requested by the Administrative Agent, all in form, content and scope reasonably satisfactory to the Administrative Agent.

(b) Additional Canadian Subsidiaries. Promptly after the creation or acquisition of any Canadian Subsidiary (other than an Immaterial Subsidiary) or re-designation of any Immaterial Subsidiary (and in any event within thirty (30) days after such creation or acquisition or re-designation, as such time period may be extended by the Administrative Agent in its sole discretion) cause such Canadian Subsidiary to (i) become a Canadian Subsidiary Guarantor by delivering to the Administrative Agent a duly executed supplement to the Canadian Credit Party Guarantee Agreement or such other document as the Administrative Agent shall deem appropriate for such purpose, (ii) grant a security interest, to secure all Canadian Secured Obligations, in all Collateral (subject to the exceptions specified in the Canadian Collateral Agreement) owned by such Canadian Subsidiary by delivering to the Administrative Agent a duly executed supplement to each applicable Security Document or such other document as the Administrative Agent shall deem appropriate for such purpose and comply with the terms of each applicable Security Document, (iii) deliver to the Administrative Agent such opinions, documents and certificates referred to in Section 6.1 as may be reasonably requested by the Administrative Agent, (iv) deliver to the Administrative Agent such original certificated Equity Interests or other certificates and stock or other transfer powers evidencing the Equity Interests of such Person, (v) deliver to the Administrative Agent such updated Schedules to the Loan Documents as requested by the Administrative Agent with respect to such Person, and (vi) deliver to the Administrative Agent such other documents as may be reasonably requested by the Administrative Agent, all in form, content and scope reasonably satisfactory to the Administrative Agent.

(c) Additional First-Tier Foreign Subsidiaries. Notify the Administrative Agent promptly after any Person becomes a First Tier Foreign Subsidiary, and at the request of the Administrative Agent, promptly thereafter (and, in any event, within forty-five (45) days after such request, as such time period may be extended by the Administrative Agent in its sole discretion), cause (i) the applicable US Credit Party to deliver to the Administrative Agent Security Documents pledging (A) as security for the US Secured Obligations, sixty-six percent (66%) of the total outstanding voting Equity Interests (and one hundred percent (100%) of the non-voting Equity Interests) of any such new First Tier Foreign Subsidiary and (B) as security for the Canadian Secured Obligations, one hundred percent (100%) of the Equity Interests of any such new First Tier Foreign Subsidiary and, in each case, a consent thereto executed by such new First Tier Foreign Subsidiary (including, without limitation, if applicable, original stock certificates (or the equivalent thereof pursuant to the Applicable Laws and practices of any relevant foreign jurisdiction) evidencing the Equity Interests of such new First Tier Foreign Subsidiary, together with an appropriate undated stock power for each certificate duly executed in blank by the registered owner thereof), (ii) such Person to deliver to the Administrative Agent such opinions, documents and certificates referred to in Section 6.1 as may be reasonably requested by the Administrative Agent, (iii) such Person to deliver to the Administrative Agent such updated Schedules to the Loan Documents as requested by the Administrative Agent with regard to such Person and (iv) such Person to deliver to the Administrative Agent such other documents as may be reasonably requested by the Administrative Agent, all in form, content and scope reasonably satisfactory to the Administrative Agent.

(d) Merger Subsidiaries. Notwithstanding the foregoing, to the extent any new Subsidiary is created solely for the purpose of consummating a merger transaction pursuant to a Permitted Acquisition, and such new Subsidiary at no time holds any assets or liabilities other than any merger consideration contributed to it contemporaneously with the closing of such merger transaction, such new Subsidiary shall not be required to take the actions set forth in Section 8.14(a) or (b), as applicable, until the consummation of such Permitted Acquisition (at which time, the surviving entity of the respective merger transaction shall be required to so comply with Section 8.14(a) or (b), as applicable, within ten (10) Business Days of the consummation of such Permitted Acquisition, as such time period may be extended by the Administrative Agent in its sole discretion).

(e) Additional Collateral. After the Closing Date, Centuri will notify the Administrative Agent in writing promptly upon any Credit Party's acquisition or ownership of any Collateral not already covered by the US Collateral Agreement or Canadian Collateral Agreement, as applicable (such acquisition or ownership being herein called an "Additional Collateral Event" and the property so acquired or owned being herein called "Additional Collateral"). As soon as practicable and in any event within thirty (30) days (or such longer period as the Administrative Agent shall agree) after an Additional Collateral Event, the applicable Credit Party shall (i) execute and deliver or cause to be executed and delivered Security Documents, in form and substance reasonably satisfactory to Administrative Agent, in favor of Administrative Agent and duly executed by the applicable Credit Party, covering and effecting and granting a first-priority Lien (subject to Permitted Liens) upon the applicable Additional Collateral, and such other documents (including, without limitation, certificates and legal opinions, all in form and substance reasonably satisfactory to Administrative Agent) as may be reasonably required by Administrative Agent in connection with the execution and delivery of such Security Documents and (ii) deliver or cause to be delivered by the Consolidated Companies such other documents or certificates consistent with the terms of this Agreement and relating to the transactions contemplated hereby as Administrative Agent may reasonably request.

SECTION 8.15 Use of Proceeds. The Borrowers shall use the proceeds of the Extensions of Credit (a) to finance the Transactions, (b) pay fees, commissions and expenses in connection with the Transactions, and (c) for working capital and general corporate purposes of the Consolidated Companies, including the payment of certain fees and expenses incurred in connection with the Transactions and this Agreement. No Borrower will request any Extension of Credit, nor shall any Borrower use, and each Borrower shall ensure that its Subsidiaries and its or their respective directors, officers, employees and agents shall not use, the proceeds of any Extension of Credit (i) in furtherance of an offer, payment, promise to pay, or authorization of the payment or giving of money, or anything else of value, to any Person in violation of any Anti-Corruption Laws, (ii) for the purpose of funding, financing or facilitating any activities, business or transaction of or with any Sanctioned Person, or in any Sanctioned Country or (iii) in any manner that would result in the violation of any Sanctions applicable to any party hereto.

SECTION 8.16 Corporate Governance. (a) Maintain entity records and books of account separate from those of any other entity which is an Affiliate of such entity, (b) not commingle its funds or assets with those of any other entity which is an Affiliate of such entity (except pursuant to cash management systems reasonably acceptable to the Administrative Agent) and (c) provide that its board of directors (or equivalent governing body) will hold all appropriate meetings, or act by unanimous written consent, to authorize and approve such entity's actions, which meetings will be separate from those of any other entity which is an Affiliate of such entity; provided, however, that Centuri and Southwest Administrators, Inc. shall be permitted, at the request of Centuri, to (x) maintain entity records and books of account that are not separate and (y) commingle their funds and assets on an as needed basis to conduct the Consolidated Companies' business in its ordinary course consistent with past practices.

SECTION 8.17 Further Assurances. Execute any and all further documents, financing statements, agreements and instruments, and take all such further actions (including the filing and recording of financing statements and other documents), which may be required under any Applicable Law, or which the Administrative Agent or the Required Lenders may reasonably request, to effectuate the transactions contemplated by the Loan Documents or to grant, preserve, protect or perfect the Liens created or intended to be created by the Security Documents or the validity or priority of any such Lien, all at the expense of the Credit Parties.

SECTION 8.18 Compliance with Anti-Corruption Laws and Sanctions. Each Borrower will maintain in effect and enforce policies and procedures designed to ensure compliance by such Borrower, its Subsidiaries and their respective directors, officers, employees and agents (a) in all material respects with Anti-Corruption Laws and (b) applicable Sanctions.

SECTION 8.19 Post-Closing Matters. Execute and deliver the documents and complete the tasks set forth on Schedule 8.19, in each case within the time limits specified on such schedule.

ARTICLE IX

NEGATIVE COVENANTS

Until all of the Obligations (other than contingent, indemnification obligations not then due) have been paid and satisfied in full in cash, all Letters of Credit have been terminated or expired (or been Cash Collateralized) and the Commitments terminated, the Credit Parties will not, and will not permit any of their respective Subsidiaries to.

SECTION 9.1 Indebtedness. Create, incur, assume or suffer to exist any Indebtedness except:

(a) the Obligations;

(b) Indebtedness and obligations owing (i) under Hedge Agreements entered into in order to manage existing or anticipated interest rate, exchange rate or commodity price risks and not for speculative purposes, or (ii) to Cash Management Banks pursuant to Cash Management Agreements entered into in the ordinary course of business;

(c) Indebtedness existing on the Closing Date and listed on Schedule 9.1, and any refinancings, refundings, renewals or extensions thereof; provided that (i) the principal amount of such Indebtedness is not increased at the time of such refinancing, refunding, renewal or extension except by an amount equal to a reasonable premium or other reasonable amount paid, and fees and expenses reasonably incurred, in connection with such refinancing and by an amount equal to any existing commitments unutilized thereunder, (ii) the final maturity date and weighted average life of such refinancing, refunding, renewal or extension shall not be prior to or shorter than that applicable to the Indebtedness prior to such refinancing, refunding, renewal or extension and (iii) any refinancing, refunding, renewal or extension of any Subordinated Indebtedness shall be (A) on subordination terms at least as favorable to the Lenders, (B) no more restrictive on the Consolidated Companies than the Subordinated Indebtedness being refinanced, refunded, renewed or extended and (C) in an amount not less than the amount outstanding at the time of such refinancing, refunding, renewal or extension;

(d) Capital Lease Obligations and purchase money Indebtedness, in each case incurred in the ordinary course of business of the Consolidated Companies in an aggregate amount not to exceed $100,000,000 at any time outstanding; provided that such Indebtedness is incurred concurrently with or within twenty-four (24) months after the applicable acquisition, construction, repair, replacement or improvement;

(e) Guaranty Obligations with respect to Indebtedness permitted pursuant to subsections (a) through (d), (g), (j) and (k) of this Section;

(f) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or other similar instrument drawn against insufficient funds in the ordinary course of business;

(g) Indebtedness under performance bonds, surety bonds, release, appeal and similar bonds, statutory obligations or with respect to workers' compensation claims, in each case incurred in the ordinary course of business, and reimbursement obligations in respect of any of the foregoing;

(h) unsecured intercompany Indebtedness (i) owed by any US Credit Party to another US Credit Party, (ii) owed by any Canadian Credit Party to another Canadian Credit Party, (iii) owed by any US Credit Party to any Canadian Credit Party in an aggregate amount not to exceed $22,500,000 at any time outstanding, (iv) owed by any Canadian Credit Party to any US Credit Party in an aggregate amount not to exceed $22,500,000 at any time outstanding, and (v) owed by or to any Non-Credit Party Subsidiary by or to any Credit Party or another Non-Credit Party Subsidiary, provided that the aggregate amount of such Indebtedness owed by a Non-Credit Party Subsidiary to a Credit Party shall not exceed $22,500,000 at any time outstanding, provided further that any such Indebtedness owed by a Credit Party to a Non-Credit Party Subsidiary shall be subordinated to the Obligations on terms reasonably satisfactory to the Administrative Agent;

(i) Indebtedness of a Person existing at the time such Person became a Subsidiary or assets were acquired from such Person in connection with an Investment permitted pursuant to Section 9.3, to the extent that (i) such Indebtedness was not incurred in connection with, or in contemplation of, such Person becoming a Subsidiary or the acquisition of such assets, (ii) neither Centuri nor any Subsidiary thereof (other than such Person or any other Person that such Person merges with or that acquires the assets of such Person) shall have any liability or other obligation with respect to such Indebtedness and (iii) the aggregate outstanding principal amount of such Indebtedness does not exceed $5,000,000 at any time outstanding; and

(j) other Indebtedness of any Credit Party or any Subsidiary thereof not otherwise permitted pursuant to this Section in an aggregate principal amount not to exceed $15,000,000 at any time outstanding.

SECTION 9.2 Liens. Create, incur, assume or suffer to exist, any Lien on or with respect to any of its Property, whether now owned or hereafter acquired, except:

(a) Liens created pursuant to the Loan Documents (including, without limitation, Liens in favor of the Swingline Lenders and/or the Issuing Lenders, as applicable, on Cash Collateral granted pursuant to the Loan Documents);

(b) Liens in existence on the Closing Date and described on Schedule 9.2, and the replacement, renewal or extension thereof (including Liens incurred in connection with any refinancing, refunding, renewal or extension of Indebtedness pursuant to Section 9.1(c) (solely to the extent that such Liens were in existence on the Closing Date and described on Schedule 9.2)); provided that the scope of any such Lien shall not be increased, or otherwise expanded, to cover any additional property or type of asset, as applicable, beyond that in existence on the Closing Date, except for products and proceeds of the foregoing;

(c) Liens for taxes, assessments and other governmental charges or levies (excluding any Lien imposed pursuant to any of the provisions of ERISA, any Canadian Pension Laws or Environmental Laws) (i) not past due or as to which the period of grace (not to exceed thirty (30) days), if any, related thereto has not expired or (ii) which are being contested in good faith and by appropriate proceedings if adequate reserves are maintained to the extent required by GAAP;

(d) the claims of materialmen, mechanics, carriers, warehousemen, processors or landlords for labor, materials, supplies or rentals incurred in the ordinary course of business, which (i) are not overdue for a period of more than thirty (30) days, or if more than thirty (30) days overdue, no action has been taken to enforce such Liens and such Liens are being contested in good faith and by appropriate proceedings if adequate reserves are maintained to the extent required by GAAP and (ii) do not, individually or in the aggregate, materially impair the use thereof in the operation of the business of the Consolidated Companies taken as a whole;

(e) deposits or pledges made in the ordinary course of business in connection with, or to secure payment of, obligations under workers' compensation, unemployment insurance and other types of social security or similar legislation (other than Liens imposed pursuant to any of the provisions of ERISA or any Canadian Pension Laws), or to secure the performance of bids, trade contracts and leases (other than Indebtedness) or subleases, statutory obligations, surety bonds (other than bonds related to judgments or litigation), performance bonds and other obligations of a like nature incurred in the ordinary course of business, in each case, so long as no foreclosure sale or similar proceeding has been commenced with respect to any portion of the Collateral on account thereof;

(f) encumbrances in the nature of zoning restrictions, easements and rights or restrictions of record on the use of real property, which in the aggregate are not substantial in amount and which do not, in any case, detract from the value of such property or impair the use thereof in the ordinary conduct of business;

(g) Liens arising from the filing of precautionary UCC financing statements relating solely to personal property leased pursuant to operating leases entered into in the ordinary course of business of the Consolidated Companies;

(h) Liens securing Indebtedness permitted under Section 9.1(d); provided that (i) such Liens shall be created concurrently with or within twenty-four (24) months of the acquisition, repair, improvement or lease, as applicable, of the related Property, (ii) such Liens do not at any time encumber any property other than the Property financed by such Indebtedness and the proceeds thereof, (iii) the amount of Indebtedness secured thereby is not increased and (iv) the principal amount of Indebtedness secured by any such Lien shall at no time exceed one hundred percent (100%) of the original price for the purchase, repair improvement or lease amount (as applicable) of such Property at the time of purchase, repair, improvement or lease (as applicable);

(i) Liens securing judgments for the payment of money not constituting an Event of Default under Section 10.1(m) or securing appeal or other surety bonds relating to such judgments;

(j) (i) Liens of a collecting bank arising in the ordinary course of business under Section 4-210 of the UCC and/or the PPSA, as applicable, in effect in the relevant jurisdiction and (ii) Liens of any depositary bank in connection with statutory, common law and contractual rights of set-off and recoupment with respect to any deposit account of any Borrower or any Subsidiary thereof;

(k) (i) contractual or statutory Liens of landlords to the extent relating to the property and assets relating to any lease agreements with such landlord, and (ii) contractual Liens of suppliers (including sellers of goods) or customers granted in the ordinary course of business to the extent limited to the property or assets relating to such contract;

(l) Liens on Property (i) of any Subsidiary which are in existence at the time that such Subsidiary is acquired pursuant to a Permitted Acquisition and (ii) of Centuri or any of its Subsidiaries existing at the time such tangible property or tangible assets are purchased or otherwise acquired by Centuri or such Subsidiary thereof pursuant to a transaction permitted pursuant to this Agreement; provided that, with respect to each of the foregoing clauses (i) and (ii), (A) such Liens are not incurred in connection with, or in anticipation of, such Permitted Acquisition, purchase or other acquisition, (B) such Liens are applicable only to specific Property, (C) such Liens are not "blanket" or all asset Liens, (D) such Liens do not attach to any other Property of Centuri or any of its Subsidiaries and (E) the Indebtedness secured by such Liens is permitted under Section 9.1(i) of this Agreement); and

(m) any interest or title of a licensor, sublicensor, lessor or sublessor with respect to any assets under any license or lease agreement entered into in the ordinary course of business which do not (i) interfere in any material respect with the business of the Consolidated Companies taken as a whole or materially detract from the value of the relevant assets of the Consolidated Companies taken as a whole or (ii) secure any Indebtedness.

SECTION 9.3 Investments. Purchase, invest in or otherwise acquire (in one transaction or a series of transactions), directly or indirectly, any Equity Interests, interests in any partnership or joint venture (including, without limitation, the creation or capitalization of any Subsidiary), evidence of Indebtedness or other obligation or security, substantially all or a portion of the business or assets of any other Person or any other investment or interest whatsoever in any other Person, or make, directly or indirectly, any loans, advances or extensions of credit to, or any investment in cash or by delivery of Property in, any Person (all the foregoing, "Investments") except:

(a) (i) Investments existing on the Closing Date and described on Schedule 9.3;

(ii) Investments made after the Closing Date by any US Credit Party in any other US Credit Party;

(iii) Investments made after the Closing Date by any Canadian Credit Party in any other Canadian Credit Party;

(iv) Investments made after the Closing Date by any Non-Credit Party Subsidiary in any Credit Party or any other Non-Credit Party Subsidiary;

(v) Investments made after the Closing Date by any Canadian Credit Party in any US Credit Party in an aggregate amount not to exceed $20,000,000 at any time outstanding;

(vi) Investments made after the Closing Date by any US Credit Party in any Canadian Credit Party in an aggregate amount not to exceed $20,000,000 at any time outstanding; and

(vii) Investments made after the Closing Date by any Credit Party in any Non-Credit Party Subsidiary in an aggregate amount not to exceed $20,000,000 at any time outstanding.

(b) Investments in cash and Cash Equivalents;

(c) deposits made in the ordinary course of business to secure the performance of leases or other obligations as permitted by Section 9.2;

(d) Hedge Agreements permitted pursuant to Section 9.1(b);

(e) (i) purchases of assets in the ordinary course of business and (ii) Investments consisting of extensions of credit in the nature of accounts receivable or notes receivable arising from the grant of trade credit in the ordinary course of business, and Investments received in satisfaction or partial satisfaction thereof from financially troubled account debtors to the extent reasonably necessary in order to prevent or limit loss;

(f) Investments by any Credit Party in the form of Permitted Acquisitions to the extent that any Person or Property acquired in such Acquisition becomes a part of such Credit Party or becomes (whether or not such Person is a Wholly-Owned Subsidiary) a Subsidiary Guarantor in the manner and at the time contemplated by Section 8.14;

(g) Investments in the form of loans and advances to officers, directors and employees in the ordinary course of business (including, without limitation, loans and advances for the relocation of such Person's residence) in an aggregate amount not to exceed at any time outstanding $3,000,000 (determined without regard to any write-downs or write-offs of such loans or advances);

(h) Investments in the form of intercompany Indebtedness permitted pursuant to Section 9.1(h);

(i) Investments, to the extent that the amount thereof would be permitted on the date when made as Restricted Payments pursuant to Section 9.6(d) (with references therein to "Restricted Payment" being deemed to include such Investments as the context requires);

(j) Guaranty Obligations permitted pursuant to Section 9.1; and

(k) other Investments in Subsidiaries of Credit Parties, or in joint ventures with Persons that are not Affiliates of the Credit Parties, provided that the aggregate amount of such Investments outstanding at any time does not exceed $20,000,000.

For purposes of determining the amount of any Investment outstanding for purposes of this Section 9.3, such amount shall be deemed to be the amount of such Investment when made, purchased or acquired (without adjustment for subsequent increases or decreases in the value of such Investment) less any amount realized in respect of such Investment upon the sale, collection or return of capital (not to exceed the original amount invested).

SECTION 9.4 Fundamental Changes. Merge, amalgamate, consolidate or enter into any similar combination with, or enter into any Asset Disposition of all or substantially all of its assets (whether in a single transaction or a series of transactions) with, any other Person or liquidate, wind-up or dissolve itself (or suffer any liquidation or dissolution) except:

(a) any Subsidiary of the US Borrower may merge into the US Borrower in a transaction in which the US Borrower is the surviving Person;

(b) (i) any Subsidiary (other than a Borrower) may merge into any other Subsidiary in a transaction in which the surviving entity is a US Credit Party and (ii) any US Borrower may merge into another US Borrower;

(c) any Canadian Subsidiary (other than the Canadian Borrower) may be merged, amalgamated or consolidated with or into any other Subsidiary in a transaction in which the surviving or resulting entity is a Canadian Credit Party;

(d) any Subsidiary of the US Borrower may liquidate or dissolve if the US Borrower determines in good faith that such liquidation or dissolution is in the best interests of the US Borrower and is not materially disadvantageous to the Lenders, provided that, to the extent such Subsidiary is a (A) US Credit Party, its assets are transferred to a US Credit Party, and (B) Canadian Credit Party, its assets are transferred to a Canadian Credit Party;

(e) any Consolidated Company may give effect to a merger, amalgamation or consolidation the purpose of which is to effect an Investment or Asset Disposition permitted under Article IX so long as, in the case of any such merger, amalgamation or consolidation to which a Credit Party is a party, (i) such Credit Party is the surviving Person, or (ii) if such Credit Party is not the surviving Person, the surviving Person becomes a Credit Party by executing, upon consummation of such merger, amalgamation or consolidation, such documents (including guaranties and security agreements) as are satisfactory to the Agent to render such surviving Person a Credit Party provided that if a Borrower is party to such merger, amalgamation or consolidation such Borrower shall be the surviving Person;

(f) any Subsidiary may dispose of all or substantially all of its assets (upon voluntary liquidation, dissolution, winding up or otherwise) to any Borrower;

(g) any Subsidiary may dispose of all or substantially all of its assets (upon voluntary liquidation, dissolution, winding up or otherwise) to any other Subsidiary; provided that such disposal by (i) a US Credit Party shall be permitted to be made only to another US Credit Party and (ii) a Canadian Credit Party shall be permitted to be made only to another Canadian Credit Party; and

(h) Asset Dispositions permitted by Section 9.5.

SECTION 9.5 Asset Dispositions. Make any Asset Disposition except:

(a) the sale of inventory or assets in the ordinary course of business;

(b) the transfer of assets to a Borrower or any Subsidiary Guarantor pursuant to any other transaction permitted pursuant to Section 9.4;

(c) the write-off, discount, sale or other disposition of defaulted or past-due receivables and similar obligations in the ordinary course of business and not undertaken as part of an accounts receivable financing transaction;

(d) the disposition of any Hedge Agreement or close out of any position thereunder;

(e) dispositions of Investments in cash and Cash Equivalents;

(f) the transfer by any Credit Party of its assets to any other Credit Party;

(g) the transfer by any Non-Credit Party Subsidiary of its assets to any Credit Party (provided that in connection with any new transfer, such Credit Party shall not pay more than an amount equal to the fair market value of such assets as determined in good faith at the time of such transfer);

(h) the transfer by any Non-Credit Party Subsidiary of its assets to any other Non-Credit Party Subsidiary;

(i) the sale, abandonment or other disposition of obsolete, worn-out or surplus assets no longer needed or necessary in the business of the Consolidated Company effecting such Asset Disposition or any of its Subsidiaries;

(j) non-exclusive licenses and sublicenses of intellectual property rights in the ordinary course of business not interfering, individually or in the aggregate, in any material respect with the conduct of the business of the Consolidated Companies;

(k) leases, subleases, licenses or sublicenses of real or personal property granted by Centuri or any of its Subsidiaries to others in the ordinary course of business not interfering in any material respect with the business of the Consolidated Companies;

(l) Asset Dispositions in connection with Insurance and Condemnation Events; provided that the requirements of Section 4.4(b) are complied with in connection therewith;

(m) Asset Dispositions in connection with transactions permitted by Section 9.4 (other than Section 9.4(h));

(n) Asset Dispositions with respect to the assets of the Intellichoice Entities or all or substantially all of the Equity Interests issued by Intellichoice Energy, LLC; and

(o) Asset Dispositions not otherwise permitted pursuant to this Section; provided that (i) at the time of such Asset Disposition, no Default or Event of Default shall exist or would result from such Asset Disposition, (ii) such Asset Disposition is made for fair market value and the consideration received shall be no less than seventy-five percent (75%) in cash, and (iii) the aggregate book value of all property disposed of in reliance on this clause (o) shall not exceed $20,000,000 in any Fiscal Year.

SECTION 9.6 Restricted Payments. Declare or pay any dividend on, or make any payment or other distribution on account of, or purchase, redeem, retire or otherwise acquire (directly or indirectly), or set apart assets for a sinking or other analogous fund for the purchase, redemption, retirement or other acquisition of, any class of Equity Interests of any Credit Party or any Subsidiary thereof, or make any distribution of cash, property or assets to the holders of shares of any Equity Interests of any Credit Party or any Subsidiary thereof (all of the foregoing, the "Restricted Payments") provided that:

(a) so long as no Default or Event of Default has occurred and is continuing or would result therefrom, any Consolidated Company may pay dividends in shares of its own Qualified Equity Interests;

(b) any Subsidiary of a Consolidated Company may pay cash dividends to any Credit Party;

(c) any Non-Credit Party Subsidiary may make Restricted Payments to any other Non-Credit Party Subsidiary (and, if applicable, to other holders of its outstanding Equity Interests on a ratable basis); and

(d) any Consolidated Company may declare and make Restricted Payments not otherwise permitted pursuant to this Section; provided that the aggregate amount of such Restricted Payments (together with all Investments made pursuant to Section 9.3(i)) made in the twelve (12) consecutive month period ending on the day on which the applicable Restricted Payment is effective does not exceed fifty percent (50%) of Adjusted Consolidated Net Income for the most recently ended four consecutive fiscal quarter period for which financial statements and the related Officer's Compliance Certificate have been delivered pursuant to Sections 8.1(a) or (b) and 8.2(a); provided further that, immediately before and immediately after giving pro forma effect to the making of any such Restricted Payment and any Indebtedness incurred in connection therewith, (i) no Default or Event of Default shall have occurred and be continuing and (ii) the Consolidated Companies are in compliance (based on the financial statements most recently delivered pursuant to Section 8.1) with the financial covenants set forth in Section 9.13.

SECTION 9.7 Transactions with Affiliates. Directly or indirectly enter into any transaction, including, without limitation, any purchase, sale, lease or exchange of Property, the rendering of any service or the payment of any management, advisory or similar fees, with (a) any officer, director, holder of any Equity Interests in, or other Affiliate of Centuri or any of its Subsidiaries or (b) any Affiliate of any such officer, director or holder, other than:

(i) transactions permitted by Sections 9.1, 9.3, 9.4, 9.5, 9.6 and 9.9;

(ii) transactions existing on the Closing Date and described on Schedule 9.7;

(iii) transactions (i) between or among US Credit Parties not involving any other Affiliate and (ii) between or among Canadian Credit Parties not involving any other Affiliate;

(iv) other transactions in the ordinary course of business on terms as favorable as would be obtained by it on a comparable arm's-length transaction with an independent, unrelated third party as determined in good faith by the board of directors (or equivalent governing body) of Centuri;

(v) employment and severance arrangements (including equity incentive plans and employee benefit plans and arrangements) with their respective officers and employees in the ordinary course of business;

(vi) payment of customary compensation, fees and reasonable out of pocket costs to, and indemnities for the benefit of, directors, officers and employees of the Consolidated Companies in the ordinary course of business to the extent attributable to the ownership or operation of the Consolidated Companies;

(vii) conveyances of assets to joint ventures pursuant to terms negotiated and agreed to on an arms-length basis with one or more third-parties that were not Affiliates of a Credit Party immediately prior to the execution and delivery of the written agreement setting forth such terms; and

(viii) customary overhead allocations and intercompany charges applied by Centuri on a consistent basis to its Subsidiaries generally.

SECTION 9.8 Accounting Changes; Organizational Documents.

(a) Change its Fiscal Year end, or make (without the consent of the Administrative Agent) any material change in its accounting treatment and reporting practices except as required by GAAP.

(b) Amend, modify or change its articles of incorporation (or corporate charter or other similar organizational documents), or amend, modify or change its bylaws (or other similar documents) in any manner materially adverse to the rights or interests of the Lenders.

SECTION 9.9 Payments and Modifications of Subordinated Indebtedness.

(a) Amend, modify, waive or supplement (or permit the modification, amendment, waiver or supplement of) any of the terms or provisions of any Subordinated Indebtedness in any respect which would materially and adversely affect the rights or interests of the Administrative Agent and Lenders hereunder.

(b) Cancel, forgive, make any payment or prepayment on, or redeem or acquire for value (including, without limitation, (i) by way of depositing with any trustee with respect thereto money or securities before due for the purpose of paying when due and (ii) at the maturity thereof) any Subordinated Indebtedness, except:

(i) refinancings, refundings, renewals, extensions or exchange of any Subordinated Indebtedness permitted pursuant to Section 9.1 and by any subordination agreement applicable thereto; and

(ii) the payment of interest, expenses and indemnities in respect of Subordinated Indebtedness (other than any such payments prohibited by the subordination provisions thereof).

SECTION 9.10 No Further Negative Pledges; Restrictive Agreements.

(a) Enter into, assume or be subject to any agreement prohibiting or otherwise restricting the creation or assumption of any Lien upon its properties or assets, whether now owned or hereafter acquired, or requiring the grant of any security for such obligation if security is given for some other obligation, except (i) pursuant to this Agreement and the other Loan Documents, (ii) pursuant to any document or instrument governing Indebtedness incurred pursuant to Section 9.1(c), (d) or (i) (provided that any such restriction contained therein relates only to the asset or assets acquired in connection therewith and proceeds thereof), (iii) restrictions contained in the organizational documents of any Non-Guarantor Subsidiary as of the Closing Date and (iv) customary restrictions in connection with any Permitted Lien or any document or instrument governing any Permitted Lien (provided that any such restriction contained therein relates only to the asset or assets subject to such Permitted Lien and proceeds thereof).

(b) Create or otherwise cause or suffer to exist or become effective any consensual encumbrance or restriction on the ability of any Credit Party or any Subsidiary thereof to (i) pay dividends or make any other distributions to any Credit Party or any Subsidiary on its Equity Interests or with respect to any other interest or participation in, or measured by, its profits, (ii) pay any Indebtedness or other obligation owed to any Credit Party, (iii) make loans or advances to any Credit Party, (iv) sell, lease or transfer any of its properties or assets to any Credit Party or (v) act as a Credit Party pursuant to the Loan Documents or any renewals, refinancings, exchanges, refundings or extension thereof, except (in respect of any of the matters referred to in clauses (i) through (v) above) for such encumbrances or restrictions existing under or by reason of (A) this Agreement and the other Loan Documents, (B) Applicable Law, (C) any document or instrument governing Indebtedness incurred pursuant to Section 9.1(c), (d) or (i) (provided, that any such restriction contained therein relates only to the asset or assets acquired in connection therewith and proceeds thereof), (D) any Permitted Lien or any document or instrument governing any Permitted Lien (provided, that any such restriction contained therein relates only to the asset or assets subject to such Permitted Lien), (E) obligations that are binding on a Subsidiary

at the time such Subsidiary first becomes a Subsidiary of Centuri, so long as such obligations are not entered into in contemplation of such Person becoming a Subsidiary, (F) customary restrictions contained in an agreement related to the sale of Property or the Equity Interests of a Subsidiary (to the extent such sale is permitted pursuant to Section 9.5) that limit the transfer of such Property or Equity Interests of such Subsidiary pending the consummation of such sale, (G) customary restrictions in leases, subleases, licenses and sublicenses or asset sale agreements otherwise permitted by this Agreement so long as such restrictions relate only to the assets subject thereto and (H) customary provisions restricting assignment of any agreement entered into in the ordinary course of business.

SECTION 9.11 Nature of Business. Engage in any business other than the business conducted by the Consolidated Companies as of the Closing Date and business activities reasonably related or ancillary thereto.

SECTION 9.12 Sale Leasebacks. Directly or indirectly become or remain liable as lessee or as guarantor or other surety with respect to any lease, whether an operating lease or a Capital Lease Obligation, of any Property (whether real, personal or mixed), whether now owned or hereafter acquired, (a) which any Credit Party or any Subsidiary thereof has sold or transferred or is to sell or transfer to a Person which is not another Credit Party or Subsidiary of a Credit Party or (b) which any Credit Party or any Subsidiary of a Credit Party intends to use for substantially the same purpose as any other Property that has been sold or is to be sold or transferred by such Credit Party or such Subsidiary to another Person which is not another Credit Party or Subsidiary of a Credit Party in connection with such lease, except (i) any transaction with respect to Property that is not Collateral, and (ii) any transaction pursuant to which any Indebtedness incurred in connection therewith, the Liens securing such Indebtedness and the Asset Disposition related thereto are otherwise expressly permitted pursuant to Sections 9.1, 9.2 and 9.5, respectively.

SECTION 9.13 Financial Covenants.

(a) Consolidated Fixed Charge Coverage Ratio. As of the last day of any fiscal quarter, permit the Consolidated Fixed Charge Coverage Ratio to be less than 1.25 to 1.00.

(b) Consolidated Leverage Ratio. As of the last day of any fiscal quarter, permit the Consolidated Leverage Ratio to be greater than (i) 3.25 to 1.00 through the fiscal quarter ending September 30, 2018 and (ii) 3.00 to 1.00 for the fiscal quarter ending December 31, 2018 and thereafter.

SECTION 9.14 Disposal of Subsidiary Interests. Permit any US Subsidiary existing as of the date hereof to be a non-Wholly-Owned Subsidiary except as a result of or in connection with a dissolution, merger, amalgamation, consolidation or disposition permitted by Section 9.4 or 9.5.

ARTICLE X

DEFAULT AND REMEDIES

SECTION 10.1 Events of Default. Each of the following shall constitute an Event of Default:

(a) Default in Payment of Principal of Loans and Reimbursement Obligations. Any Borrower shall default in any payment of principal of any Loan or Reimbursement Obligation when and as due (whether at maturity, by reason of acceleration or otherwise).

(b) Other Payment Default. Any Borrower shall default in the payment when and as due (whether at maturity, by reason of acceleration or otherwise) of interest on any Loan or Reimbursement Obligation or the payment of any other Obligation, and such default shall continue for a period of three (3) Business Days.

(c) Misrepresentation. Any representation, warranty, certification or statement of fact made or deemed made by or on behalf of any Credit Party or any Subsidiary thereof in this Agreement, in any other Loan Document, or in any document delivered in connection herewith or therewith that is subject to materiality or Material Adverse Effect qualifications, shall be incorrect or misleading in any respect when made or deemed made or any representation, warranty, certification or statement of fact made or deemed made by or on behalf of any Credit Party or any Subsidiary thereof in this Agreement, any other Loan Document, or in any document delivered in connection herewith or therewith that is not subject to materiality or Material Adverse Effect qualifications, shall be incorrect or misleading in any material respect when made or deemed made.

(d) Default in Performance of Certain Covenants. Any Credit Party or any Subsidiary thereof shall default in the performance or observance of any covenant or agreement contained in Sections 8.1(a), (b), (d) or (e), 8.2(a) or (b), 8.3(a), 8.4, 8.13, 8.15, 8.16, 8.17, 8.18 or 8.19 or Article IX.

(e) Default in Performance of Other Covenants and Conditions. Any Credit Party or any Subsidiary thereof shall default in the performance or observance of any term, covenant, condition or agreement contained in this Agreement (other than as specifically provided for in Section 10.1(a), (b), (c) or (d)) or any other Loan Document and such default shall continue for a period of thirty (30) days after the earlier of (i) the Administrative Agent's delivery of written notice thereof to Centuri and (ii) a Responsible Officer of any Credit Party having obtained knowledge thereof.

(f) Indebtedness Cross-Default. Any Credit Party or any Subsidiary thereof shall (i) default in the payment of any Indebtedness (other than the Loans or any Reimbursement Obligation) the aggregate outstanding principal amount, or with respect to any Hedge Agreement, the Hedge Termination Value, of which is in excess of the Threshold Amount beyond the period of grace if any, provided in the instrument or agreement under which such Indebtedness was created, or (ii) default in the observance or performance of any other agreement or condition relating to any Indebtedness (other than the Loans or any Reimbursement Obligation) the aggregate outstanding principal amount, or with respect to any Hedge Agreement, the Hedge Termination Value, of which is in excess of the Threshold Amount or contained in any instrument or agreement evidencing, securing or relating thereto or any other event shall occur or condition exist, the effect of which default or other event or condition is to cause, or to permit the holder or holders of such Indebtedness (or a trustee or agent on behalf of such holder or holders) to cause, with the giving of notice and/or lapse of time, if required, any such Indebtedness to become due prior to its stated maturity (any applicable grace period having expired).

(g) Other Cross-Defaults. Any Consolidated Company shall default in the payment when due, or in the performance or observance, of any obligation or condition of any Material Contract unless, but only as long as, the existence of any such default is being contested by such Consolidated Company or any such Subsidiary in good faith by appropriate proceedings and adequate reserves in respect thereof have been established on the books of the Consolidated Companies to the extent required by GAAP.

(h) Change in Control. Any Change in Control shall occur.

(i) Voluntary Bankruptcy Proceeding. Any Credit Party or any Subsidiary thereof or Southwest Gas or any Subsidiary thereof) shall (i) commence a voluntary case under any Debtor Relief Laws, (ii) file a petition seeking to take advantage of any Debtor Relief Laws, (iii) consent to or fail to

contest in a timely and appropriate manner any petition filed against it in an involuntary case under any Debtor Relief Laws, (iv) apply for or consent to, or fail to contest in a timely and appropriate manner, the appointment of, or the taking of possession by, a receiver, custodian, trustee, or liquidator of itself or of a substantial part of its property, domestic or foreign, (v) admit in writing its inability to pay its debts as they become due, (vi) make a general assignment for the benefit of creditors, or (vii) take any corporate action for the purpose of authorizing any of the foregoing.

(j) Involuntary Bankruptcy Proceeding. A case or other proceeding shall be commenced against any Credit Party or any Subsidiary thereof or Southwest Gas or any Subsidiary thereof) in any court of competent jurisdiction seeking (i) relief under any Debtor Relief Laws, or (ii) the appointment of a trustee, receiver, custodian, liquidator or the like for any Credit Party or any Subsidiary thereof or Southwest Gas or any Subsidiary thereof) or for all or any substantial part of their respective assets, domestic or foreign, and such case or proceeding shall continue without dismissal or stay for a period of sixty (60) consecutive days, or an order granting the relief requested in such case or proceeding (including, but not limited to, an order for relief under such federal bankruptcy laws) shall be entered.

(k) Failure of Agreements. Any provision of this Agreement or any provision of any other Loan Document shall for any reason cease to be valid and binding on any Credit Party or any Subsidiary thereof party thereto or any such Person shall so state in writing, or any Loan Document shall for any reason cease to create a valid and perfected first priority Lien (subject to Permitted Liens) on, or security interest in, any of the Collateral purported to be covered thereby, in each case other than in accordance with the express terms hereof or thereof.

(l) Employee Benefit Plan Events. The occurrence of any of the following events: (i) any Credit Party or any ERISA Affiliate fails to make full payment when due of all amounts which, under the provisions of any Pension Plan or Sections 412 or 430 of the Code, any Credit Party or any ERISA Affiliate is required to pay as contributions thereto and such unpaid amounts are in excess of the Threshold Amount, (ii) a Termination Event or Canadian Termination Event or (iii) any Credit Party or any ERISA Affiliate as employers under one or more Multiemployer Plans makes a complete or partial withdrawal from any such Multiemployer Plan and the plan sponsor of such Multiemployer Plans notifies such withdrawing employer that such employer has incurred a withdrawal liability requiring payments in an amount exceeding the Threshold Amount.

(m) Judgment. A judgment or order for the payment of money which causes the aggregate amount of all such judgments or orders (net of any amounts paid or fully covered by independent third party insurance as to which the relevant insurance company does not dispute coverage) to exceed the Threshold Amount shall be entered against any Credit Party or any Subsidiary thereof by any court and such judgment or order shall continue without having been discharged, vacated or stayed for a period of thirty (30) consecutive days after the entry thereof.

SECTION 10.2 Remedies. Upon the occurrence and during the continuance of an Event of Default, with the consent of the Required Lenders, the Administrative Agent may, or upon the request of the Required Lenders, the Administrative Agent shall, by notice to Centuri:

(a) Acceleration; Termination of Credit Facility. Terminate the Revolving Credit Commitment and declare the principal of and interest on the Loans and the Reimbursement Obligations at the time outstanding, and all other amounts owed to the Lenders and to the Administrative Agent under this Agreement or any of the other Loan Documents (including, without limitation, all L/C Obligations, whether or not the beneficiaries of the then outstanding Letters of Credit shall have presented or shall be entitled to present the documents required thereunder) and all other Obligations, to be forthwith due and payable, whereupon the same shall immediately become due and payable without presentment, demand,

protest or other notice of any kind, all of which are expressly waived by each Credit Party, anything in this Agreement or the other Loan Documents to the contrary notwithstanding, and terminate the Credit Facility and any right of any Borrower to request borrowings or Letters of Credit thereunder; provided, that upon the occurrence of an Event of Default specified in Section 10.1(i) or (j), the Credit Facility shall be automatically terminated and all Obligations shall automatically become due and payable without presentment, demand, protest or other notice of any kind, all of which are expressly waived by each Credit Party, anything in this Agreement or in any other Loan Document to the contrary notwithstanding.

(b) Letters of Credit. With respect to all Letters of Credit with respect to which presentment for honor shall not have occurred at the time of an acceleration pursuant to the preceding paragraph, the Borrowers shall at such time deposit in a Cash Collateral account opened by the Administrative Agent an amount equal to the aggregate then undrawn and unexpired amount of such Letters of Credit. Amounts held in such Cash Collateral account shall be applied by the Administrative Agent to the payment of drafts drawn under such Letters of Credit, and the unused portion thereof after all such Letters of Credit shall have expired or been fully drawn upon, if any, shall be applied to repay the other Secured Obligations on a pro rata basis and in accordance with Section 10.4. After all such Letters of Credit shall have expired or been fully drawn upon, the Reimbursement Obligation shall have been satisfied and all other Secured Obligations shall have been paid in full, the balance, if any, in such Cash Collateral account shall be returned to the Borrowers.

(c) General Remedies. Exercise on behalf of the Secured Parties all of its other rights and remedies under this Agreement, the other Loan Documents and Applicable Law, in order to satisfy all of the Secured Obligations.

SECTION 10.3 Rights and Remedies Cumulative; Non-Waiver; etc.

(a) The enumeration of the rights and remedies of the Administrative Agent and the Lenders set forth in this Agreement is not intended to be exhaustive and the exercise by the Administrative Agent and the Lenders of any right or remedy shall not preclude the exercise of any other rights or remedies, all of which shall be cumulative, and shall be in addition to any other right or remedy given hereunder or under the other Loan Documents or that may now or hereafter exist at law or in equity or by suit or otherwise. No delay or failure to take action on the part of the Administrative Agent or any Lender in exercising any right, power or privilege shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, power or privilege preclude any other or further exercise thereof or the exercise of any other right, power or privilege or shall be construed to be a waiver of any Event of Default. No course of dealing between the Borrowers, the Administrative Agent and the Lenders or their respective agents or employees shall be effective to change, modify or discharge any provision of this Agreement or any of the other Loan Documents or to constitute a waiver of any Event of Default.

(b) Notwithstanding anything to the contrary contained herein or in any other Loan Document, the authority to enforce rights and remedies hereunder and under the other Loan Documents against the Credit Parties or any of them shall be vested exclusively in, and all actions and proceedings at law in connection with such enforcement shall be instituted and maintained exclusively by, the Administrative Agent in accordance with Section 10.2 for the benefit of all the Lenders and the Issuing Lenders; provided that the foregoing shall not prohibit (a) the Administrative Agent from exercising on its own behalf the rights and remedies that inure to its benefit (solely in its capacity as Administrative Agent) hereunder and under the other Loan Documents, (b) any Issuing Lender or any Swingline Lender from exercising the rights and remedies that inure to its benefit (solely in its capacity as an Issuing Lender or Swingline Lender, as the case may be) hereunder and under the other Loan Documents, (c) any Lender from exercising setoff rights in accordance with Section 12.4 (subject to the terms of Section 5.6), or (d) any Lender from filing proofs of claim or appearing and filing pleadings on its own behalf during the

pendency of a proceeding relative to any Credit Party under any Debtor Relief Law; and provided, further, that if at any time there is no Person acting as Administrative Agent hereunder and under the other Loan Documents, then (i) the Required Lenders shall have the rights otherwise ascribed to the Administrative Agent pursuant to Section 10.2 and (ii) in addition to the matters set forth in clauses (b), (c) and (d) of the preceding proviso and subject to Section 5.6, any Lender may, with the consent of the Required Lenders, enforce any rights and remedies available to it and as authorized by the Required Lenders.

SECTION 10.4 Crediting of Payments and Proceeds. In the event that the Obligations have been accelerated pursuant to Section 10.2 or the Administrative Agent or any Lender has exercised any remedy set forth in this Agreement or any other Loan Document, all payments received on account of the Secured Obligations and all net proceeds from the enforcement of the Secured Obligations shall be applied:

(a) with respect to any payment received from or on behalf of, or any net proceeds from the enforcement of the Secured Obligations received from or on behalf of, any US Credit Party (or proceeds from any Collateral owned by any US Credit Party):

First, to payment of that portion of the US Secured Obligations constituting fees, indemnities, expenses and other amounts, including attorney fees, payable to the Administrative Agent in its capacity as such;

Second, to payment of that portion of the US Secured Obligations constituting fees (other than Commitment Fees and Letter of Credit fees payable to the Revolving Credit Lenders), indemnities and other amounts (other than principal and interest) payable to the Lenders, the Issuing Lenders and the Swingline Lenders under the Loan Documents, including attorney fees, ratably among the Lenders, the Issuing Lenders and the Swingline Lenders in proportion to the respective amounts described in this clause Second payable to them;

Third, to payment of that portion of the US Secured Obligations constituting accrued and unpaid Commitment Fees, Letter of Credit fees payable to the Revolving Credit Lenders and interest on the Loans and Reimbursement Obligations, ratably among the Lenders, the Issuing Lenders and the Swingline Lenders in proportion to the respective amounts described in this clause Third payable to them;

Fourth, to payment of that portion of the US Secured Obligations constituting unpaid principal of the Loans, Reimbursement Obligations and payment obligations then owing under Secured Hedge Agreements and Secured Cash Management Agreements, ratably among the Lenders, the Issuing Lenders, Swingline Lenders, the Hedge Banks and the Cash Management Banks in proportion to the respective amounts described in this clause Fourth payable to them;

Fifth, to the Administrative Agent for the account of the Issuing Lenders, to Cash Collateralize any US L/C Obligations then outstanding;

Sixth, to the payment of the Canadian Secured Obligations in the order set forth in clause (b) below; and

Last, the balance, if any, after all of the US Secured Obligations and the Canadian Secured Obligations have been indefeasibly paid in full, to the Borrowers or as otherwise required by Applicable Law.

(b) with respect to any payment received from or on behalf of, or any net proceeds from the enforcement of the Secured Obligations received from or on behalf of, any Canadian Credit Party (or proceeds from any Collateral owned by any Canadian Credit Party):

First, to payment of that portion of the Canadian Secured Obligations constituting fees, indemnities, expenses and other amounts, including attorney fees, payable to the Administrative Agent in its capacity as such;

Second, to payment of that portion of the Canadian Secured Obligations constituting fees (other than Commitment Fess and Letter of Credit fees payable to the Revolving Credit Lenders), indemnities and other amounts (other than principal and interest) payable to the Lenders, the Issuing Lenders and the Swingline Lenders under the Loan Documents, including attorney fees, ratably among the Lenders, the Issuing Lenders and the Swingline Lenders in proportion to the respective amounts described in this clause Second payable to them;

Third, to payment of that portion of the Canadian Secured Obligations constituting accrued and unpaid Commitment Fees and Letter of Credit fees payable to the Revolving Credit Lenders and interest on the Loans and the Reimbursement Obligations, ratably among the Lenders, the Issuing Lenders and the Swingline Lenders in proportion to the respective amounts described in this clause Third payable to them;

Fourth, to payment of that portion of the Canadian Secured Obligations constituting unpaid principal of the Loans, Reimbursement Obligations and payment obligations then owing under Secured Hedge Agreements with Canadian Hedge Banks and Secured Cash Management Agreements with Canadian Cash Management Banks, ratably among the Lenders, the Issuing Lenders and the Swingline Lenders, the Canadian Hedge Banks and the Canadian Cash Management Banks in proportion to the respective amounts described in this clause Fourth payable to them;

Fifth, to the Administrative Agent for the account of the Issuing Lender of any Canadian Letters of Credit, to Cash Collateralize any Canadian L/C Obligations then outstanding; and

Last, the balance, if any, after all of the Canadian Secured Obligations have been indefeasibly paid in full, to the Canadian Borrower or as otherwise required by Applicable Law.

Notwithstanding the foregoing, Secured Obligations arising under Secured Cash Management Agreements and Secured Hedge Agreements shall be excluded from the application described above if the Administrative Agent has not received written notice thereof, together with such supporting documentation as the Administrative Agent may request, from the applicable Cash Management Bank or Hedge Bank, as the case may be. Each Cash Management Bank or Hedge Bank not a party to this Agreement that has given the notice contemplated by the preceding sentence shall, by such notice, be deemed to have acknowledged and accepted the appointment of the Administrative Agent pursuant to the terms of Article XI for itself and its Affiliates as if a "Lender" party hereto.

SECTION 10.5 Administrative Agent May File Proofs of Claim. In case of the pendency of any proceeding under any Debtor Relief Law or any other judicial proceeding relative to any Credit Party, the Administrative Agent (irrespective of whether the principal of any Loan or L/C Obligation shall then be due and payable as herein expressed or by declaration or otherwise and irrespective of whether the

Administrative Agent shall have made any demand on any Borrower) shall be entitled and empowered (but not obligated) by intervention in such proceeding or otherwise:

(a) to file and prove a claim for the whole amount of the principal and interest owing and unpaid in respect of the Loans, L/C Obligations and all other Secured Obligations that are owing and unpaid and to file such other documents as may be necessary or advisable in order to have the claims of the Lenders, the Issuing Lenders and the Administrative Agent (including any claim for the reasonable compensation, expenses, disbursements and advances of the Lenders, the Issuing Lenders and the Administrative Agent and their respective agents and counsel and all other amounts due the Lenders, the Issuing Lenders and the Administrative Agent under Sections 3.3, 5.3 and 12.3) allowed in such judicial proceeding; and

(b) to collect and receive any monies or other property payable or deliverable on any such claims and to distribute the same;

and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Lender and each Issuing Lender to make such payments to the Administrative Agent and, in the event that the Administrative Agent shall consent to the making of such payments directly to the Lenders and the Issuing Lenders, to pay to the Administrative Agent any amount due for the reasonable compensation, expenses, disbursements and advances of the Administrative Agent and its agents and counsel, and any other amounts due the Administrative Agent under Sections 3.3, 5.3 and 12.3.

Nothing contained herein shall be deemed to authorize the Administrative Agent to authorize or consent to or accept or adopt on behalf of any Lender or any Issuing Lender any plan of reorganization, arrangement, adjustment or composition affecting the Obligations or the rights of any Lender or any Issuing Lender to authorize the Administrative Agent to vote in respect of the claim of any Lender or any Issuing Lender in any such proceeding.

SECTION 10.6 Credit Bidding.

(a) The Administrative Agent, on behalf of itself and the Secured Parties, shall have the right, exercisable at the discretion of the Required Lenders, to credit bid and purchase for the benefit of the Administrative Agent and the Secured Parties all or any portion of Collateral at any sale thereof conducted by the Administrative Agent under the provisions of the UCC, and/or the PPSA, as applicable, including pursuant to Sections 9-610 or 9-620 of the UCC, at any sale thereof conducted under the provisions of the United States Bankruptcy Code, including Section 363 thereof or any of the applicable Debtor Relief Laws, or a sale under a plan of reorganization, or at any other sale or foreclosure conducted by the Administrative Agent (whether by judicial action or otherwise) in accordance with Applicable Law. Such credit bid or purchase may be completed through one or more acquisition vehicles formed by the Administrative Agent to make such credit bid or purchase and, in connection therewith, the Administrative Agent is authorized, on behalf of itself and the other Secured Parties, to adopt documents providing for the governance of the acquisition vehicle or vehicles, and assign the applicable Secured Obligations to any such acquisition vehicle in exchange for Equity Interests and/or debt issued by the applicable acquisition vehicle (which shall be deemed to be held for the ratable account of the applicable Secured Parties on the basis of the Secured Obligations so assigned by each Secured Party); provided that any actions by the Administrative Agent with respect to such acquisition vehicle or vehicles, including any disposition of the assets or Equity Interests thereof, shall be governed, directly or indirectly, by the vote of the Required Lenders, irrespective of the termination of this Agreement and without giving effect to the limitations on actions by the Required Lenders contained in Section 12.2.

(b) Each Lender hereby agrees, on behalf of itself and each of its Affiliates that is a Secured Party, that, except as otherwise provided in any Loan Document or with the written consent of the Administrative Agent and the Required Lenders, it will not take any enforcement action, accelerate

obligations under any Loan Documents, or exercise any right that it might otherwise have under Applicable Law to credit bid at foreclosure sales, UCC and/or PPSA sales, as applicable, or other similar dispositions of Collateral.

SECTION 10.7 Judgment Currency. If, for the purpose of obtaining judgment in any court or obtaining an order enforcing a judgment, it becomes necessary to convert any amount due under this Agreement in Dollars or in any other currency (hereinafter in this Section 10.7 called the "first currency") into any other currency (hereinafter in this Section 10.7 called the "second currency"), then the conversion shall be made at the Administrative Agent's spot rate of exchange for buying the first currency with the second currency prevailing at the Administrative Agent's close of business on the Business Day next preceding the day on which the judgment is given or (as the case may be) the order is made. Any payment made by a Credit Party to any Secured Party pursuant to this Agreement in the second currency shall constitute a discharge of the obligations of any applicable Credit Parties to pay to such Secured Party any amount originally due to the Secured Party in the first currency under this Agreement only to the extent of the amount of the first currency which such Secured Party is able, on the date of the receipt by it of such payment in any second currency, to purchase, in accordance with such Secured Party's normal banking procedures, with the amount of such second currency so received. If the amount of the first currency falls short of the amount originally due to such Secured Party in the first currency under this Agreement, the Credit Parties agree that they will indemnify each Secured Party against and save such Secured Party harmless from any shortfall so arising. If the amount of the first currency exceeds the amount originally due to a Secured Party in the first currency under this Agreement, such Secured Party shall promptly remit such excess to the Credit Parties. The covenants contained in this Section 10.7 shall survive the termination of the Loan Documents and payment of the obligations hereunder.

ARTICLE XI

THE ADMINISTRATIVE AGENT

SECTION 11.1 Appointment and Authority.

(a) Each of the Lenders and each Issuing Lender hereby irrevocably appoints Wells Fargo to act on its behalf as the Administrative Agent hereunder and under the other Loan Documents and authorizes the Administrative Agent to take such actions on its behalf and to exercise such powers as are delegated to the Administrative Agent by the terms hereof or thereof, together with such actions and powers as are reasonably incidental thereto. Except as provided in Sections 11.6 and 11.9 the provisions of this Article are solely for the benefit of the Administrative Agent, the Lenders and the Issuing Lenders, and no Consolidated Company shall have rights as a third-party beneficiary of any of such provisions. It is understood and agreed that the use of the term "agent" herein or in any other Loan Documents (or any other similar term) with reference to the Administrative Agent is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any Applicable Law. Instead such term is used as a matter of market custom, and is intended to create or reflect only an administrative relationship between contracting parties.

(b) The Administrative Agent shall also act as the "collateral agent" under the Loan Documents, and each of the Lenders (including in its capacity as a potential Hedge Bank or Cash Management Bank) and the Issuing Lenders hereby irrevocably appoints and authorizes the Administrative Agent to act as the agent of such Lender and such Issuing Lender for purposes of acquiring, holding and enforcing any and all Liens on Collateral granted by any of the Credit Parties to secure any of the Secured Obligations, together with such powers and discretion as are reasonably incidental thereto (including, without limitation, to enter into additional Loan Documents or supplements to existing Loan Documents on behalf of the Secured Parties). In this connection, the Administrative

Agent, as "collateral agent" and any co-agents, sub-agents and attorneys-in-fact appointed by the Administrative Agent pursuant to this Article XI for purposes of holding or enforcing any Lien on the Collateral (or any portion thereof) granted under the Security Documents, or for exercising any rights and remedies thereunder at the direction of the Administrative Agent), shall be entitled to the benefits of all provisions of Articles XI and XII (including Section 12.3, as though such co-agents, sub-agents and attorneys-in-fact were the "collateral agent" under the Loan Documents) as if set forth in full herein with respect thereto.

SECTION 11.2 Rights as a Lender. The Person serving as the Administrative Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not the Administrative Agent and the term "Lender" or "Lenders" shall, unless otherwise expressly indicated or unless the context otherwise requires, include the Person serving as the Administrative Agent hereunder in its individual capacity. Such Person and its Affiliates may accept deposits from, lend money to, own securities of, act as the financial advisor or in any other advisory capacity for and generally engage in any kind of business with the Consolidated Companies or other Affiliates thereof as if such Person were not the Administrative Agent hereunder and without any duty to account therefor to the Lenders.

SECTION 11.3 Exculpatory Provisions.

(a) The Administrative Agent shall not have any duties or obligations except those expressly set forth herein and in the other Loan Documents, and its duties hereunder and thereunder shall be administrative in nature. Without limiting the generality of the foregoing, the Administrative Agent:

(i) shall not be subject to any fiduciary or other implied duties, regardless of whether a Default or Event of Default has occurred and is continuing;

(ii) shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby or by the other Loan Documents that the Administrative Agent is required to exercise as directed in writing by the Required Lenders (or such other number or percentage of the Lenders as shall be expressly provided for herein or in the other Loan Documents), provided that the Administrative Agent shall not be required to take any action that, in its opinion or the opinion of its counsel, may expose the Administrative Agent to liability or that is contrary to any Loan Document or Applicable Law, including for the avoidance of doubt any action that may be in violation of the automatic stay under any Debtor Relief Law or that may effect a forfeiture, modification or termination of property of a Defaulting Lender in violation of any Debtor Relief Law; and

(iii) shall not, except as expressly set forth herein and in the other Loan Documents, have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to the Consolidated Companies or any of their respective Affiliates that is communicated to or obtained by the Person serving as the Administrative Agent or any of its Affiliates in any capacity.

(b) The Administrative Agent shall not be liable for any action taken or not taken by it (i) with the consent or at the request of the Required Lenders (or such other number or percentage of the Lenders as shall be necessary, or as the Administrative Agent shall believe in good faith shall be necessary, under the circumstances as provided in Section 12.2 and Section 10.2) or (ii) in the absence of its own gross negligence or willful misconduct as determined by a court of competent jurisdiction by final nonappealable judgment. The Administrative Agent shall be deemed not to have knowledge of any Default or Event of Default unless and until notice describing such Default or Event of Default is given to the Administrative Agent by a Borrower, a Lender or an Issuing Lender.

(c) The Administrative Agent shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with this Agreement or any other Loan Document, (ii) the contents of any certificate, report or other document delivered hereunder or thereunder or in connection herewith or therewith (including, without limitation, any report provided to it by an Issuing Lender pursuant to Section 3.9), (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein or therein or the occurrence of any Default or Event of Default, (iv) the validity, enforceability, effectiveness or genuineness of this Agreement, any other Loan Document or any other agreement, instrument or document, (v) the satisfaction of any condition set forth in Article VI or elsewhere herein, other than to confirm receipt of items expressly required to be delivered to the Administrative Agent or (vi) the utilization of any Issuing Lender's L/C Commitment (it being understood and agreed that each Issuing Lender shall monitor compliance with its own L/C Commitment without any further action by the Administrative Agent).

SECTION 11.4 Reliance by the Administrative Agent. The Administrative Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing (including any electronic message, Internet or intranet website posting or other distribution) believed by it to be genuine and to have been signed, sent or otherwise authenticated by the proper Person. The Administrative Agent also may rely upon any statement made to it orally or by telephone and believed by it to have been made by the proper Person, and shall not incur any liability for relying thereon. In determining compliance with any condition hereunder to the making of a Loan, or the issuance, extension, renewal or increase of a Letter of Credit, that by its terms must be fulfilled to the satisfaction of a Lender or an Issuing Lender, the Administrative Agent may presume that such condition is satisfactory to such Lender or such Issuing Lender unless the Administrative Agent shall have received notice to the contrary from such Lender or such Issuing Lender prior to the making of such Loan or the issuance of such Letter of Credit. The Administrative Agent may consult with legal counsel (who may be counsel for the Borrowers), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

SECTION 11.5 Delegation of Duties. The Administrative Agent may perform any and all of its duties and exercise its rights and powers hereunder or under any other Loan Document by or through any one or more sub-agents appointed by the Administrative Agent. The Administrative Agent and any such sub-agent may perform any and all of its duties and exercise its rights and powers by or through their respective Related Parties. The exculpatory provisions of this Article shall apply to any such sub-agent and to the Related Parties of the Administrative Agent and any such sub-agent, and shall apply to their respective activities in connection with the syndication of the Credit Facility as well as activities as Administrative Agent. The Administrative Agent shall not be responsible for the negligence or misconduct of any sub-agents except to the extent that a court of competent jurisdiction determines in a final and nonappealable judgment that the Administrative Agent acted with gross negligence or willful misconduct in the selection of such sub-agents.

SECTION 11.6 Resignation of Administrative Agent.

(a) The Administrative Agent may at any time give notice of its resignation to the Lenders, the Issuing Lenders and the Borrowers. Upon receipt of any such notice of resignation, the Required Lenders shall have the right, in consultation with the Borrowers, to appoint a successor, which shall be a bank with an office in the United States, or an Affiliate of any such bank with an office in the United States. If no such successor shall have been so appointed by the Required Lenders and shall have

accepted such appointment within thirty (30) days after the retiring Administrative Agent gives notice of its resignation (or such earlier day as shall be agreed by the Required Lenders) (the "Resignation Effective Date"), then the retiring Administrative Agent may (but shall not be obligated to), on behalf of the Lenders and the Issuing Lenders, appoint a successor Administrative Agent meeting the qualifications set forth above; provided that in no event shall any such successor Administrative Agent be a Defaulting Lender. Whether or not a successor has been appointed, such resignation shall become effective in accordance with such notice on the Resignation Effective Date.

(b) If the Person serving as Administrative Agent is a Defaulting Lender pursuant to clause (d) of the definition thereof, the Required Lenders may, to the extent permitted by Applicable Law, by notice in writing to Centuri and such Person, remove such Person as Administrative Agent and, in consultation with the Borrowers, appoint a successor. If no such successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within thirty (30) days (or such earlier day as shall be agreed by the Required Lenders) (the "Removal Effective Date"), then such removal shall nonetheless become effective in accordance with such notice on the Removal Effective Date.

(c) With effect from the Resignation Effective Date or the Removal Effective Date (as applicable), (1) the retiring or removed Administrative Agent shall be discharged from its duties and obligations hereunder and under the other Loan Documents (except that in the case of any collateral security held by the Administrative Agent on behalf of the Lenders or the Issuing Lenders under any of the Loan Documents, the retiring or removed Administrative Agent shall continue to hold such collateral security until such time as a successor Administrative Agent is appointed) and (2) except for any indemnity payments owed to the retiring or removed Administrative Agent, all payments, communications and determinations provided to be made by, to or through the Administrative Agent shall instead be made by or to each Lender and each Issuing Lender directly, until such time, if any, as the Required Lenders appoint a successor Administrative Agent as provided for above. Upon the acceptance of a successor's appointment as Administrative Agent hereunder, such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring or removed Administrative Agent (other than any rights to indemnity payments owed to the retiring or removed Administrative Agent), and the retiring or removed Administrative Agent shall be discharged from all of its duties and obligations hereunder or under the other Loan Documents. The fees payable by the Borrowers to a successor Administrative Agent shall be the same as those payable to its predecessor unless otherwise agreed between the Borrowers and such successor. After the retiring or removed Administrative Agent's resignation or removal hereunder and under the other Loan Documents, the provisions of this Article and Section 12.3 shall continue in effect for the benefit of such retiring or removed Administrative Agent, its sub-agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while the retiring or removed Administrative Agent was acting as Administrative Agent.

(d) Any resignation by, or removal of, Wells Fargo as Administrative Agent pursuant to this Section shall also constitute its resignation as an Issuing Lender and Swingline Lender. Upon the acceptance of a successor's appointment as Administrative Agent hereunder, (a) such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring Issuing Lender, if in its sole discretion it elects to, and Swingline Lender, (b) the retiring Issuing Lender and Swingline Lender shall be discharged from all of their respective duties and obligations hereunder or under the other Loan Documents, and (c) the successor Issuing Lender, if in its sole discretion it elects to, shall issue letters of credit in substitution for the Letters of Credit, if any, outstanding at the time of such succession or make other arrangements satisfactory to the retiring Issuing Lender to effectively assume the obligations of the retiring Issuing Lender with respect to such Letters of Credit.

SECTION 11.7 Non-Reliance on Administrative Agent and Other Lenders. Each Lender and each Issuing Lender acknowledges that it has, independently and without reliance upon the Administrative Agent or any other Lender or any of their Related Parties and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender and each Issuing Lender also acknowledges that it will, independently and without reliance upon the Administrative Agent or any other Lender or any of their Related Parties and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any other Loan Document or any related agreement or any document furnished hereunder or thereunder.

SECTION 11.8 No Other Duties, Etc. Anything herein to the contrary notwithstanding, none of the syndication agents, documentation agents, co-agents, arrangers or bookrunners listed on the cover page hereof shall have any powers, duties or responsibilities under this Agreement or any of the other Loan Documents, except in its capacity, as applicable, as the Administrative Agent, a Lender or an Issuing Lender hereunder.

SECTION 11.9 Collateral and Guaranty Matters.

(a) Each of the Lenders (including in its or any of its Affiliate's capacities as a potential Hedge Bank or Cash Management Bank) irrevocably authorize the Administrative Agent, at its option and in its discretion:

(i) to release any Lien on any Collateral granted to or held by the Administrative Agent, for the ratable benefit of the Secured Parties, under any Loan Document (A) upon the termination of the Revolving Credit Commitment and payment in full of all Secured Obligations (other than (1) contingent indemnification obligations and (2) obligations and liabilities under Secured Cash Management Agreements or Secured Hedge Agreements as to which arrangements satisfactory to the applicable Cash Management Bank or Hedge Bank shall have been made) and the expiration or termination of all Letters of Credit (other than Letters of Credit as to which other arrangements satisfactory to the Administrative Agent and the applicable Issuing Lender shall have been made), (B) that is sold or otherwise disposed of or to be sold or otherwise disposed of as part of or in connection with any sale or other disposition to a Person other than a Credit Party permitted under the Loan Documents, or (C) if approved, authorized or ratified in writing in accordance with Section 12.2;

(ii) to subordinate any Lien on any Collateral granted to or held by the Administrative Agent under any Loan Document to the holder of any Lien permitted pursuant to Section 9.2(h); and

(iii) to release any Subsidiary Guarantor from its obligations under any Loan Documents if such Person ceases to be a Subsidiary as a result of a transaction permitted under the Loan Documents.

Upon request by the Administrative Agent at any time, the Required Lenders will confirm in writing the Administrative Agent's authority to release or subordinate its interest in particular types or items of property, or to release any Subsidiary Guarantor from its obligations under any Guaranty Agreement pursuant to this Section 11.9. In each case as specified in this Section 11.9, the Administrative Agent will, at the Borrowers' expense, execute and deliver to the applicable Credit Party such documents as such Credit Party may reasonably request to evidence the release of such item of Collateral from the assignment and security interest granted under the Security Documents or to subordinate its interest in such item, or to release such Guarantor from its obligations under such Guaranty Agreement, in each case

in accordance with the terms of the Loan Documents and this Section 11.9. In the case of any such sale, transfer or disposal of any property constituting Collateral in a transaction constituting an Asset Disposition permitted pursuant to Section 9.5 to a Person other than a Credit Party, the Liens created by any of the Security Documents on such property shall be automatically released without need for further action by any person.

(b) The Administrative Agent shall not be responsible for or have a duty to ascertain or inquire into any representation or warranty regarding the existence, value or collectability of the Collateral, the existence, priority or perfection of the Administrative Agent's Lien thereon, or any certificate prepared by any Credit Party in connection therewith, nor shall the Administrative Agent be responsible or liable to the Lenders for any failure to monitor or maintain any portion of the Collateral.

SECTION 11.10 Secured Hedge Agreements and Secured Cash Management Agreements. No Cash Management Bank or Hedge Bank that obtains the benefits of Section 10.4 or any Collateral by virtue of the provisions hereof or of any Security Document shall have any right to notice of any action or to consent to, direct or object to any action hereunder or under any other Loan Document or otherwise in respect of the Collateral (including the release or impairment of any Collateral or guaranty) other than in its capacity as a Lender and, in such case, only to the extent expressly provided in the Loan Documents. Notwithstanding any other provision of this Article XI to the contrary, the Administrative Agent shall not be required to verify the payment of, or that other satisfactory arrangements have been made with respect to, Secured Cash Management Agreements and Secured Hedge Agreements unless the Administrative Agent has received written notice of such Secured Cash Management Agreements and Secured Hedge Agreements, together with such supporting documentation as the Administrative Agent may request, from the applicable Cash Management Bank or Hedge Bank, as the case may be.

ARTICLE XII

MISCELLANEOUS

SECTION 12.1 Notices.

(a) Notices Generally. Except in the case of notices and other communications expressly permitted to be given by telephone (and except as provided in paragraph (b) below), all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by facsimile as follows:

If to the Borrowers:

Centuri Construction Group, Inc.
19820 North 7th Avenue, #120
Phoenix, Arizona 85027
Attention of: Ricardo B. Pringle, Secretary
Telephone No.: (623) 879-4614
Facsimile No.: (623) 582-6853
E-mail: rpringle@NextCenturi.com

With copies to:

Southwest Gas Holdings, Inc.
5241 Spring Mountain Road
Las Vegas, NV 89150
Attention of: Karen S. Haller, General Counsel
Telephone No.: (702) 364-3191
Facsimile No.: (702) 364-3452
E-mail: karen.haller@swgas.com

and

Foley & Lardner LLP
777 East Wisconsin Avenue
Milwaukee, WI 53202-5306
Attention of: Heidi M. Furlong
Telephone No.: (414) 297-5620
Facsimile: (414) 297-4900
E-mail: HFurlong@foley.com

If to Wells Fargo as
Administrative Agent:

Wells Fargo Bank, National Association
MAC D1109-019
1525 West W.T. Harris Blvd.
Charlotte, NC 28262
Attention of: Syndication Agency Services
Telephone No.: (704) 590-2703
Facsimile No.: (704) 715-0092

With copies to:

Wells Fargo Bank, National Association
100 W. Washington Street, 25th Floor
Phoenix, AZ 85003
MAC S4101-251
Attention of: Brenda K. Robinson, Senior Vice President
Telephone No.: (602) 378-2308
Facsimile No.: (602) 378-4409
E-mail: brenda.k.robinson@wellsfargo.com

If to any Lender:

To the address of such Lender set forth on the Register

Notices sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received; notices sent by facsimile shall be deemed to have been given when sent (except that, if not given during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next business day for the recipient). Notices delivered through electronic communications to the extent provided in paragraph (b) below, shall be effective as provided in said paragraph (b).

(b) Electronic Communications. Notices and other communications to the Lenders and the Issuing Lenders hereunder may be delivered or furnished by electronic communication (including e-mail and Internet or intranet websites) pursuant to procedures approved by the Administrative Agent, provided

that the foregoing shall not apply to notices to any Lender or any Issuing Lender pursuant to Article II or III if such Lender or such Issuing Lender, as applicable, has notified the Administrative Agent that is incapable of receiving notices under such Article by electronic communication. The Administrative Agent or a Borrower may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it, provided that approval of such procedures may be limited to particular notices or communications. Unless the Administrative Agent otherwise prescribes, (i) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement), and (ii) notices or communications posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient at its e-mail address as described in the foregoing clause (i) of notification that such notice or communication is available and identifying the website address therefor; provided that, for both clauses (i) and (ii) above, if such notice, email or other communication is not sent during the normal business hours of the recipient, such notice, email or other communication shall be deemed to have been sent at the opening of business on the next business day for the recipient.

(c) Administrative Agent's Office. The Administrative Agent hereby designates its office located at the address set forth above, or any subsequent office which shall have been specified for such purpose by written notice to Centuri and Lenders, as the Administrative Agent's Office referred to herein, to which payments due are to be made and at which Loans will be disbursed and Letters of Credit requested.

(d) Change of Address, Etc. Each of the Borrowers, the Administrative Agent, any Issuing Lender or any Swingline Lender may change its address or facsimile number for notices and other communications hereunder by notice to the other parties hereto. Any Lender may change its address or facsimile number for notices and other communications hereunder by notice to Centuri, the Administrative Agent, each Issuing Lender and each Swingline Lender.

(e) Platform.

(i) Each Credit Party agrees that the Administrative Agent may, but shall not be obligated to, make the Borrower Materials available to the Issuing Lenders and the other Lenders by posting the Borrower Materials on the Platform.

(ii) The Platform is provided "as is" and "as available." The Agent Parties (as defined below) do not warrant the accuracy or completeness of the Borrower Materials or the adequacy of the Platform, and expressly disclaim liability for errors or omissions in the Borrower Materials. No warranty of any kind, express, implied or statutory, including, without limitation, any warranty of merchantability, fitness for a particular purpose, non-infringement of third-party rights or freedom from viruses or other code defects, is made by any Agent Party in connection with the Borrower Materials or the Platform. In no event shall the Administrative Agent or any of its Related Parties (collectively, the "Agent Parties") have any liability to any Credit Party, any Lender or any other Person or entity for losses, claims, damages, liabilities or expenses of any kind (whether in tort, contract or otherwise) arising out of any Credit Party's or the Administrative Agent's transmission of communications through the Internet (including, without limitation, the Platform), except to the extent that such losses, claims, damages, liabilities or expenses are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Agent Party; provided that in no event shall any Agent Party have any liability to any Credit Party, any Lender, the Issuing Lender or any other Person for indirect, special, incidental, consequential or punitive damages, losses or expenses (as opposed to actual damages, losses or expenses).

(f) Private Side Designation. Each Public Lender agrees to cause at least one individual at or on behalf of such Public Lender to at all times have selected the "Private Side Information" or similar designation on the content declaration screen of the Platform in order to enable such Public Lender or its delegate, in accordance with such Public Lender's compliance procedures and Applicable Law, including United States Federal and state securities Applicable Laws, to make reference to Borrower Materials that are not made available through the "Public Side Information" portion of the Platform and that may contain material non-public information with respect to the Borrowers or their respective securities for purposes of United States Federal or state securities Applicable Laws.

SECTION 12.2 Amendments, Waivers and Consents. Except as set forth below or as specifically provided in any Loan Document, any term, covenant, agreement or condition of this Agreement or any of the other Loan Documents may be amended or waived by the Lenders, and any consent given by the Lenders, if, but only if, such amendment, waiver or consent is in writing signed by the Required Lenders (or by the Administrative Agent with the consent of the Required Lenders) and delivered to the Administrative Agent and, in the case of an amendment, signed by the Borrowers; provided, that no amendment, waiver or consent shall:

(a) without the prior written consent of the Required Revolving Credit Lenders, amend, modify or waive (i) Section 6.2 or any other provision of this Agreement if the effect of such amendment, modification or waiver is to require the Revolving Credit Lenders (pursuant to, in the case of any such amendment to a provision hereof other than Section 6.2, any substantially concurrent request by any Borrower for a borrowing of Revolving Credit Loans or issuance of Letters of Credit) to make Revolving Credit Loans when such Revolving Credit Lenders would not otherwise be required to do so, (ii) the amount of the Swingline Commitment or (iii) the amount of the L/C Sublimit;

(b) increase the Commitment of any Lender (or reinstate any Commitment terminated pursuant to Section 10.2) or the amount of Loans of any Lender, in any case, without the written consent of such Lender;

(c) waive, extend or postpone any date fixed by this Agreement or any other Loan Document for any payment or prepayment of principal (it being understood that a waiver of a mandatory prepayment under Section 4.4(b) shall only require the consent of the Required Lenders), interest, fees or other amounts due to the Lenders (or any of them) hereunder or under any other Loan Document without the written consent of each Lender directly and adversely affected thereby (provided that a waiver of a mandatory prepayment under Section 4.4(b) shall only require the consent of Required Lenders);

(d) reduce the principal of, or the rate of interest specified herein on, any Loan or Reimbursement Obligation, or (subject to clause (iv) of the proviso set forth in the paragraph below) any fees or other amounts payable hereunder or under any other Loan Document without the written consent of each Lender directly and adversely affected thereby; provided that only the consent of the Required Lenders shall be necessary (i) to waive any obligation of the Borrowers to pay interest at the rate set forth in Section 5.1(b) during the continuance of an Event of Default or (ii) to amend any financial covenant hereunder (or any defined term used therein) even if the effect of such amendment would be to reduce the rate of interest on any Loan or L/C Obligation or to reduce any fee payable hereunder;

(e) change Section 5.6 or Section 10.4 in a manner that would alter the pro rata sharing of payments or order of application required thereby without the written consent of each Lender directly and adversely affected thereby;

(f) change Section 4.4(b)(iv) in a manner that would alter the order of application of amounts prepaid pursuant thereto without the written consent of each Lender directly and adversely affected thereby;

(g) except as otherwise permitted by this Section 12.2 change any provision of this Section or reduce the percentages specified in the definitions of "Required Lenders," or "Required Revolving Credit Lenders" or any other provision hereof specifying the number or percentage of Lenders required to amend, waive or otherwise modify any rights hereunder or make any determination or grant any consent hereunder, without the written consent of each Lender directly and adversely affected thereby;

(h) consent to the assignment or transfer by any Credit Party of such Credit Party's rights and obligations under any Loan Document to which it is a party (except as permitted pursuant to Section 9.4), in each case, without the written consent of each Lender;

(i) release (i) all of the Subsidiary Guarantors or (ii) Subsidiary Guarantors comprising substantially all of the credit support for the Secured Obligations, in any case, from any Guaranty Agreement (other than as authorized in Section 11.9), without the written consent of each Lender; or

(j) release all or substantially all of the Collateral or release any Security Document (other than as authorized in Section 11.9 or as otherwise specifically permitted or contemplated in this Agreement or the applicable Security Document) without the written consent of each Lender;

provided further, that (i) no amendment, waiver or consent shall, unless in writing and signed by each affected Issuing Lender in addition to the Lenders required above, affect the rights or duties of such Issuing Lender under this Agreement or any Letter of Credit Application relating to any Letter of Credit issued or to be issued by it; (ii) no amendment, waiver or consent shall, unless in writing and signed by the applicable Swingline Lender in addition to the Lenders required above, affect the rights or duties of such Swingline Lender under this Agreement; (iii) no amendment, waiver or consent shall, unless in writing and signed by the Administrative Agent in addition to the Lenders required above, affect the rights or duties of the Administrative Agent under this Agreement or any other Loan Document; (iv) the Engagement Letter and each Fee Letter may be amended, or rights or privileges thereunder waived, in a writing executed only by the parties thereto, (v) any waiver, amendment or modification of this Agreement that by its terms affects the rights or duties under this Agreement of Lenders holding Loans or Commitments of a particular Class (but not the Lenders holding Loans or Commitments of any other Class) may be effected by an agreement or agreements in writing entered into by the Borrowers and the requisite percentage in interest of the affected Class of Lenders that would be required to consent thereto under this Section if such Class of Lenders were the only Class of Lenders hereunder at the time, (vi) each Letter of Credit Application may be amended, or rights or privileges thereunder waived, in a writing executed only by the parties thereto; provided that a copy of such amended Letter of Credit Application shall be promptly delivered to the Administrative Agent upon such amendment or waiver, (vii) the Administrative Agent and the Borrowers shall be permitted to amend any provision of the Loan Documents (and such amendment shall become effective without any further action or consent of any other party to any Loan Document) if the Administrative Agent and the Borrowers shall have jointly identified an obvious error or any error, ambiguity, defect or inconsistency, or omission of a technical or immaterial nature in any such provision and (viii) the Administrative Agent and Centuri may, without the consent of any Lender, enter into amendments or modifications to this Agreement or any of the other Loan Documents or enter into additional Loan Documents as the Administrative Agent reasonably deems appropriate in order to implement any Replacement Rate or otherwise effectuate the terms of Section 5.8(c). Notwithstanding anything to the contrary herein, no Defaulting Lender shall have any right to approve or disapprove any amendment, waiver or consent hereunder, except that (A) the Revolving Credit Commitment of such Lender may not be increased or extended without the consent of such Lender, and

(B) any amendment, waiver or consent hereunder which requires the consent of all Lenders or each affected Lenders that by its terms disproportionately and adversely affects any such Defaulting Lender relative to other affected Lenders shall require the consent of such Defaulting Lender.

Notwithstanding anything in this Agreement to the contrary, each Lender hereby irrevocably authorizes the Administrative Agent on its behalf, and without further consent, to enter into amendments or modifications to this Agreement (including, without limitation, amendments to this Section 12.2) or any of the other Loan Documents or enter into additional Loan Documents as the Administrative Agent reasonably deems appropriate in order to effectuate the terms of Section 5.13 (including, without limitation, as applicable, (1) to permit the Incremental Term Loans and the Incremental Revolving Credit Increases to share ratably in the benefits of this Agreement and the other Loan Documents and (2) to include the Incremental Term Loan Commitments and the Incremental Revolving Credit Increase, as applicable, or outstanding Incremental Term Loans and outstanding Incremental Revolving Credit Increase, as applicable, in any determination of (i) Required Lenders or Required Revolving Credit Lenders, as applicable or (ii) similar required lender terms applicable thereto); provided that no amendment or modification shall result in any increase in the amount of any Lender's Commitment or any increase in any Lender's Commitment Percentage, in each case, without the written consent of such affected Lender.

SECTION 12.3 Expenses; Indemnity.

(a) Costs and Expenses. The Borrowers shall pay, (i) all reasonable out of pocket expenses incurred by the Administrative Agent and its Affiliates (including the reasonable fees, charges and disbursements of counsel for the Administrative Agent), the preparation, negotiation, execution, delivery and administration of this Agreement and the other Loan Documents or any amendments, modifications or waivers of the provisions hereof or thereof (whether or not the transactions contemplated hereby or thereby shall be consummated), (ii) all reasonable out of pocket expenses incurred by any Issuing Lender in connection with the issuance, amendment, renewal or extension of any Letter of Credit or any demand for payment thereunder and (iii) all reasonable out of pocket expenses incurred by the Administrative Agent, any Lender or any Issuing Lender (including the reasonable fees, charges and disbursements of any counsel for the Administrative Agent, any Lender or any Issuing Lender), any Lender or any Issuing Lender, in connection with the enforcement or protection of its rights (A) in connection with this Agreement and the other Loan Documents, including its rights under this Section, or (B) in connection with the Loans made or Letters of Credit issued hereunder, including all such out of pocket expenses incurred during any workout, restructuring or negotiations in respect of such Loans or Letters of Credit.

(b) Indemnification by the Borrowers. The Borrowers shall indemnify the Administrative Agent (and any sub-agent thereof), each Lender and each Issuing Lender, and each Related Party of any of the foregoing Persons (each such Person being called an "Indemnitee") against, and hold each Indemnitee harmless from, and shall pay or reimburse any such Indemnitee for, any and all losses, claims (including, without limitation, any Environmental Claims), penalties, damages, liabilities and related expenses (including the reasonable fees, charges and disbursements of any counsel for any Indemnitee), incurred by any Indemnitee or asserted against any Indemnitee by any Person (including the Borrowers or any other Credit Party), arising out of, in connection with, or as a result of (i) the execution or delivery of this Agreement, any other Loan Document or any agreement or instrument contemplated hereby or thereby, the performance by the parties hereto of their respective obligations hereunder or thereunder or the consummation of the transactions contemplated hereby or thereby (including, without limitation, the Transactions), (ii) any Loan or Letter of Credit or the use or proposed use of the proceeds therefrom (including any refusal by any Issuing Lender to honor a demand for payment under a Letter of Credit if the documents presented in connection with such demand do not strictly comply with the terms of such Letter of Credit), (iii) any actual or alleged presence or release of Hazardous Materials on or from any

property owned or operated by any Credit Party or any Subsidiary thereof, or any Environmental Claim related in any way to any Credit Party or any Subsidiary, (iv) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory, whether brought by a third party or by any Credit Party or any Subsidiary thereof, and regardless of whether any Indemnitee is a party thereto, or (v) any claim (including, without limitation, any Environmental Claims), investigation, litigation or other proceeding (whether or not the Administrative Agent or any Lender is a party thereto) and the prosecution and defense thereof, arising out of or in any way connected with the Loans, this Agreement, any other Loan Document, or any documents contemplated by or referred to herein or therein or the transactions contemplated hereby or thereby, including without limitation, reasonable attorneys and consultant's fees, provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses (A) are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnitee or (B) result from a claim brought by any Credit Party or any Subsidiary thereof against an Indemnitee for breach in bad faith of such Indemnitee's obligations hereunder or under any other Loan Document, if such Credit Party or such Subsidiary has obtained a final and nonappealable judgment in its favor on such claim as determined by a court of competent jurisdiction. This Section 12.3(b) shall not apply with respect to Taxes other than any Taxes that represent losses, claims, damages, etc. arising from any non-Tax claim.

(c) Reimbursement by Lenders. To the extent that the Borrowers for any reason fail to indefeasibly pay any amount required under clause (a) or (b) of this Section to be paid by it to the Administrative Agent (or any sub-agent thereof), any Issuing Lender, any Swingline Lender or any Related Party of any of the foregoing, each Lender severally agrees to pay to the Administrative Agent (or any such sub-agent), such Issuing Lender, such Swingline Lender or such Related Party, as the case may be, such Lender's pro rata share (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought based on each Lender's share of the Total Credit Exposure at such time, or if the Total Credit Exposure has been reduced to zero, then based on such Lender's share of the Total Credit Exposure immediately prior to such reduction) of such unpaid amount (including any such unpaid amount in respect of a claim asserted by such Lender); provided that with respect to such unpaid amounts owed to any Issuing Lender or any Swingline Lender solely in its capacity as such, only the Revolving Credit Lenders shall be required to pay such unpaid amounts, such payment to be made severally among them based on such Revolving Credit Lenders' Revolving Credit Commitment Percentage (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought or, if the Revolving Credit Commitment has been reduced to zero as of such time, determined immediately prior to such reduction); provided, further, that the unreimbursed expense or indemnified loss, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against the Administrative Agent (or any such sub-agent), such Issuing Lender or such Swingline Lender in its capacity as such, or against any Related Party of any of the foregoing acting for the Administrative Agent (or any such sub-agent), such Issuing Lender or such Swingline Lender in connection with such capacity. The obligations of the Lenders under this clause (c) are subject to the provisions of Section 5.7.

(d) Waiver of Consequential Damages, Etc. To the fullest extent permitted by Applicable Law, each Borrower and each other Credit Party shall not assert, and hereby waives, any claim against any Indemnitee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any other Loan Document or any agreement or instrument contemplated hereby, the transactions contemplated hereby or thereby, any Loan or Letter of Credit or the use of the proceeds thereof. No Indemnitee referred to in clause (b) above shall be liable for any damages arising from the use by unintended recipients of any information or other materials distributed by it through telecommunications, electronic or other information transmission systems in connection with this Agreement or the other Loan Documents or the transactions contemplated hereby or thereby.

(e) Payments. All amounts due under this Section shall be payable promptly after written demand therefor.

(f) Survival. Each party's obligations under this Section shall survive the termination of the Loan Documents and payment of the obligations hereunder.

SECTION 12.4 Right of Setoff. If an Event of Default shall have occurred and be continuing, each Lender, each Issuing Lender, each Swingline Lender and each of their respective Affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by Applicable Law, to set off and apply any and all deposits (general or special, time or demand, provisional or final, in whatever currency) at any time held and other obligations (in whatever currency) at any time owing by such Lender, such Issuing Lender, such Swingline Lender or any such Affiliate to or for the credit or the account of the Borrowers or any other Credit Party against any and all of the obligations of the Borrowers or such Credit Party now or hereafter existing under this Agreement or any other Loan Document to such Lender, such Issuing Lender or such Swingline Lender or any of their respective Affiliates, irrespective of whether or not such Lender, such Issuing Lender, such Swingline Lender or any such Affiliate shall have made any demand under this Agreement or any other Loan Document and although such obligations of the Borrowers or such Credit Party may be contingent or unmatured or are owed to a branch or office of such Lender, such Issuing Lender, such Swingline Lender or such Affiliate different from the branch, office or Affiliate holding such deposit or obligated on such indebtedness; provided that in the event that any Defaulting Lender or any Affiliate thereof shall exercise any such right of setoff, (x) all amounts so set off shall be paid over immediately to the Administrative Agent for further application in accordance with the provisions of Section 10.4 and, pending such payment, shall be segregated by such Defaulting Lender or Affiliate of a Defaulting Lender from its other funds and deemed held in trust for the benefit of the Administrative Agent, the Issuing Lenders, the Swingline Lenders and the Lenders, and (y) the Defaulting Lender or its Affiliate shall provide promptly to the Administrative Agent a statement describing in reasonable detail the Secured Obligations owing to such Defaulting Lender or any of its Affiliates as to which it exercised such right of setoff. The rights of each Lender, each Issuing Lender, each Swingline Lender and their respective Affiliates under this Section are in addition to other rights and remedies (including other rights of setoff) that such Lender, such Issuing Lender, such Swingline Lender or their respective Affiliates may have. Each Lender, such Issuing Lender and such Swingline Lender agree to notify the Borrowers and the Administrative Agent promptly after any such setoff and application; provided that the failure to give such notice shall not affect the validity of such setoff and application.

SECTION 12.5 Governing Law; Jurisdiction, Etc.

(a) Governing Law. This Agreement and the other Loan Documents and any claim, controversy, dispute or cause of action (whether in contract or tort or otherwise) based upon, arising out of or relating to this Agreement or any other Loan Document (except, as to any other Loan Document, as expressly set forth therein) and the transactions contemplated hereby and thereby shall be governed by, and construed in accordance with, the law of the State of New York.

(b) Submission to Jurisdiction. The Borrowers and each other Credit Party irrevocably and unconditionally agrees that it will not commence any action, litigation or proceeding of any kind or description, whether in law or equity, whether in contract or in tort or otherwise, against the Administrative Agent, any Lender, any Issuing Lender, any Swingline Lender, or any Related Party of the foregoing in any way relating to this Agreement or any other Loan Document or the transactions relating

hereto or thereto, in any forum other than the courts of the State of New York sitting in New York County, and of the United States District Court of the Southern District of New York, and any appellate court from any thereof, and each of the parties hereto irrevocably and unconditionally submits to the exclusive jurisdiction of such courts and agrees that all claims in respect of any such action, litigation or proceeding may be heard and determined in such New York State court or, to the fullest extent permitted by Applicable Law, in such federal court. Each of the parties hereto agrees that a final judgment in any such action, litigation or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement or in any other Loan Document shall affect any right that the Administrative Agent, any Lender, any Issuing Lender or any Swingline Lender may otherwise have to bring any action or proceeding relating to this Agreement or any other Loan Document against the Borrowers or any other Credit Party or its properties in the courts of any jurisdiction.

(c) Waiver of Venue. The Borrowers and each other Credit Party irrevocably and unconditionally waives, to the fullest extent permitted by Applicable Law, any objection that it may now or hereafter have to the laying of venue of any action or proceeding arising out of or relating to this Agreement or any other Loan Document in any court referred to in paragraph (b) of this Section. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by Applicable Law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(d) Service of Process. Each party hereto irrevocably consents to service of process in the manner provided for notices in Section 12.1. Nothing in this Agreement will affect the right of any party hereto to serve process in any other manner permitted by Applicable Law.

SECTION 12.6 Waiver of Jury Trial. EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

SECTION 12.7 Reversal of Payments. To the extent any Credit Party makes a payment or payments to the Administrative Agent for the ratable benefit of any of the Secured Parties or to any Secured Party directly or the Administrative Agent or any Secured Party receives any payment or proceeds of the Collateral or any Secured Party exercise its right of setoff, which payments or proceeds (including any proceeds of such setoff) or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside and/or required to be repaid to a trustee, receiver or any other party under any Debtor Relief Law, other Applicable Law or equitable cause, then, to the extent of such payment or proceeds repaid, the Secured Obligations or part thereof intended to be satisfied shall be revived and continued in full force and effect as if such payment or proceeds had not been received by the Administrative Agent, and each Lender and each Issuing Lender severally agrees to pay to the Administrative Agent upon demand its applicable ratable share (without duplication) of any amount so recovered from or repaid by the Administrative Agent plus interest thereon at a per annum rate equal to the Federal Funds Rate from the date of such demand to the date such payment is made to the Administrative Agent.

SECTION 12.8 Injunctive Relief. The Borrowers recognizes that, in the event the Borrowers fail to perform, observe or discharge any of its obligations or liabilities under this Agreement, any remedy of law may prove to be inadequate relief to the Lenders. Therefore, the Borrowers agree that the Lenders, at the Lenders' option, shall be entitled to temporary and permanent injunctive relief in any such case without the necessity of proving actual damages.

SECTION 12.9 Successors and Assigns; Participations.

(a) Successors and Assigns Generally. The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that neither the Borrowers nor any other Credit Party may assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of the Administrative Agent and each Lender and no Lender may assign or otherwise transfer any of its rights or obligations hereunder except (i) to an assignee in accordance with the provisions of paragraph (b) of this Section, (ii) by way of participation in accordance with the provisions of paragraph (d) of this Section or (iii) by way of pledge or assignment of a security interest subject to the restrictions of paragraph (e) of this Section (and any other attempted assignment or transfer by any party hereto shall be null and void). Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby, Participants to the extent provided in paragraph (d) of this Section and, to the extent expressly contemplated hereby, the Related Parties of each of the Administrative Agent and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) Assignments by Lenders. Any Lender may at any time assign to one or more assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of its Revolving Credit Commitment and the Loans at the time owing to it); provided that, in each case with respect to any Credit Facility, any such assignment shall be subject to the following conditions:

(i) Minimum Amounts.

(A) in the case of an assignment of the entire remaining amount of the assigning Lender's Commitment and/or the Loans at the time owing to it (in each case with respect to any Credit Facility) or contemporaneous assignments to related Approved Funds that equal at least the amount specified in paragraph (b)(i)(B) of this Section in the aggregate or in the case of an assignment to a Lender, an Affiliate of a Lender or an Approved Fund, no minimum amount need be assigned; and

(B) in any case not described in paragraph (b)(i)(A) of this Section, the aggregate amount of the Commitment (which for this purpose includes Loans outstanding thereunder) or, if the applicable Commitment is not then in effect, the principal outstanding balance of the Loans of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Assumption with respect to such assignment is delivered to the Administrative Agent or, if "Trade Date" is specified in the Assignment and Assumption, as of the Trade Date) shall not be less than $5,000,000, in the case of any assignment in respect of the Revolving Credit Facility, or $5,000,000, in the case of any assignment in respect of the Term Loan Facility, unless each of the Administrative Agent and, so long as no Event of Default has occurred and is continuing, Centuri otherwise consents (each such consent not to be unreasonably withheld or delayed); provided that Centuri shall be deemed to have given its consent five (5) Business Days after the date written notice thereof has been delivered by the assigning Lender (through the Administrative Agent) unless such consent is expressly refused by Centuri prior to such fifth (5th) Business Day;

(ii) Proportionate Amounts. Each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement with respect to the Loan or the Commitment assigned and each assignment of Term Loans shall be a ratable assignment of the assigning Lender's Term Loans made to the US Borrowers and the assigning Lender's Term Loans made to the Canadian Borrower;

(iii) Required Consents. No consent shall be required for any assignment except to the extent required by paragraph (b)(i)(B) of this Section and, in addition:

(A) the consent of Centuri (such consent not to be unreasonably withheld or delayed) shall be required unless (x) an Event of Default has occurred and is continuing at the time of such assignment or (y) such assignment is to a Lender, an Affiliate of a Lender or an Approved Fund; provided, that Centuri shall be deemed to have consented to any such assignment unless it shall object thereto by written notice to the Administrative Agent within five (5) Business Days after having received notice thereof; and provided, further, that Centuri's consent shall not be required during the primary syndication of the Credit Facility;

(B) the consent of the Administrative Agent (such consent not to be unreasonably withheld or delayed) shall be required for assignments in respect of (i) the Revolving Credit Facility if such assignment is to a Person that is not a Lender with a Revolving Credit Commitment, an Affiliate of such Lender or an Approved Fund with respect to such Lender or (ii) the Term Loans to a Person who is not a Lender, an Affiliate of a Lender or an Approved Fund; and

(C) the consents of the Issuing Lenders and the Swingline Lenders shall be required for any assignment in respect of the Revolving Credit Facility.

(iv) Assignment and Assumption. The parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Assumption, together with a processing and recordation fee of $3,500 for each assignment; provided that (A) only one such fee will be payable in connection with simultaneous assignments to two or more related Approved Funds by a Lender and (B) the Administrative Agent may, in its sole discretion, elect to waive such processing and recordation fee in the case of any assignment. The assignee, if it is not a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire.

(v) No Assignment to Certain Persons. No such assignment shall be made to (A) the Borrowers or any of the Borrowers' respective Subsidiaries or Affiliates or (B) any Defaulting Lender or any of its Subsidiaries, or any Person who, upon becoming a Lender hereunder, would constitute any of the foregoing Persons described in this clause (B).

(vi) No Assignment to Natural Persons. No such assignment shall be made to a natural Person (or a holding company, investment vehicle or trust for, or owned and operated for the primary benefit of, a natural Person).

(vii) Certain Additional Payments. In connection with any assignment of rights and obligations of any Defaulting Lender hereunder, no such assignment shall be effective unless and until, in addition to the other conditions thereto set forth herein, the parties to the assignment shall

make such additional payments to the Administrative Agent in an aggregate amount sufficient, upon distribution thereof as appropriate (which may be outright payment, purchases by the assignee of participations or subparticipations, or other compensating actions, including funding, with the consent of Centuri and the Administrative Agent, the applicable pro rata share of Loans previously requested, but not funded by, the Defaulting Lender, to each of which the applicable assignee and assignor hereby irrevocably consent), to (A) pay and satisfy in full all payment liabilities then owed by such Defaulting Lender to the Administrative Agent, the Issuing Lenders, the Swingline Lenders and each other Lender hereunder (and interest accrued thereon), and (B) acquire (and fund as appropriate) its full pro rata share of all Loans and participations in Letters of Credit and Swingline Loans in accordance with its Revolving Credit Commitment Percentage. Notwithstanding the foregoing, in the event that any assignment of rights and obligations of any Defaulting Lender hereunder shall become effective under Applicable Law without compliance with the provisions of this paragraph, then the assignee of such interest shall be deemed to be a Defaulting Lender for all purposes of this Agreement until such compliance occurs.

Subject to acceptance and recording thereof by the Administrative Agent pursuant to paragraph (c) of this Section, from and after the effective date specified in each Assignment and Assumption, the assignee thereunder shall be a party to this Agreement and, to the extent of the interest assigned by such Assignment and Assumption, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto) but shall continue to be entitled to the benefits of Sections 5.8, 5.9, 5.10, 5.11 and 12.3 with respect to facts and circumstances occurring prior to the effective date of such assignment; provided, that except to the extent otherwise expressly agreed by the affected parties, no assignment by a Defaulting Lender will constitute a waiver or release of any claim of any party hereunder arising from that Lender's having been a Defaulting Lender. Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this paragraph shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with paragraph (d) of this Section (other than a purported assignment to a natural Person or any Borrower or any of the Borrowers' Subsidiaries or Affiliates, which shall be null and void.)

(c) Register. The Administrative Agent, acting solely for this purpose as a non-fiduciary agent of the Borrowers, shall maintain at one of its offices in Charlotte, North Carolina, a copy of each Assignment and Assumption and each Lender Joinder Agreement delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitment of, and principal amounts of (and stated interest on) the Loans owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive, absent manifest error, and the Borrowers, the Administrative Agent and the Lenders shall treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement. The Register shall be available for inspection by the Borrowers and any Lender (but only to the extent of entries in the Register that are applicable to such Lender), at any reasonable time and from time to time upon reasonable prior notice.

(d) Participations. Any Lender may at any time, without the consent of, or notice to, the Borrowers or the Administrative Agent, sell participations to any Person (other than a natural Person (or a holding company, investment vehicle or trust for, or owned and operated for the primary benefit of, a natural person) or any Borrower or any of the Borrowers' Subsidiaries or Affiliates) (each, a "Participant") in all or a portion of such Lender's rights and/or obligations under this Agreement (including all or a portion of its Commitment and/or the Loans owing to it); provided that (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely

responsible to the other parties hereto for the performance of such obligations and (iii) the Borrowers, the Administrative Agent, the Issuing Lenders, the Swingline Lenders and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. For the avoidance of doubt, each Lender shall be responsible for the indemnity under Section 12.3(c) with respect to any payments made by such Lender to its Participant(s).

Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; provided that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, modification or waiver described in Section 12.2(b), (c), (d) or (e) that directly and adversely affects such Participant. The Borrowers agree that each Participant shall be entitled to the benefits of Sections 5.9, 5.10 and 5.11 (subject to the requirements and limitations therein, including the requirements under Section 5.11(g) (it being understood that the documentation required under Section 5.11(g) shall be delivered to the participating Lender)) to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to paragraph (b) of this Section; provided that such Participant (A) agrees to be subject to the provisions of Section 5.12 as if it were an assignee under paragraph (b) of this Section; and (B) shall not be entitled to receive any greater payment under Sections 5.10 or 5.11, with respect to any participation, than its participating Lender would have been entitled to receive, except to the extent such entitlement to receive a greater payment results from a Change in Law that occurs after the Participant acquired the applicable participation. Each Lender that sells a participation agrees, at the Borrowers' request and expense, to use reasonable efforts to cooperate with the Borrowers to effectuate the provisions of Section 5.12(b) with respect to any Participant. To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 12.4 as though it were a Lender; provided that such Participant agrees to be subject to Section 5.6 and Section 12. 4 as though it were a Lender.

Each Lender that sells a participation shall, acting solely for this purpose as a non-fiduciary agent of the Borrowers, maintain a register on which it enters the name and address of each Participant and the principal amounts of (and stated interest on) each Participant's interest in the Loans or other obligations under the Loan Documents (the "Participant Register"); provided that no Lender shall have any obligation to disclose all or any portion of the Participant Register (including the identity of any Participant or any information relating to a Participant's interest in any commitments, loans, letters of credit or its other obligations under any Loan Document) to any Person except to the extent that such disclosure is necessary to establish that such commitment, loan, letter of credit or other obligation is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations. The entries in the Participant Register shall be conclusive absent manifest error, and such Lender shall treat each Person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary. For the avoidance of doubt, the Administrative Agent (in its capacity as Administrative Agent) shall have no responsibility for maintaining a Participant Register.

(e) Certain Pledges. Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including without limitation any pledge or assignment to secure obligations to a Federal Reserve Bank; provided that no such pledge or assignment shall release such Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

SECTION 12.10 Treatment of Certain Information; Confidentiality. Each of the Administrative Agent, the Lenders and the Issuing Lenders agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its Affiliates and to its and its Related Parties (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information

confidential), (b) to the extent required or requested by, or required to be disclosed to, any regulatory or similar authority purporting to have jurisdiction over such Person or its Related Parties (including any self-regulatory authority, such as the National Association of Insurance Commissioners), (c) as to the extent required by Applicable Laws or regulations or in any legal, judicial or administrative proceeding or other compulsory process, (d) to any other party hereto, (e) in connection with the exercise of any remedies under this Agreement, under any other Loan Document or under any Secured Hedge Agreement or Secured Cash Management Agreement, or any action or proceeding relating to this Agreement, any other Loan Document or any Secured Hedge Agreement or Secured Cash Management Agreement, or the enforcement of rights hereunder or thereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section, to (i) any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights and obligations under this Agreement or (ii) any actual or prospective party (or its Related Parties) to any swap, derivative or other transaction under which payments are to be made by reference to the Borrowers and their respective obligations, this Agreement or payments hereunder, (g) on a confidential basis to (i) any rating agency in connection with rating the Consolidated Companies or the Credit Facility or (ii) the CUSIP Service Bureau or any similar agency in connection with the issuance and monitoring of CUSIP numbers with respect to the Credit Facility, (h) with the consent of Centuri, (i) to Gold Sheets and other similar bank trade publications, such information to consist of deal terms and other information customarily found in such publications, (j) to the extent such Information (i) becomes publicly available other than as a result of a breach of this Section or (ii) becomes available to the Administrative Agent, any Lender, any Issuing Lender or any of their respective Affiliates from a third party that is not, to such Person's knowledge, subject to confidentiality obligations to the Borrowers, (k) to governmental regulatory authorities in connection with any regulatory examination of the Administrative Agent or any Lender or in accordance with the Administrative Agent's or any Lender's regulatory compliance policy if the Administrative Agent or such Lender deems necessary for the mitigation of claims by those authorities against the Administrative Agent or such Lender or any of its subsidiaries or affiliates, (l) to the extent that such information is independently developed by such Person, or (m) for purposes of establishing a "due diligence" defense. For purposes of this Section, "Information" means all information received from any Credit Party or any Subsidiary thereof relating to any Credit Party or any Subsidiary thereof or any of their respective businesses, other than any such information that is available to the Administrative Agent, any Lender or any Issuing Lender on a nonconfidential basis prior to disclosure by any Credit Party or any Subsidiary thereof; provided that, in the case of information received from a Credit Party or any Subsidiary thereof after the date hereof, such information is clearly identified at the time of delivery as confidential. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

SECTION 12.11 Performance of Duties. Each of the Credit Party's obligations under this Agreement and each of the other Loan Documents shall be performed by such Credit Party at its sole cost and expense.

SECTION 12.12 All Powers Coupled with Interest. All powers of attorney and other authorizations granted to the Lenders, the Administrative Agent and any Persons designated by the Administrative Agent or any Lender pursuant to any provisions of this Agreement or any of the other Loan Documents shall be deemed coupled with an interest and shall be irrevocable so long as any of the Obligations remain unpaid or unsatisfied, any of the Commitments remain in effect or the Credit Facility has not been terminated.

SECTION 12.13 Survival.

(a) All representations and warranties set forth in Article VII and all representations and warranties contained in any certificate, or any of the Loan Documents (including, but not limited to, any such representation or warranty made in or in connection with any amendment thereto) shall constitute representations and warranties made under this Agreement. All representations and warranties made under this Agreement shall be made or deemed to be made at and as of the Closing Date (except those that are expressly made as of a specific date), shall survive the Closing Date and shall not be waived by the execution and delivery of this Agreement, any investigation made by or on behalf of the Lenders or any borrowing hereunder.

(b) Notwithstanding any termination of this Agreement, the indemnities to which the Administrative Agent and the Lenders are entitled under the provisions of this Article XII and any other provision of this Agreement and the other Loan Documents shall continue in full force and effect and shall protect the Administrative Agent and the Lenders against events arising after such termination as well as before.

SECTION 12.14 Titles and Captions. Titles and captions of Articles, Sections and subsections in, and the table of contents of, this Agreement are for convenience only, and neither limit nor amplify the provisions of this Agreement.

SECTION 12.15 Severability of Provisions. Any provision of this Agreement or any other Loan Document which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective only to the extent of such prohibition or unenforceability without invalidating the remainder of such provision or the remaining provisions hereof or thereof or affecting the validity or enforceability of such provision in any other jurisdiction.

SECTION 12.16 Counterparts; Integration; Effectiveness; Electronic Execution.

(a) Counterparts; Integration; Effectiveness. This Agreement may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement and the other Loan Documents, and any separate letter agreements with respect to fees payable to the Administrative Agent, the Issuing Lenders, the Swingline Lenders and/or the Arrangers, constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. Except as provided in Section 6.1, this Agreement shall become effective when it shall have been executed by the Administrative Agent and when the Administrative Agent shall have received counterparts hereof that, when taken together, bear the signatures of each of the other parties hereto. Delivery of an executed counterpart of a signature page of this Agreement by facsimile or in electronic (i.e., “pdf” or “tif”) format shall be effective as delivery of a manually executed counterpart of this Agreement.

(b) Electronic Execution of Assignments. The words “execution,” “signed,” “signature,” and words of like import in any Assignment and Assumption shall be deemed to include electronic signatures or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any Applicable Law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act.

SECTION 12.17 Term of Agreement. This Agreement shall remain in effect from the Closing Date through and including the date upon which all Obligations (other than contingent indemnification obligations not then due) arising hereunder or under any other Loan Document shall have been indefeasibly and irrevocably paid and satisfied in full, all Letters of Credit have been terminated or expired (or been Cash Collateralized) or otherwise satisfied in a manner acceptable to the Issuing Lender) and the Revolving Credit Commitment has been terminated. No termination of this Agreement shall affect the rights and obligations of the parties hereto arising prior to such termination or in respect of any provision of this Agreement which survives such termination.

SECTION 12.18 USA PATRIOT Act; Anti-Money Laundering Laws. The Administrative Agent and each Lender hereby notifies the Borrowers that pursuant to the requirements of the PATRIOT Act or any other Anti-Money Laundering Laws, each of them is required to obtain, verify and record information that identifies each Credit Party, which information includes the name and address of each Credit Party and other information that will allow such Lender to identify each Credit Party in accordance with the PATRIOT Act or such Anti-Money Laundering Laws.

SECTION 12.19 Independent Effect of Covenants. The Borrowers expressly acknowledge and agree that each covenant contained in Articles VIII or IX hereof shall be given independent effect. Accordingly, the Borrowers shall not engage in any transaction or other act otherwise permitted under any covenant contained in Articles VIII or IX, before or after giving effect to such transaction or act, the Borrowers shall or would be in breach of any other covenant contained in Articles VIII or IX.

SECTION 12.20 No Advisory or Fiduciary Responsibility.

(a) In connection with all aspects of each transaction contemplated hereby, each Credit Party acknowledges and agrees, and acknowledges its Affiliates' understanding, that (i) the facilities provided for hereunder and any related arranging or other services in connection therewith (including in connection with any amendment, waiver or other modification hereof or of any other Loan Document) are an arm's-length commercial transaction between the Borrowers and their respective Affiliates, on the one hand, and the Administrative Agent, the Arrangers and the Lenders, on the other hand, and each Borrower is capable of evaluating and understanding and understands and accepts the terms, risks and conditions of the transactions contemplated hereby and by the other Loan Documents (including any amendment, waiver or other modification hereof or thereof), (ii) in connection with the process leading to such transaction, each of the Administrative Agent, the Arrangers and the Lenders is and has been acting solely as a principal and is not the financial advisor, agent or fiduciary, for the Borrowers or any of their respective Affiliates, stockholders, creditors or employees or any other Person, (iii) none of the Administrative Agent, the Arrangers or the Lenders has assumed or will assume an advisory, agency or fiduciary responsibility in favor of the Borrowers with respect to any of the transactions contemplated hereby or the process leading thereto, including with respect to any amendment, waiver or other modification hereof or of any other Loan Document (irrespective of whether any Arranger or Lender has advised or is currently advising the Borrowers or any of their respective Affiliates on other matters) and none of the Administrative Agent, the Arrangers or the Lenders has any obligation to the Borrowers or any of its Affiliates with respect to the financing transactions contemplated hereby except those obligations expressly set forth herein and in the other Loan Documents, (iv) the Arrangers and the Lenders and their respective Affiliates may be engaged in a broad range of transactions that involve interests that differ from, and may conflict with, those of the Borrowers and their respective Affiliates, and none of the Administrative Agent, the Arrangers or the Lenders has any obligation to disclose any of such interests by virtue of any advisory, agency or fiduciary relationship and (v) the Administrative Agent, the Arrangers and the Lenders have not provided and will not provide any legal, accounting, regulatory or tax advice with respect to any of the transactions contemplated hereby (including any amendment, waiver or other modification hereof or of any other Loan Document) and the Credit Parties have consulted their own legal, accounting, regulatory and tax advisors to the extent they have deemed appropriate.

(b) Each Credit Party acknowledges and agrees that each Lender, the Arrangers and any Affiliate thereof may lend money to, invest in, and generally engage in any kind of business with, any of the Borrowers, any Affiliate thereof or any other person or entity that may do business with or own securities of any of the foregoing, all as if such Lender, Arranger or Affiliate thereof were not a Lender or Arranger or an Affiliate thereof (or an agent or any other person with any similar role under the Credit Facilities) and without any duty to account therefor to any other Lender, the Arrangers, the Borrowers or any Affiliate of the foregoing. Each Lender, the Arrangers and any Affiliate thereof may accept fees and other consideration from the Borrowers or any Affiliate thereof for services in connection with this Agreement, the Credit Facilities or otherwise without having to account for the same to any other Lender, the Arrangers, the Borrowers or any Affiliate of the foregoing.

SECTION 12.21 Inconsistencies with Other Documents. In the event there is a conflict or inconsistency between this Agreement and any other Loan Document, the terms of this Agreement shall control; provided that any provision of the Security Documents which imposes additional burdens on the Consolidated Companies or further restricts the rights of the Consolidated Companies or gives the Administrative Agent or Lenders additional rights shall not be deemed to be in conflict or inconsistent with this Agreement and shall be given full force and effect.

SECTION 12.22 Acknowledgement and Consent to Bail-In of EEA Financial Institutions. Notwithstanding anything to the contrary in any Loan Document or in any other agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any EEA Financial Institution arising under any Loan Document, to the extent such liability is unsecured, may be subject to the Write-Down and Conversion Powers of an EEA Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

(a) the application of any Write-Down and Conversion Powers by an EEA Resolution Authority to any such liabilities arising hereunder which may be payable to it by any party hereto that is an EEA Financial Institution; and

(b) the effects of any Bail-In Action on any such liability, including, if applicable;

(i) a reduction in full or in part or cancellation of any such liability;

(ii) a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such EEA Financial Institution, its parent undertaking, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Agreement or any other Loan Documents; or

(iii) the variation of the terms of such liability in connection with the exercise of the Write-Down and Conversion Powers of any EEA Resolution Authority.

SECTION 12.23 Amendment and Restatement; No Novation. This Agreement constitutes an amendment and restatement of the Existing Credit Agreement, effective from and after the Closing Date. The execution and delivery of this Agreement shall not constitute a novation of any indebtedness or other obligations owing to the Lenders or the Administrative Agent under the Existing Credit Agreement based on facts or events occurring or existing prior to the execution and delivery of this Agreement. On the Closing Date, the credit facilities described in the Existing Credit Agreement, shall be amended,

supplemented, modified and restated in their entirety by the facilities described herein, and all loans and other obligations of any Borrower outstanding as of such date under the Existing Credit Agreement, shall be deemed to be loans and obligations outstanding under the corresponding facilities described herein, without any further action by any Person, except that the Administrative Agent shall make such transfers of funds as are necessary in order that the outstanding balance of such Loans, together with any Loans funded on the Closing Date, reflect the respective Commitments of the Lenders hereunder.

[Signature pages to follow**]**

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed under seal by their duly authorized officers, all as of the day and year first written above.

BORROWERS:

CENTURI CONSTRUCTION GROUP, INC., as US Borrower

By: /s/ Kevin L. Neill
Name: Kevin L. Neill
Title: Executive Vice President/ Chief Financial Officer and Treasurer

NPL CONSTRUCTION CO., as US Borrower

By: /s/ Kevin L. Neill
Name: Kevin L. Neill
Title: Treasurer

MERITUS GROUP, INC., as US Borrower

By: /s/ Kevin L. Neill
Name: Kevin L. Neill
Title: Treasurer

VISTUS CONSTRUCTION GROUP, INC., as US Borrower

By: /s/ Kevin L. Neill
Name: Kevin L. Neill
Title: Treasurer

LYNXUS CONSTRUCTION GROUP INC., as Canadian Borrower

By: /s/ Ricardo B. Pringle
Name: Ricardo B. Pringle
Title: Assistant Secretary

AGENTS AND LENDERS:

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Administrative Agent, Swingline Lender, Issuing Lender and Lender

By: /s/ Brenda K. Robinson
Name: Brenda K. Robinson
Title: Senior Vice President

BANK OF AMERICA, N.A., as Lender

By: /s/ Alain Pelanne
Name: Alain Pelanne
Title: Vice President

CANADIAN IMPERIAL BANK OF COMMERCE, as Swingline Lender, Issuing Lender and Lender

By: /s/ Joshua Spagnoletti
Name: Joshua Spagnoletti
Title: Authorized Signatory

By: /s/ Kevin Bale
Name: Kevin Bale
Title: Authorized Signatory

U.S. BANK NATIONAL ASSOCIATION, as Lender

By: /s/ Holland H. Williams
Name: Holland H. Williams
Title: Vice President

BANK OF MONTREAL, as Lender

By: /s/ John Dillon
Name: John Dillon
Title: Director

COMPASS BANK, as Lender

By: /s/ Tim Dillingham
Name: Tim Dillingham
Title: Senior Vice President

ZB, N.A. D/B/A NATIONAL BANK OF ARIZONA, as Lender

By: /s/ Sabina Aaronson
Name: Sabina Aaronson
Title: Vice President

UMB BANK N.A., as Lender

By: /s/ Kyle M. Millian
Name: Kyle M. Millian
Title: Senior Vice President

CITIZENS BANK, NATIONAL ASSOCIATION, as Lender

By: /s/ Darran Wee
Name: Darran Wee
Title: Senior Vice President

BRANCH BANKING AND TRUST COMPANY, as Lender

By: /s/ Jim Wright
Name: Jim Wright
Title: Assistant Vice President

FIFTH THIRD BANK, as Lender

By: /s/ Justin Brauer
Name: Justin Brauer
Title: Director

By: /s/ Neil Ghai
Name: Neil Ghai
Title: Director

BOKF, NA D/B/A BANK OF ARIZONA, as Lender

By: /s/ James Wessel
Name: James Wessel
Title: Senior Vice President

Exhibit 12.01

SOUTHWEST GAS HOLDINGS, INC.
COMPUTATION OF RATIOS OF EARNINGS TO FIXED CHARGES
(Thousands of dollars)

	December 31,				
	2017	**2016**	**2015**	**2014**	**2013**
1. Fixed charges:					
A) Interest expense	$ 77,824	$ 73,000	$ 71,661	$ 71,234	$ 62,958
B) Amortization	1,906	1,835	1,884	2,063	2,002
C) Interest portion of rentals	22,412	19,438	16,678	11,802	11,809
Total fixed charges	$102,142	$ 94,273	$ 90,223	$ 85,099	$ 76,769
2. Earnings (as defined):					
D) Pretax income from continuing operations	$259,030	$231,523	$219,332	$219,521	$222,815
Fixed Charges (1. above)	102,142	94,273	90,223	85,099	76,769
Total earnings as defined	$361,172	$325,796	$309,555	$304,620	$299,584
	3.54	3.46	3.43	3.58	3.90

Exhibit 12.02

SOUTHWEST GAS CORPORATION
COMPUTATION OF RATIOS OF EARNINGS TO FIXED CHARGES
(Thousands of dollars)

	December 31,				
	2017	**2016**	**2015**	**2014**	**2013**
1. Fixed charges:					
A) Interest expense	$ 69,576	$ 66,337	$ 63,877	$ 67,464	$ 61,813
B) Amortization	1,823	1,835	1,884	2,063	2,002
C) Interest portion of rentals	1,642	1,453	1,395	1,777	2,769
Total fixed charges	$ 73,041	$ 69,625	$ 67,156	$ 71,304	$ 66,584
2. Earnings (as defined):					
D) Pretax income from continuing operations	$219,953	$178,007	$172,980	$180,469	$189,546
Fixed Charges (1. above)	73,041	69,625	67,156	71,304	66,584
Total earnings as defined	$292,994	$247,632	$240,136	$251,773	$256,130
	4.01	3.56	3.58	3.53	3.85

Consolidated Selected Financial Statistics

Year Ended December 31,	2017	2016	2015	2014	2013
(Thousands of dollars, except per share amounts)					
Operating revenues	$2,548,792	$2,460,490	$2,463,625	$2,121,707	$1,950,782
Operating expenses	2,225,092	2,164,776	2,175,293	1,837,224	1,676,567
Operating income	$ 323,700	$ 295,714	$ 288,332	$ 284,483	$ 274,215
Net income attributable to Southwest Gas Holdings, Inc.	$ 193,841	$ 152,041	$ 138,317	$ 141,126	$ 145,320
Total assets at year end	$6,237,066	$5,581,126	$5,358,685	$5,208,297	$4,565,174
Capitalization at year end					
Total equity	$1,812,403	$1,661,273	$1,592,325	$1,486,266	$1,412,395
Redeemable noncontrolling interest	—	22,590	16,108	20,042	—
Long-term debt, excluding current maturities	1,798,576	1,549,983	1,551,204	1,631,374	1,381,327
	$3,610,979	$3,233,846	$3,159,637	$3,137,682	$2,793,722
Current maturities of long-term debt	$ 25,346	$ 50,101	$ 19,475	$ 19,192	$ 11,105
Common stock data					
Common equity percentage of capitalization	50.2%	51.4%	50.4%	47.4%	50.6%
Return on average common equity	11.2%	9.3%	8.9%	9.7%	10.6%
Basic earnings per share	$ 4.04	$ 3.20	$ 2.94	$ 3.04	$ 3.14
Diluted earnings per share	$ 4.04	$ 3.18	$ 2.92	$ 3.01	$ 3.11
Dividends declared per share	$ 1.98	$ 1.80	$ 1.62	$ 1.46	$ 1.32
Payout ratio	49%	56%	55%	48%	42%
Book value per share at year end	$ 37.74	$ 35.03	$ 33.65	$ 32.03	$ 30.51
Market value per share at year end	$ 80.48	$ 76.62	$ 55.16	$ 61.81	$ 55.91
Market value to book value per share	213%	219%	164%	193%	183%
Common shares outstanding at year end (000)	48,090	47,482	47,378	46,523	46,356
Number of common shareholders at year end	13,077	13,619	14,153	14,749	15,359
Ratio of earnings to fixed charges	3.54	3.46	3.43	3.58	3.90

Natural Gas Operations

Year Ended December 31,	2017	2016	2015	2014	2013
(Thousands of dollars)					
Operating revenue	$1,302,308	$1,321,412	$1,454,639	$1,382,087	$1,300,154
Net cost of gas sold	355,045	397,121	563,809	505,356	436,001
Operating margin	947,263	924,291	890,830	876,731	864,153
Expenses					
Operations and maintenance	410,745	401,724	393,199	383,732	384,914
Depreciation and amortization	201,922	233,463	213,455	204,144	193,848
Taxes other than income taxes	57,946	52,376	49,393	47,252	45,551
Operating income	$ 276,650	$ 236,728	$ 234,783	$ 241,603	$ 239,840
Contribution to consolidated net income	$ 156,818	$ 119,423	$ 111,625	$ 116,872	$ 124,169
Total assets at year end	$5,482,669	$5,001,756	$4,822,845	$4,652,307	$4,272,029
Net gas plant at year end	$4,523,650	$4,131,971	$3,891,085	$3,658,383	$3,486,108
Construction expenditures and property additions	$ 560,448	$ 457,120	$ 438,289	$ 350,025	$ 314,578
Cash flow, net					
From operating activities	$ 309,216	$ 507,224	$ 497,500	$ 288,534	$ 265,290
From (used in) investing activities	(557,384)	(446,238)	(416,727)	(328,645)	(304,189)
From (used in) financing activities	267,090	(63,339)	(74,159)	23,413	44,947
Net change in cash	$ 18,922	$ (2,353)	$ 6,614	$ (16,698)	$ 6,048
Total throughput (thousands of therms)					
Residential	674,271	684,626	655,421	617,377	741,327
Small commercial	297,677	294,525	285,118	276,582	298,045
Large commercial	92,561	90,949	92,284	94,391	102,761
Industrial/Other	33,816	30,275	30,973	32,374	50,210
Transportation	974,407	970,561	1,035,707	906,691	1,037,916
Total throughput	2,072,732	2,070,936	2,099,503	1,927,415	2,230,259
Weighted average cost of gas purchased ($/therm)	$ 0.44	$ 0.37	$ 0.44	$ 0.55	$ 0.42
Customers at year end	2,015,000	1,984,000	1,956,000	1,930,000	1,904,000
Employees at year end	2,285	2,247	2,219	2,196	2,220
Customer to employee ratio	882	883	881	879	858
Degree days – actual	1,478	1,613	1,512	1,416	1,918
Degree days – ten-year average	1,733	1,771	1,792	1,816	1,876

Management’s Discussion and Analysis of Financial Condition and Results of Operations

About Southwest Gas Holdings, Inc.
Southwest Gas Holdings, Inc. is a holding company that owns all of the shares of common stock of Southwest Gas Corporation (“Southwest” or the “natural gas operations” segment), and all of the shares of common stock of Centuri Construction Group, Inc. (“Centuri” or the “construction services” segment). Prior to August 2017, only 96.6% of Centuri’s shares were owned. During August 2017, Southwest Gas Holdings, Inc. acquired the remaining 3.4% equity interest in Centuri that was held by the previous owners (and previously reflected as a redeemable noncontrolling interest).

As part of a holding company reorganization, effective January 2017, designed to provide further separation between regulated and unregulated businesses, Centuri and Southwest are now subsidiaries of Southwest Gas Holdings, Inc.; whereas historically, Centuri had been a direct subsidiary of Southwest. To give effect to this change, the separate consolidated financial statements of Southwest Gas Corporation depict Centuri-related amounts for periods prior to 2017 as discontinued operations of Southwest. Refer to **Note 1 – Summary of Significant Accounting Policies** and **Note 18 – Reorganization Impacts – Discontinued Operations Solely Related to Southwest Gas Corporation** of this 2017 Annual Report for additional details regarding the reorganization and the presentation of financial information. Southwest Gas Holdings, Inc. and its subsidiaries (the “Company”) have two business segments (natural gas operations and construction services), which are discussed below.

Southwest is engaged in the business of purchasing, distributing, and transporting natural gas for customers in portions of Arizona, Nevada, and California. Southwest is the largest distributor of natural gas in Arizona, selling and transporting natural gas in most of central and southern Arizona, including the Phoenix and Tucson metropolitan areas. Southwest is also the largest distributor of natural gas in Nevada, serving the Las Vegas metropolitan area and northern Nevada. In addition, Southwest distributes and transports natural gas for customers in portions of California, including the Lake Tahoe area and the high desert and mountain areas in San Bernardino County.

As of December 31, 2017, Southwest had 2,015,000 residential, commercial, industrial, and other natural gas customers, of which 1,073,000 customers were located in Arizona, 747,000 in Nevada, and 195,000 in California. Residential and commercial customers represented over 99% of the total customer base. During 2017, 54% of operating margin was earned in Arizona, 35% in Nevada, and 11% in California. During this same period, Southwest earned 85% of its operating margin (gas operating revenues less the net cost of gas sold) from residential and small commercial customers, 3% from other sales customers, and 12% from transportation customers. These general patterns are expected to remain materially consistent for the foreseeable future.

Southwest recognizes operating revenues from the distribution and transportation of natural gas (and related services) to customers. Operating margin is a financial measure defined by management as gas operating revenues less the net cost of gas sold. However, operating margin is not specifically defined in accounting principles generally accepted in the United States (“U.S. GAAP”). Thus, operating margin is considered a non-GAAP measure. Management uses this financial measure because natural gas operating revenues include the net cost of gas sold, which is a tracked cost that is passed through to customers without markup under purchased gas adjustment (“PGA”) mechanisms. Fluctuations in the net cost of gas sold impact revenues on a dollar-for-dollar

basis, but do not impact operating margin or operating income. Therefore, management believes operating margin provides investors and other interested parties with useful and relevant information to analyze Southwest's financial performance in a rate-regulated environment. The principal factors affecting changes in operating margin are general rate relief (including impacts of infrastructure trackers) and customer growth.

The demand for natural gas is seasonal, with greater demand in the colder winter months and decreased demand in the warmer summer months. All of Southwest's service territories have decoupled rate structures (alternative revenue programs), which are designed to eliminate the direct link between volumetric sales and revenue, thereby mitigating the impacts of weather variability and conservation on operating margin, allowing Southwest to pursue energy efficiency initiatives.

Centuri is a comprehensive construction services enterprise dedicated to meeting the growing demands of North American utilities, energy and industrial markets. Centuri derives revenue from installation, replacement, repair, and maintenance of energy distribution systems, and developing industrial construction solutions. Centuri operates in 23 major markets in the United States (primarily as NPL) and in 2 major markets in Canada (as NPL Canada (formerly Link-Line Contractors Ltd.) and W.S. Nicholls). In November 2017, Centuri expanded its operations in the Northeast region of the United States ("U.S.") through the acquisition of a private construction services business. The acquired company is expected to be accretive to earnings per share during the first full year of operations. Information surrounding the acquisition can be found in **Note 19 – Acquisition of Construction Services Business** in this annual report.

Construction activity is cyclical and can be significantly impacted by changes in weather, general and local economic conditions (including the housing market), interest rates, employment levels, job growth, pipe replacement programs of utilities, and local and federal regulation (including tax rates and incentives). During the past few years, utilities have implemented or modified pipeline integrity management programs to enhance safety pursuant to federal and state mandates. These programs, coupled with bonus depreciation tax deduction incentives, have resulted in a significant increase in multi-year pipeline replacement projects throughout the U.S. Generally, Centuri revenues are lowest during the first quarter of the year due to less favorable winter weather conditions. Revenues typically improve as more favorable weather conditions occur during the summer and fall months. This is expected in both the U.S. and Canadian markets. In certain circumstances, such as with large bid contracts (especially those of a longer duration), or unit-price contracts with revenue caps, results may be impacted by differences between costs incurred and those anticipated when the work was originally bid. Work awarded, or failing to be awarded, by individual large customers can impact operating results.

Executive Summary

The items discussed in this Executive Summary are intended to provide an overview of the results of the Company's operations and are covered in greater detail in later sections of management's discussion and analysis. As reflected in the table below, the natural gas operations segment accounted for an average of 80% of consolidated net income over the past three years.

Summary Operating Results

Year ended December 31, (In thousands, except per share amounts)	2017	2016	2015
Contribution to net income			
Natural gas operations	$ 156,818	$ 119,423	$ 111,625
Construction services	38,360	32,618	26,692
Corporate and administrative	(1,337)	—	—
Consolidated	$ 193,841	$ 152,041	$ 138,317
Average number of common shares	47,965	47,469	46,992
Basic earnings per share			
Consolidated	$ 4.04	$ 3.20	$ 2.94
Natural Gas Operations			
Gas operating revenues	$ 1,302,308	$ 1,321,412	$ 1,454,639
Net cost of gas sold	355,045	397,121	563,809
Operating margin	$ 947,263	$ 924,291	$ 890,830

2017 Overview

Consolidated results for 2017 increased compared to 2016 as improvements were experienced in both operating segments. Basic earnings per share were $4.04 in 2017 compared to basic earnings per share of $3.20 in 2016.

Natural gas operations highlights include the following:

- Arizona rate case settlement provided increased operating margin and lower depreciation
- Operating margin increased $23 million, or 2.5%, between 2017 and 2016
- 31,000 net new customers (1.6% growth rate); achieved 2 million total customers in November 2017
- Returns on Company-Owned Life Insurance (“COLI”) policies were $10.3 million in 2017 compared to $7.4 million in 2016
- New tax law provided $8 million in tax benefits
- Credit facility amended (and extended to March 2022), increasing the borrowing capacity from $300 million to $400 million

Construction services highlights include the following:

- Revenues in 2017 increased $107 million, or 9%, compared to 2016
- Construction expenses increased $125 million, or 12%, compared to 2016
- New tax law provided $12 million in net tax benefits
- Completed the acquisition of a construction services business in November 2017
- Amended and restated the senior secured revolving credit and term loan facility, increasing the borrowing capacity from $300 million to $450 million in November 2017

Southwest Gas Holdings highlights include the following:

- In March 2017, entered into a credit facility with a borrowing capacity of $100 million that expires in March 2022
- Acquired the residual 3.4% interest in Centuri in August 2017
- Amended and restated bylaws to eliminate cumulative voting and enact majority voting policy

Results of Natural Gas Operations

Year Ended December 31, (Thousands of dollars)	2017	2016	2015
Gas operating revenues	$ 1,302,308	$ 1,321,412	$ 1,454,639
Net cost of gas sold	355,045	397,121	563,809
Operating margin	947,263	924,291	890,830
Operations and maintenance expense	410,745	401,724	393,199
Depreciation and amortization	201,922	233,463	213,455
Taxes other than income taxes	57,946	52,376	49,393
Operating income	276,650	236,728	234,783
Other income (deductions)	13,036	8,276	2,292
Net interest deductions	69,733	66,997	64,095
Income before income taxes	219,953	178,007	172,980
Income tax expense	63,135	58,584	61,355
Contribution to consolidated net income	$ 156,818	$ 119,423	$ 111,625

2017 vs. 2016

The contribution to consolidated net income from natural gas operations increased $37.4 million between 2017 and 2016. The improvement was primarily due to an increase in operating margin, lower depreciation expense, and higher other income, partially offset by an increase in general taxes and operations and maintenance expenses.

Operating margin increased $23 million between years. Combined rate relief in the Arizona and California jurisdictions provided $15 million in operating margin (see **Rates and Regulatory Proceedings**). Customer growth contributed $9 million in operating margin, while operating margin associated with recoveries of regulatory assets, infrastructure replacement mechanisms, customers outside the decoupling mechanisms, and other miscellaneous revenues decreased $1 million.

Operations and maintenance expense increased $9 million, or 2%, between 2017 and 2016 as general cost increases were partially offset by a decline in self-insured employee medical costs. Higher expenses for pipeline integrity management and damage prevention programs accounted for $2.5 million of the increase.

Depreciation and amortization expense decreased $31.5 million, or 14%, primarily due to reduced depreciation rates in Arizona, a result of the Arizona general rate case decision. Partially offsetting the decline was increased depreciation expense associated with a $338 million, or 6%, increase in average gas plant in service for the current year as compared to the prior year. The increase in gas plant was attributable to pipeline capacity reinforcement work, franchise requirements, scheduled and accelerated pipe replacement activities, and new infrastructure.

Taxes other than income taxes increased $5.6 million, or 11%, between 2017 and 2016 primarily due to higher property taxes associated with net plant additions and increased property taxes in Arizona, including the impact of a property tax regulatory tracking mechanism resulting from the recent Arizona general rate case.

Other income, which principally includes returns on COLI policies (including cash surrender values and recognized net death benefits) and non-utility expenses, increased $4.8 million between 2017 and 2016. The current year

reflects a $10.3 million increase in COLI policy cash surrender values, while the prior year reflected $7.4 million of combined COLI-related income and recognized death benefits. COLI amounts were greater than expected in both years. In addition, interest earned related to the Gas Infrastructure Replacement ("GIR") mechanism in Nevada grew in the current year due to a substantial increase in the amount of accelerated pipe replacement work under the program during 2017. See the *Nevada Jurisdiction* section of **Rates and Regulatory Proceedings**.

Net interest deductions increased $2.7 million between 2017 and 2016, primarily due to the issuance of $300 million of senior notes in September 2016 and higher interest associated with credit facility borrowings during 2017. The increase was substantially offset by reductions in interest expense associated with deferred purchased gas adjustment ("PGA") balances as compared to the prior year and various debt redemptions in the second half of 2016 and early 2017.

Income taxes were favorably impacted by approximately $8 million in 2017 due to the December 2017 enactment of legislation commonly referred to as the Tax Cuts and Jobs Act ("TCJA"). This reduction primarily relates to the remeasurement of deferred tax liabilities not associated with utility plant depreciation timing differences. Refer to **Note 13 – Income Taxes** in the notes to the consolidated financial statements.

2016 vs. 2015

The contribution to consolidated net income from natural gas operations increased $7.8 million between 2016 and 2015. The improvement was primarily due to an increase in operating margin and other income, partially offset by an increase in operating expenses and net interest deductions.

Operating margin increased $33 million between 2016 and 2015. Combined rate relief in the California jurisdiction and Paiute Pipeline Company provided $10 million, and new customers contributed $8 million, in operating margin during 2016. The Nevada Conservation and Energy Efficiency ("CEE") surcharge, which was implemented in January 2016, provided $11 million of the increase between the comparative years of 2016 and 2015. Amounts collected through the surcharge did not impact net income as they also resulted in an increase in associated amortization expense. Infrastructure replacement mechanisms and customers outside the decoupling mechanisms, as well as other miscellaneous revenues, collectively provided $4 million of operating margin during 2016.

Operations and maintenance expense increased $8.5 million, or 2%, between 2016 and 2015 due primarily to general cost increases and higher employee medical costs, partially offset by a decline in pension expense. Higher expenses for pipeline integrity management and damage prevention programs accounted for $2.6 million of the increase between years.

Depreciation and amortization expense increased $20 million, or 9%, between 2016 and 2015. Average gas plant in service increased $341 million, or 6%, between this time period. This was attributable to pipeline capacity reinforcement work, franchise requirements, scheduled and accelerated pipe replacement activities, and new infrastructure, which collectively resulted in increased depreciation expense. Amortization associated with the recovery of regulatory assets increased approximately $7.1 million overall between these periods, notably due to amortization accompanying the recovery of Nevada CEE costs indicated above.

Taxes other than income taxes increased $3 million, or 6%, between 2016 and 2015 primarily due to higher property taxes associated with net plant additions.

Other income increased $6 million between 2016 and 2015 due to $7.4 million of COLI-related income, including recognized net death benefits, during 2016, but a COLI-related loss of $500,000 during 2015.

Net interest deductions increased $2.9 million between 2016 and 2015, primarily due to higher interest expense associated with deferred purchased gas adjustment (“PGA”) balances and the issuance of $300 million of senior notes. The increase was substantially offset by reductions associated with the redemption of debt ($20 million of 5.25% 2003 Series D IDRBs in September 2015, $100 million of 4.85% 2005 Series A IDRBs in July 2016, and $24.9 million of 4.75% 2006 Series A in September 2016).

The effective income tax rates in both 2016 and 2015 were impacted by COLI results, which are not subject to tax. Additionally, the Company claimed a federal income tax credit, which resulted in a recognized benefit of approximately $1.7 million during 2016.

Results of Construction Services

Year Ended December 31,	2017	2016	2015
(Thousands of dollars)			
Construction revenues	$ 1,246,484	$ 1,139,078	$ 1,008,986
Operating expenses:			
Construction expenses	1,148,963	1,024,423	898,781
Depreciation and amortization	49,029	55,669	56,656
Operating income	48,492	58,986	53,549
Other income (deductions)	345	1,193	587
Net interest deductions	7,986	6,663	7,784
Income before income taxes	40,851	53,516	46,352
Income tax expense	2,390	19,884	18,547
Net income	38,461	33,632	27,805
Net income attributable to noncontrolling interests	101	1,014	1,113
Contribution to consolidated net income attributable to Centuri	$ 38,360	$ 32,618	$ 26,692

In May 2016, Centuri acquired ETTI. Line items in the tables above reflect the results of ETTI only since the acquisition date, including approximately $6 million in revenues during 2016 and $8 million in revenues during 2017. In November 2017, Centuri acquired New England Utility Constructors, Inc. (“Neuco”). Line items in the table above reflect the results of Neuco only since the acquisition date, including approximately $17 million in revenues during 2017.

2017 vs. 2016
Contribution to consolidated net income from construction services increased $5.7 million in 2017 compared to 2016. Results were positively impacted by the remeasurement of Centuri’s deferred tax liabilities due to the recently enacted TCJA. Higher construction costs outpaced increased revenues, but were partially offset by lower depreciation.

Revenues increased $107.4 million, or 9%, in 2017 when compared to 2016, primarily due to additional pipe replacement work for natural gas distribution customers partially offset by a temporary work stoppage with a

customer. The temporary work stoppage began in the first quarter of 2017 and was due to regulatory issues attributable to requalifying employees of all contractors working on the customer's natural gas system. Operations resumed following the requalification of Centuri employees during the second quarter of 2017. In addition, Centuri performed work on a multi-year water pipe replacement program, which began in late 2016, for a customer that contributed incremental revenues of $29.7 million during 2017. Construction revenues include contracts with Southwest totaling $97 million in 2017 and $98 million in 2016. Centuri accounts for services provided to Southwest at contractual prices. Refer to *Consolidation* under **Summary of Significant Accounting Policies** in **Note 1** to the consolidated financial statements.

Construction expenses increased by $124.5 million, or 12%, in 2017 when compared to 2016. The increase in construction expenses is disproportionate to the increase in revenues due in part to logistics surrounding the timing and length of the temporary work stoppage with the customer noted above and higher labor costs incurred to complete work during inclement weather conditions in the first quarter of 2017. Results were also negatively impacted by certain construction costs driven primarily by customer-paced acceleration as well as an unfavorable mix of work related to the water pipe replacement program. Centuri is pursuing relief from the customer in the form of modified terms or additional cost recovery pursuant to terms of the contract. Gains on sale of equipment (reflected as an offset to construction expenses) were approximately $4.2 million and $7.1 million for 2017 and 2016, respectively.

Depreciation and amortization expense decreased $6.6 million between 2017 and 2016 primarily due to a $10 million reduction in depreciation associated with a change in the estimated useful lives of certain depreciable equipment, partially offset by incremental amortization of finite-lived intangible assets recognized from the Neuco acquisition and an increase in depreciation on additional equipment purchased to support the growing volume of work being performed.

The increase in net interest deductions was due primarily to interest expense and amortization of debt issuance costs associated with incremental borrowings under the $450 million secured revolving credit and term loan facility.

Income tax expense decreased $17.5 million between 2017 and 2016 primarily due to a net benefit ($12 million) related to enactment of the TCJA and the remeasurement of Centuri's deferred tax liabilities. Pre-tax income declined $12.6 million between 2017 and 2016.

During the past several years, construction services segment efforts have been focused on obtaining pipe replacement work under both blanket contracts and incremental bid projects. For 2017 and 2016, revenues from replacement work were approximately 60% of total revenues. Governmental pipeline safety-related programs and U.S. bonus depreciation tax incentives have resulted in many utilities undertaking ongoing multi-year distribution pipe replacement projects.

2016 vs. 2015
Contribution to consolidated net income from construction services for 2016 increased $5.9 million compared to 2015. Additional bid work, lower depreciation and amortization, and decreased interest expense positively impacted net income. Pretax losses of $3.4 million were incurred in 2015 on an industrial construction project in Canada.

Revenues increased $130.1 million, or 13%, in 2016 when compared to 2015, primarily due to work performed on certain large bid projects and additional pipe replacement work. In addition, higher revenues were recognized due to favorable weather conditions during the year, generally in the mid-western and north-eastern parts of the United States and in Canada, which extended the construction season. Governmental-mandated pipeline safety-related programs resulted in many utilities undertaking multi-year distribution pipe replacement projects. Construction revenues included contracts with Southwest totaling $98 million in 2016 and $104 million in 2015.

Construction expenses increased $125.6 million, or 14%, during 2016 as compared to 2015 due to additional pipe replacement work, higher labor costs experienced due to changes in the mix of work with existing customers, and greater operating expenses to support increased growth in operations. General and administrative expense (included in construction expenses) increased approximately $1.6 million overall to support the growth in operations and the increasing size, geographic footprint and complexity of Centuri's business. Gains on sale of equipment (reflected as an offset to construction expenses) were approximately $7.1 million and $3.4 million for 2016 and 2015, respectively.

Depreciation and amortization expense decreased $1 million between 2016 and 2015 primarily due to a $4 million reduction in depreciation associated with an extension of the estimated useful lives of certain depreciable equipment and to a decline in amortization of certain finite-lived intangible assets, partially offset by an increase in depreciation on additional equipment purchased to support the growing volume of work being performed.

Operating income increased $5.4 million, or 10%, in 2016 when compared to 2015, primarily due to increased bid work at favorable profit margins overall.

Net interest deductions declined $1.1 million between 2016 and 2015, primarily due to lower interest rates on outstanding borrowings during 2016 as compared to 2015 and to a decrease in the average line-of-credit balance outstanding during 2016.

Rates and Regulatory Proceedings

General Rate Relief and Rate Design
Rates charged to customers vary according to customer class and rate jurisdiction and are set by the individual state and federal regulatory commissions that govern Southwest's service territories. Southwest makes periodic filings for rate adjustments as the costs of providing service (including the cost of natural gas purchased) changes, and as additional investments in new or replacement pipeline and related facilities are made. Rates are intended to provide for recovery of all commission-approved prudently incurred costs and provide a reasonable return on investment. The mix of fixed and variable components in rates assigned to various customer classes (rate design) can significantly impact the operating margin actually realized by Southwest. Management has worked with its regulatory commissions in designing rate structures that strive to provide affordable and reliable service to its customers while mitigating the volatility in prices to customers and stabilizing returns to investors. Such rate structures were in place in all of Southwest's operating areas during all periods (2015—2017) for which results of Natural Gas Operations are disclosed above.

Nevada Jurisdiction
Nevada General Rate Case. The most recent general rate case decision was received from the Public Utilities Commission of Nevada ("PUCN") in November 2012, and was amended in a Rehearing Decision in April 2013. Southwest was authorized an overall rate of return of 6.56% and a 10% return on 42.7% common equity in southern Nevada; and an overall rate of return of 7.88%, and 9.30% return on 59.1% common equity in northern Nevada. As

required, Southwest currently plans to file a general rate case prior to June 2018. See also *Infrastructure Replacement Mechanisms* below. To date, the PUCN has not initiated any action specific to recent changes in federal tax law. Due to the timing of the next Nevada general rate case filing, it is anticipated that any adjustment will be addressed in the upcoming proceeding. Refer to **Note 1 – Summary of Significant Accounting Policies**, **Note 5 – Regulatory Assets and Liabilities**, and **Note 13 – Income Taxes**.

General Revenues Adjustment. As part of the Annual Rate Adjustment ("ARA") filing in 2016, the PUCN authorized rate adjustments associated with its revenue decoupling mechanism (General Revenues Adjustment, or "GRA"). The rate adjustment collected $13.6 million from customers during 2017, a decrease in collections of $11.8 million, as compared to 2016. In June 2017, Southwest filed to adjust the GRA surcharge, effective January 2018, which was approved by the PUCN during the third quarter of 2017. This rate adjustment is expected to result in a decrease in collections from customers of $15.4 million. While there is no impact to net income overall from this rate adjustment, operating cash flows will be reduced as the associated regulatory liability balance is refunded.

Infrastructure Replacement Mechanisms. In January 2014, the PUCN approved final rules for a mechanism to defer and recover certain costs associated with accelerated replacement of infrastructure that would not otherwise currently provide incremental revenues. Associated with such mechanism, each year, Southwest files a Gas Infrastructure Replacement ("GIR") Advance Application requesting authorization to replace qualifying infrastructure. For projects approved in 2015 and completed in 2016, the annualized revenue was approximately $4.5 million. In June 2016, Southwest filed an Advance Application for projects expected to be completed during 2017, proposing approximately $60 million of accelerated pipe replacement to include early vintage plastic, early vintage steel, and a Customer-Owned Yardline *("COYL")* program. The PUCN issued an Order on the Advance Application in October 2016, approving approximately $57.3 million of replacement work with an annualized revenue requirement estimated at approximately $5.3 million. In May 2017, Southwest filed a GIR Advance Application with the PUCN for projects totaling approximately $66 million that are expected to be completed during 2018. The PUCN issued an Order on this latest Advance Application in September 2017, approving approximately $66 million of replacement work with an annualized revenue requirement estimated at approximately $6 million.

Filed separately, as part of each annual GIR filing, Southwest requests authorization to reset the GIR recovery surcharge, related to previously approved and completed projects, with the new rates becoming effective each January. In November 2017, for projects approved in 2016 and completed by July of 2017, the deferred annualized revenue requirement of $8.7 million was approved to be recovered from customers through updated rates effective January 2018. The updated surcharge is expected to result in incremental annual margin of $4.2 million.

Subsequent to three GIR rate applications, the GIR regulations require Southwest to either file a general rate case or a request for waiver before it can file another GIR Advance Application. The October 2016 approved rate application was the third such filing by Southwest subject to these regulations, necessitating a request for waiver to permit Southwest to proceed with the GIR program without filing a general rate case in 2017. This waiver was approved by the PUCN in January 2017; however, in order to file a GIR Advance Application in 2018 (for projects recommended for completion under the program in 2019), a general rate case will be filed before June 2018.

COYL Program The COYL program, while not large in magnitude, represents the first of its kind in Nevada, modeled after the program in place for several years in Southwest's Arizona jurisdiction. As part of the GIR Advance Application approved in October 2016, the COYL program approval was granted for the northern Nevada rate jurisdiction, but consideration for the southern Nevada rate jurisdiction was initially deferred until 2020, when

certain early vintage plastic pipe programs are expected to be completed. In May 2017, Southwest filed a GIR Advance Application with the PUCN, similar to previous years, including a request to continue the COYL program in northern Nevada. Southwest entered into a settlement agreement with the intervening parties and filed a proposed stipulation requesting the PUCN approve the settlement agreement, which would authorize Southwest to start replacing COYLs in southern Nevada in certain situations, and to recover associated amounts through the GIR mechanism. The PUCN issued an Order on the GIR Advance Application in September 2017, approving the COYL provisions in southern Nevada.

Conservation and Energy Efficiency("CEE"). In June 2015, Southwest requested recovery of energy efficiency and conservation development and implementation costs, including promotions and incentives for various programs, as originally approved for deferral by the PUCN effective November 2009. While recovery of initial program costs was approved as part of the most recent general rate case, amounts incurred subsequent to May 2012 (the certification period) continued to be deferred. Approved rates for the post-May 2012 costs deferred (including previously expected program expenditures for 2016) became effective January 2016 and resulted in annualized margin increases of $2 million in northern Nevada and $8.5 million in southern Nevada. Then, as part of the ARA filing, approved in December 2016 Southwest modified rates, effective January 2017, authorizing annualized margin decreases of $1.4 million in northern Nevada and $1.3 million in southern Nevada to return over-collected balances. The 2017 ARA filing approved in November 2017, with modified rates effective January 2018, is expected to result in annualized margin decreases of $8.2 million in southern Nevada and $1.4 million in northern Nevada to return over-collected balances. There is, however, no anticipated impact to net income overall from these decreases as amortization expense will also be reduced.

Expansion and Economic Development Legislation. In February 2015, legislation ("SB 151") was introduced in Nevada directing the PUCN to adopt regulations authorizing natural gas utilities to expand their infrastructure consistent with a program of economic development. This includes providing gas service to unserved and underserved areas in Nevada, as well as attracting and retaining utility customers and accommodating the expansion of existing business customers. SB 151 was signed into law in May 2015. The draft regulations were reviewed by the Legislative Council Bureau and final regulations were approved by the PUCN in January 2016.

In November 2017, Southwest filed for preapproval of a project to extend service to include the service territory of Mesquite, Nevada, in accordance with the SB 151 regulations. This project proposes the extension of existing facilities to Mesquite at an estimated cost of approximately $30 million. The cost is proposed to be recovered through a volumetric surcharge on all southern Nevada customers. Southwest also proposed a second phase designed to assist potential customers in existing homes who are interested in accessing natural gas service, which would then be reflected as a separate surcharge to Mesquite customers only. Hearings are expected to take place in April 2018, and a decision on this proposal is expected within the required 210-day time period for filings of this type.

California Jurisdiction

California General Rate Case. In December 2012, Southwest filed a general rate case application, based on a 2014 future test year, with the California Public Utilities Commission ("CPUC") requesting an annual revenue increase of approximately $11.6 million for its California rate jurisdictions. Southwest sought to continue a Post-Test Year ("PTY") Ratemaking Mechanism, which allows for annual attrition increases. The application included a request to establish a COYL program and an Infrastructure Reliability and Replacement Adjustment Mechanism ("IRRAM")

to facilitate and complement projects involving the enhancement and replacement of gas infrastructure, promoting timely cost recovery for qualifying non-revenue producing capital expenditures. In June 2014, the CPUC issued a final decision in this proceeding ("CPUC decision"), authorizing a $7.1 million overall revenue increase and PTY attrition increase of 2.75% annually for 2015 to 2018. A depreciation reduction of $3.1 million, as requested by Southwest, was also approved. The CPUC decision also provided for a two-way pension balancing account to track differences between authorized and actual pension funding amounts, a limited COYL inspection program for schools, and an IRRAM to recover the costs associated with the new limited COYL program. New rates associated with the CPUC decision were effective June 2014, and annual attrition increases were implemented in January of 2015-2017 in accordance with the June 2014 decision.

In December 2016, Southwest filed to modify the most recent general rate case decision to extend the current rate case cycle by two years, including extension of the annual PTY attrition adjustments through 2020 from 2018. That latest rate case decision would have otherwise required Southwest to file its next general rate application by September 2017. Expedited consideration was requested and in June 2017, the CPUC approved the request, thereby extending the rate case filing deadline. Southwest believes this extension is in the public interest as it provides rate stability to customers for two additional years consistent with the current reasonable rates approved as part of the last general rate case, and the continuation of the currently approved 2.75% PTY attrition adjustment for the two additional years.

Tax Reform. In its 2017 decision approving Southwest's request to extend the filing date of its next general rate case, the CPUC also directed Southwest to track income tax expenses resulting from mandatory or elective changes in tax law, procedure or policy. The purpose is to identify differences between Southwest's authorized income tax expenses and its actual incurred income tax expenses, the result of which would be reviewed in Southwest's next general rate case. Excluding advance requested or required procedural changes, Southwest does not currently anticipate making an ad hoc filing in advance of the next general rate case filing to implement any changes resulting from the TCJA. Refer to **Note 1 – Summary of Significant Accounting Policies**, **Note 5 – Regulatory Assets and Liabilities**, and **Note 13 – Income Taxes**.

Attrition Filing. In November 2017, Southwest made its latest annual post-test year ("PTY") attrition filing, requesting annual revenue increases of $2 million in southern California, $527,000 in northern California, and $263,000 for South Lake Tahoe. This filing was approved in December 2017 and rates were made effective in January 2018. At the same time, rates were updated to recover the regulatory asset associated with the revenue decoupling mechanism, or margin tracker.

Greenhouse Gas ("GHG") Compliance. California Assembly Bill Number 32 and the regulations promulgated by the California Air Resources Board ("CARB"), require Southwest, as a covered entity, to comply with all applicable requirements associated with the California GHG emissions reporting and the California Cap and Trade Program. The objective of these programs is to reduce California statewide GHG emissions to 1990 levels by 2020. Southwest must report annual GHG emissions by April of each year and third-party verification of those reported amounts is required by September of each year. Starting with 2015, CARB will annually allocate to Southwest a certain number of allowances based on Southwest's reported 2011 GHG emissions. Southwest received (in the third quarters of each year 2014 through 2016) its allocations for each year from 2015 through 2017. Of those allocated allowances, Southwest must consign a certain percentage to CARB for auction. Southwest can use any allocated allowances that remain after consignment, along with allowances it can purchase through CARB auctions or reserve sales, or through over the counter ("OTC") purchases with other market participants, to meet its compliance

obligations. The CPUC has issued a proposed decision, expected to be finalized in the first quarter of 2018, which will provide guidance on the allocation of accrued 2015-2017 compliance costs and proceeds to be refunded to certain customers. Should the decision become final as expected, the refunds will appear as a line item on bills during the second quarter. There is no expected impact on earnings.

Arizona Jurisdiction

Arizona General Rate Case. Southwest filed a general rate application with the Arizona Corporation Commission ("ACC") in May 2016 requesting an increase in authorized annual operating revenues of approximately $32 million for its Arizona rate jurisdiction. A settlement was reached among several parties in December 2016 and a formal draft settlement was filed in January 2017. Hearings were held in February 2017, and the ACC approved the settlement agreement in April 2017. The settlement provided for an overall annual operating revenue increase of $16 million, the capital structure and cost of capital originally proposed by Southwest, and a return on common equity set at 9.50%. Annual depreciation expense is expected to be reduced by $44.7 million, as supported by a depreciation study included in the filing, for a combined net annual operating income increase of $60.7 million. Other key elements of the settlement included approval of the continuation and expansion of the current Customer-Owned Yard Line ("COYL") program (adding the ability to seek out COYLs through a targeted approach and mobilization of work crews for replacement), implementation of a vintage steel pipe replacement program, and a continuation of the current decoupled rate design (excluding a winter-period adjustment to rates), making the mechanism fundamentally similar to that which exists in Nevada. The settlement also included a property tax tracking mechanism to defer changes in property tax expense for recovery or return in the next general rate case. New rates were effective April 2017. The settlement also includes a three-year rate case moratorium prohibiting a new application to adjust base rates from being filed prior to May 2019.

Tax Reform. In January 2018, the ACC held a workshop specifically to address U.S. tax reform with all jurisdictional public service corporations. The ACC directed ACC staff ("the Staff") to prepare a recommended order for consideration at an open meeting. The Staff-recommended order requires all utilities to apply regulatory accounting treatment to address all impacts from the enactment of tax reform beginning January 1, 2018. Additionally, the Staff recommended that all jurisdictional utilities file an application to address savings associated with tax reform within 60 days of the open meeting through a tax expense adjustor mechanism, a notice of intent to file a rate case within 90 days, or to file an application to address the impacts of tax reform. At the referenced open meeting in February, the ACC issued an order, adopting the Staff's recommendations. Management is evaluating the options and will continue to work with ACC Staff, the ACC Commissioners, and the Residential Utility Consumer Office ("RUCO") to provide any recognized net savings to customers in an efficient manner. Refer to **Note 1 – Summary of Significant Accounting Policies**, **Note 5 – Regulatory Assets and Liabilities**, and **Note 13 – Income Taxes**.

LNG ("Liquefied Natural Gas") Facility. In January 2014, Southwest filed an application with the ACC seeking preapproval to construct, operate and maintain a 233,000 dekatherm LNG facility in southern Arizona. This facility is intended to enhance service reliability and flexibility in natural gas deliveries in the southern Arizona area by providing a local storage option, to be operated by Southwest and connected directly to its distribution system. In December 2014, Southwest received an order from the ACC granting pre-approval of Southwest's application to construct the LNG facility and the deferral of costs, up to $50 million. Following the December 2014 preapproval, Southwest purchased the site for the facility and completed detailed engineering design specifications for the purpose of soliciting bids for the engineering, procurement and construction ("EPC") of the facility. Southwest solicited requests for proposals for the EPC phase of the project, and in October 2016 made a filing with the ACC to modify the previously issued Order to update the pre-approved costs to reflect a not-to-exceed amount of

$80 million, which was approved by the ACC in December 2016. Through December 2017, Southwest has incurred approximately $34.8 million in capital expenditures toward the project (including land acquisition costs). Construction commenced during the third quarter of 2017 and is expected to be completed by the end of 2019.

Customer-Owned Yardline ("COYL") Program. Southwest received approval in connection with an earlier Arizona general rate case, to implement a program to conduct leak surveys, and if leaks were present, to replace and relocate service lines and meters for Arizona customers whose meters were set off from the customer's home, which is not a traditional configuration. Customers with this configuration were previously responsible for the cost of maintaining these lines and were subject to the immediate cessation of natural gas service if low-pressure leaks occurred. Effective June 2013, the ACC authorized a surcharge to recover the costs of depreciation and pre-tax return on the costs incurred to replace and relocate service lines and meters. The surcharge is revised annually as the program progresses. In 2014, Southwest received approval to add a "Phase II" component to the COYL program to include the replacement of non-leaking COYLs. In the annual COYL filing made in February 2017, Southwest requested to establish an annual surcharge to collect $1.8 million related to the revenue requirement associated with $12.1 million in capital projects completed under both Phase I and Phase II during 2016. In June 2017, the ACC issued a decision approving the surcharge application. All capital work completed in earlier years was incorporated in Southwest's Arizona rate base in connection with the recently completed general rate case proceeding, as discussed above.

Vintage Steel Pipe Program. Southwest received approval, in connection with its most recent Arizona general rate case, to implement a vintage steel pipe ("VSP") replacement program. Southwest currently has approximately 6,000 miles of pre-1970s vintage steel pipe in Arizona. Southwest proposed to start replacing the pipe on an accelerated basis and to recover the costs through an annual surcharge filing that will be made in February of each year. The surcharge is designed to be revised annually as the program progresses. Southwest replaced approximately 40 miles of VSP during 2017 totaling approximately $27 million and is targeting replacement projects during 2018 of approximately $100 million. The annual VSP filing is expected to be made in the first quarter of 2018.

Federal Energy Regulatory Commission ("FERC") Jurisdiction

General Rate Case. Paiute Pipeline Company ("Paiute"), a wholly owned subsidiary of Southwest, filed a general rate case with the FERC in February 2014. In September 2014, Paiute reached an agreement in principle with the FERC Staff and intervenors to settle the case, and in February 2015, the FERC approved the settlement. Tariff changes in compliance with the settlement were filed in March 2015. In addition to agreeing to rate design changes to encourage longer-term contracts with its shippers, the settlement resulted in an annual revenue increase of $2.4 million, plus a $1.3 million depreciation reduction. The settlement implied an 11.5% pre-tax rate of return. Also, as part of this agreement, Paiute agreed to file a rate case no later than May 2019. No filing in advance of the date required is currently contemplated. Excluding advance requested or required procedural changes, management does not currently anticipate making an ad hoc filing in advance of the next general rate case filing to implement any income tax changes resulting from the TCJA. Refer to **Note 1 – Summary of Significant Accounting Policies**, **Note 5 – Regulatory Assets and Liabilities**, and **Note 13 – Income Taxes**.

2018 Expansion. In response to growing demand in the Carson City and South Lake Tahoe areas of northern California and northern Nevada, Paiute evaluated shipper interest in acquiring additional transportation capacity and executed precedent agreements for incremental transportation capacity with Southwest during the third quarter of 2016. In October 2016, Paiute initiated a pre-filing review process with the FERC for an expansion project, which was approved during the same month. In July 2017, a certificate application was filed, which included

an applicant environmental assessment. The project is anticipated to consist of 8.5 miles of additional transmission pipeline infrastructure at an approximate cost of $18 million. If the process progresses as planned, a decision should be received by April 2018 and the additional facilities could be in place by the end of 2018.

PGA Filings

The rate schedules in all of Southwest's service territories contain provisions that permit adjustments to rates as the cost of purchased gas changes. These deferred energy provisions and purchased gas adjustment clauses are collectively referred to as "PGA" clauses. Differences between gas costs recovered from customers and amounts paid for gas by Southwest result in over- or under-collections. At December 31, 2017, under-collections in Arizona, northern Nevada, and California resulted in an asset of approximately $14.6 million and over-collections in southern Nevada resulted in a liability of $6.8 million on the Company's and Southwest's balance sheets. Gas cost rates paid to suppliers have been higher than net amounts recovered from customers during 2017, resulting in fluctuations since December 31, 2016. Filings to change rates in accordance with PGA clauses are subject to audit by state regulatory commission staffs. PGA changes impact cash flows but have no direct impact on profit margin. However, gas cost deferrals and recoveries can impact comparisons between periods of individual Consolidated Statements of Income components. These include Gas operating revenues, Net cost of gas sold, Net interest deductions, and Other income (deductions).

The following table presents Southwest's outstanding PGA balances receivable/(payable) at the end of its two most recent fiscal years (thousands of dollars):

	2017	2016
Arizona	$ 5,069	$(20,349)
Northern Nevada	8,189	(3,339)
Southern Nevada	(6,841)	(66,788)
California	1,323	2,608
	$ 7,740	$(87,868)

Arizona PGA Filings. In Arizona, Southwest calculates the change in the gas cost component of customer rates, which are updated monthly, utilizing a rolling twelve-month average. In May 2014, Southwest filed an application to provide for monthly adjustments to the surcharge component of the Gas Cost Balancing Account to allow for more timely refunds to/recoveries from ratepayers, which was approved in July 2014. A surcredit was implemented in April 2016 to refund the then over-collected balance, which was adjusted monthly through February 2017, and was eliminated in March 2017.

California Gas Cost Filings. In California, a monthly gas cost adjustment based on forecasted monthly prices is utilized. Monthly adjustments modeled in this fashion provide the timeliest recovery of gas costs in any Southwest jurisdiction and are designed to send appropriate pricing signals to customers.

Nevada ARA Application. In November 2017, Southwest filed to adjust its quarterly Deferred Energy Account Adjustment rate, which is based upon a twelve-month rolling average, in addition to requesting adjusted Base Tariff Energy rates, both of which were also approved effective January 2018. These new rates are intended to collect or refund the outstanding balances over a twelve-month period.

Gas Price Volatility Mitigation
Regulators in Southwest's service territories have encouraged Southwest to take proactive steps to mitigate price volatility to its customers. To accomplish this, Southwest periodically enters into fixed-price term contracts and Swaps under its collective volatility mitigation programs for a portion (up to 25% in the Arizona and California jurisdictions) of its annual normal weather supply needs. For the 2017/2018 heating season, contracts contained in the fixed-price portion of the supply portfolio ranged from approximately $2.30 to approximately $3.40 per dekatherm. Southwest makes natural gas purchases, not covered by fixed-price contracts, under variable-price contracts with firm quantities, and on the spot market. The contract price for these contracts is determined at the beginning of each month to reflect that month's published first-of-month index price. The contract price of commitments to purchase gas at daily market prices is based on a published daily price index. In either case, the index price is not published or known until the purchase period begins. In late 2013, Southwest suspended fixed-for-floating-index-price swaps and fixed-price purchases pursuant to the Volatility Mitigation Program ("VMP") for its Nevada service territories. Southwest evaluates, on a quarterly basis, the suspension of Nevada VMP purchases in light of prevailing market fundamentals and regulatory conditions.

Pipeline Safety Regulation
Congress passed the Pipeline Safety, Regulatory Certainty, and Job Creation Act of 2011 ("the Bill"), effective January 2012, which increased/strengthened previously existing safety requirements, including damage prevention programs, penalty provisions, and requirements related to automatic and remote-controlled shut-off valves, public awareness programs, incident notification, and maximum allowable operating pressure for certain facilities. The Bill required the Department of Transportation to conduct further study of existing programs and future requirements; these studies are nearing their completion and proposed regulation changes are anticipated in 2018. The Pipeline and Hazardous Materials Safety Administration ("PHMSA") is in the process of proposing a series of significant rulemakings that are expected to further transform the regulatory requirements for pipelines. In October 2016, PHMSA issued a final rule regarding expanding the use of excess flow valves in natural gas distribution systems. The new rule became effective in April 2017, and Southwest updated its processes to accommodate the new rule. The financial impact to operations resulting from the safety measures of the new rule is not anticipated to be substantial. In March 2017, PHMSA issued a final rule on "Pipeline Safety: Operator Qualification, Cost Recovery, Accident and Incident Notification, and Other Pipeline Safety Changes." The Operator Qualification portion of that rule is the most significant change and contains requirements for Control Room Management and Team Training. The training was in place by the required date of January 23, 2018. While the impact to personnel training processes is significant, the financial impact to operations is not anticipated to be substantial.

Southwest continues to monitor changing pipeline safety legislation and participates, to the extent possible, in developing associated mandates and reporting requirements. Additionally, it works with its state and federal commissions, where possible, to develop customer rates that are responsive to incremental costs of compliance. However, due to the timing of when rates are implemented in response to new requirements, and as additional rules are developed, compliance requirements could impact expenses and the timing and amount of capital expenditures.

Capital Resources and Liquidity
Over the past three years, cash on hand and cash flows from operations have generally provided the majority of cash used in investing activities (primarily construction expenditures and property additions). Certain pipe replacement work of Southwest was accelerated during these years to take advantage of bonus depreciation tax incentives and to fortify system integrity and reliability, notably in association with new gas infrastructure

replacement programs as discussed above. During the same three-year period, the Company was able to establish long-term cost savings from debt refinancing and strategic debt redemptions. The Company's capitalization strategy is to maintain an appropriate balance of equity and debt to maintain strong investment-grade credit ratings which should minimize interest costs. In December 2015, the Protecting Americans from Tax Hikes Act of 2015 ("PATH Act") was enacted extending the 50% bonus depreciation tax deduction provided for by earlier legislation for qualified property acquired or constructed and placed in-service during 2015 (and additional years as noted below) as well as other tax deductions, credits, and incentives through 2016. However, the Tax Cuts and Jobs Act ("TCJA") of 2017, enacted in December 2017, eliminates the bonus depreciation tax deduction for utility (and authorizes 100% bonus depreciation tax deduction for non-utility) property placed in service after September 27, 2017. See *Bonus Depreciation* for more information.

Cash Flows
The enactment of the Tax Cuts and Jobs Act in December 2017 will likely have an impact on future cash flows. The magnitude of the impact depends on the results of future regulatory proceedings surrounding the method and timing (which management cannot currently predict) of reflecting net tax benefits in customer rates. Due to the reduction in the applicable U.S. federal income tax rate from 35% to 21%, deferred tax assets and liabilities have been remeasured. The reduction in plant-related deferred tax differences was reclassified to a regulatory liability. The period and timing of return are subject to Internal Revenue Code ("IRC") provisions and regulatory actions in each jurisdiction. See the **Rates and Regulatory Proceedings** section above, **Note 5 – Regulatory Assets and Liabilities,** and **Note 13 – Income Taxes** in notes to consolidated financial statements for more information about potential developments regarding this topic.

Southwest Gas Holdings, Inc.:
Operating Cash Flows. Cash flows provided by consolidated operating activities decreased $231 million between 2017 and 2016. The decline in operating cash flows was primarily attributable to the change in deferred purchased gas costs and other changes in working capital. While deferred tax liabilities were substantially reduced due to tax reform, they were not impactful to operating cash flows in 2017. Refer to **Results of Natural Gas Operations** and **Rates and Regulatory Proceedings**.

Investing Cash Flows. Cash used in consolidated investing activities increased $175 million in 2017 as compared to 2016. The change was primarily due to the Centuri acquisition of Neuco (see **Note 19 – Acquisition of Construction Services Business).** In addition, increased construction expenditures in the natural gas operations segment, including scheduled and accelerated replacement activity contributed to the increase.

Financing Cash Flows. Net cash provided by consolidated financing activities increased $429 million in 2017 as compared to 2016. The increase was primarily due to borrowings associated with the Neuco acquisition and activity under the credit facilities and commercial paper program (including an increase in borrowings in the current year and the repayment of borrowings in the prior year). The prior period included proceeds in utility operations from the issuance of $300 million in senior notes and the repayment of $125 million in fixed-rate Industrial Development Revenue Bonds ("IDRBs"). Refer to **Note 8 – Long-term Debt** and **Note 9 – Short-Term Debt**. The Company also issued approximately $41 million during 2017 in stock under its Equity Shelf Program. See also **Note 7 – Common Stock**, and the discussion below. Cash outflows during 2017 included the $23 million purchase of the previous owners' interest in Centuri. See also **Note 17 – Construction Services Noncontrolling Interests** for additional information. Dividends paid increased in 2017 as compared to 2016 as a result of an increase in the quarterly dividend rate and an increase in the number of shares outstanding.

The Company issued approximately 103,000 additional shares of common stock collectively through the Restricted Stock/Unit Plan and the Management Incentive Plan.

Southwest Gas Corporation:
Operating Cash Flows. Cash flows provided by operating activities decreased $200 million between 2017 and 2016. The decline in operating cash flows was primarily attributable to the change in deferred purchased gas costs as discussed above. Refer to **Results of Natural Gas Operations** and **Rates and Regulatory Proceedings**.

Investing Cash Flows. Cash used in investing activities increased $124 million in 2017 as compared to 2016. The change was primarily due to additional construction expenditures, as indicated above.

Financing Cash Flows. Net cash provided by financing activities increased $345 million in 2017 as compared to 2016. The increase was primarily due to activity under the credit facility and commercial paper program (an increase in borrowings in the current year and the repayment of borrowings in the prior year). The prior period included proceeds from the issuance of $300 million in senior notes as discussed above and the repayment of $125 million in IDRBs. The current period included the repayment of $25 million in medium-term notes, as well as inflows due to capital contributions from Southwest Gas Holdings, Inc.

The capital requirements and resources of the Company generally are determined independently for the natural gas operations and construction services segments. Each business activity is generally responsible for securing its own financing sources.

2017 Construction Expenditures
During the three-year period ended December 31, 2017, total gas plant in service increased from $5.6 billion to $6.6 billion, or at an average annual rate of 6%. Replacement, reinforcement, and franchise work was a substantial portion of the plant increase. To a lesser extent, customer growth impacted expenditures as Southwest set approximately 80,000 meters during the three-year period.

During 2017, construction expenditures for the natural gas operations segment were $560 million. The majority of these expenditures represented costs associated with scheduled and accelerated replacement of existing transmission, distribution, and general plant to fortify system integrity and reliability. Cash flows from operating activities of Southwest were $309 million and provided approximately 48% of construction expenditures and dividend requirements of the natural gas operations segment. Other necessary funding was provided by cash on hand, external financing activities, capital contributed by the Company, and, as needed, existing credit facilities.

2017 Financing Activity
In March 2017, the Company filed with the Securities Exchange Commission (“SEC”) an automatic shelf registration statement for the offer and sale of up to $150 million of common stock from time to time in at-the-market offerings under the prospectus included therein and in accordance with the Sales Agency Agreement, dated March 29, 2017, between the Company and BNY Mellon Capital Markets, LLC (the “Equity Shelf Program”). Sales of the shares will continue to be made at market prices prevailing at the time of sale. Net proceeds from the sale of shares of common stock under the Equity Shelf Program are intended for general corporate purposes, including the acquisition of property for the construction, completion, extension or improvement of pipeline systems and facilities located in and around the communities Southwest serves. During the twelve months ended December 31, 2017, the Company sold, through the continuous equity offering program with BNY Mellon Capital Markets, LLC as agent, an

aggregate of 505,707 shares of the Company's common stock in the open market at a weighted average price of $82.61 per share, resulting in proceeds to the Company of $41,359,027, net of $417,768 in agent commissions. These net proceeds were contributed to Southwest by the Company. As of December 31, 2017, the Company had up to $108,223,205 of common stock available for sale under the program. See **Note 7 – Common Stock** for more information.

Three-Year Construction Expenditures, Debt Maturities, and Financing

Management estimates natural gas segment construction expenditures during the three-year period ending December 31, 2020 will be approximately $2 billion. Of this amount, approximately $670 million is expected to be incurred in 2018. Southwest plans to continue to request regulatory support to accelerate projects that improve system flexibility and reliability (including replacement of early vintage plastic and steel pipe). This includes the recent approval to complete accelerated replacement projects in Nevada of $57.3 million and $65.7 million in 2017 and 2018, respectively. It also incorporates programs included in the recently approved Arizona general rate case settlement (the continuation of the COYL program and implementation of a vintage steel pipe replacement program). Southwest may expand existing, or initiate new, programs. If efforts continue to be successful, significant replacement activities are expected to continue well beyond the next few years. See also **Rates and Regulatory Proceedings** for discussion of Nevada infrastructure, Arizona COYL, and an LNG facility. During the three-year period, cash flows from operating activities of Southwest are expected to provide approximately 50% to 60% of the funding for gas operations total construction expenditures and dividend requirements. Any additional cash requirements are expected to be provided by existing credit facilities, equity contributions from Southwest Gas Holdings, and/or other external financing sources. The timing, types, and amounts of any additional external financings will be dependent on a number of factors, including the cost of gas purchases, conditions in the capital markets, timing and amounts of rate relief, timing differences between U.S. federal taxes currently embedded in customer rates and amounts implemented under tax reform of the TCJA of 2017, as well as, growth levels in Southwest's service areas, and earnings. External financings could include the issuance of debt securities, bank and other short-term borrowings, and other forms of financing. See additional discussion in the Notes to financial statements (specifically, **Note 7 – Common Stock**).

In December 2017, the Company and Southwest filed with the SEC a shelf registration statement which included a prospectus detailing the Company's plans to offer and sell, from time to time in amounts at prices and on terms that will be determined at the time of such offering, any combination of common stock, preferred stock, debt securities (which may or may not be guaranteed by one or more of its directly or indirectly wholly owned subsidiaries if indicated in the relevant prospectus supplement), guarantees of debt securities issued by Southwest Gas Corporation, depository shares, warrants to purchase common stock, preferred stock or depository shares issued by Southwest Gas Holdings, Inc. or debt securities issued by Southwest Gas Holdings, Inc. or Southwest Gas Corporation, units and rights. Additionally, Southwest Gas Corporation may offer and sell, from time to time in amounts at prices and on terms that will be determined at the time of such offering, any combination of debt securities (which may or may not be guaranteed by one or more of its directly or indirectly wholly owned subsidiaries if indicated in the relevant prospectus supplement) and guarantees of debt securities issued by Southwest Gas Holdings, Inc. or by one or more of its directly or indirectly wholly owned subsidiaries if indicated in the relevant prospectus supplement. The Company has not entered into a Sales Agency Agreement for the sale of any of these securities at this time.

Liquidity
Liquidity refers to the ability of an enterprise to generate sufficient amounts of cash through its operating activities and external financing to meet its cash requirements. Several general factors (some of which are out of the control of the Company) that could significantly affect liquidity in future years include: variability of natural gas prices, changes in the ratemaking policies of regulatory commissions, regulatory lag, customer growth in the natural gas segment's service territories, the ability to access and obtain capital from external sources, interest rates, changes in income tax laws, pension funding requirements, inflation, and the level of earnings. Natural gas prices and related gas cost recovery rates, as well as plant investment, have historically had the most significant impact on liquidity.

On an interim basis, Southwest defers over- or under-collections of gas costs to PGA balancing accounts. In addition, Southwest uses this mechanism to either refund amounts over-collected or recoup amounts under-collected as compared to the price paid for natural gas during the period since the last PGA rate change went into effect. During 2017, the combined balance in the PGA accounts totaled an under-collection of $7.7 million. See **PGA Filings** for more information.

In March 2017, Southwest Gas Holdings, Inc. entered into a credit facility with a borrowing capacity of $100 million that expires in March 2022. The Company intends to utilize this facility for short-term financing needs. The maximum amount outstanding during 2017 occurred during the third quarter and was $28.5 million. At December 31, 2017, $23.5 million was outstanding on this facility. The maximum amount outstanding on the credit facility during each of the second and fourth quarters were $2.5 million and $27.5 million, respectively. There were no borrowings on the credit facility during the first quarter.

In March 2017, Southwest Gas Corporation amended its $300 million credit and commercial paper facility. The credit facility borrowing capacity increased from $300 million to $400 million and extended the term of the facility from March 2021 to March 2022. Southwest continues to designate $150 million of the $400 million facility for long-term borrowing needs and the remaining $250 million for working capital purposes. The maximum amount outstanding during 2017 occurred during the fourth quarter and was $348 million ($150 million outstanding on the long-term portion of the credit facility, including $50 million on the commercial paper program, in addition to $198 million outstanding on the short-term portion). At December 31, 2017, $150 million was outstanding on the long-term portion of the credit facility ($50 million of which was in commercial paper) and $191 million was outstanding on the short-term portion. The maximum amount outstanding on the long-term portion of the credit facility (including the commercial paper program) during each of the first, second, and third quarters was $70 million, $92 million, and $150 million, respectively. The credit facility can be used as necessary to meet liquidity requirements, including temporarily financing under-collected PGA balances, meeting the refund needs of over-collected balances, or temporarily funding capital expenditures. At December 31, 2017, the credit facility was deemed adequate for working capital needs outside of funds raised through operations and other types of external financing.

Southwest has a $50 million commercial paper program as noted above. Any issuance under the commercial paper program is supported by the revolving credit facility and, therefore, does not represent additional borrowing capacity. Any borrowing under the commercial paper program will be designated as long-term debt. Interest rates for the commercial paper program are calculated at the then current commercial paper rate. At December 31, 2017, $50 million was outstanding on the commercial paper program. There are no long-term debt maturities in 2018.

In November 2017, in association with the acquisition of a construction services-related business (refer to **Note 19**), Centuri amended its secured revolving credit and term loan facility, increasing the borrowing capacity from $300 million to $450 million. The line of credit portion of the facility increased to $250 million; amounts borrowed and repaid under the revolving credit facility are available to be re-borrowed. The term loan facility portion has a limit of approximately $200 million, which was reached in November 2017 after refinancing of the original term loan noted above and additional borrowing that occurred under the amended facility. No further borrowing is permitted under the term loan facility. The $450 million secured revolving credit and term loan facility expires in November 2022. At December 31, 2017 $199.6 million was outstanding (after repayments) on the term facility. The maximum amount outstanding on the credit facility during 2017 was $287 million, which occurred in the fourth quarter, at which point $199.6 million was outstanding on the term loan facility. At December 31, 2017, $56.5 million was outstanding on the Centuri secured revolving credit facility. At December 31, 2017, there was approximately $177 million, net of letters of credit, available under the line of credit.

Credit Ratings

Credit ratings apply to debt securities such as bonds, notes, and other debt instruments and do not apply to equity securities such as common stock. Borrowing costs and the ability to raise funds are directly impacted by the credit ratings of the Company. Credit ratings issued by nationally recognized ratings agencies (Moody's Investors Service, Inc. ("Moody's"), Standard & Poor's Ratings Services ("Standard & Poor's"), and Fitch Ratings ("Fitch")) provide a method for determining the credit worthiness of an issuer. Credit ratings are important because long-term debt constitutes a significant portion of total capitalization. These credit ratings are a factor considered by lenders when determining the cost of future debt for both Southwest and Southwest Gas Holdings, Inc. (i.e., generally the better the rating, the lower the cost to borrow funds). The current unsecured long-term debt ratings of both companies are all considered investment grade.

	Moody's (1)	Standard & Poor's (2)	Fitch (3)
Southwest Gas Holdings, Inc.:			
Issuer rating	Baa1	BBB+	BBB+
Outlook	Stable	Stable	Stable
Last reaffirmed	January 2018	February 2018	December 2016
Southwest Gas Corporation:			
Senior unsecured long-term debt	A3	BBB+	A
Outlook	Stable	Stable	Stable
Last reaffirmed	January 2018	February 2018	April 2017

(1) Moody's debt ratings range from Aaa (highest rating possible) to C (lowest quality, usually in default). Moody's applies an A rating to obligations which are considered upper-medium grade obligations with low credit risk. A numerical modifier of 1 (high end of the category) through 3 (low end of the category) is included with the A to indicate the approximate rank of a company within the range.

(2) Standard & Poor's debt ratings range from AAA (highest rating possible) to D (obligation is in default). The Standard & Poor's rating of BBB+ indicates the issuer of the debt is regarded as having an adequate capacity to pay interest and repay principal. The ratings from 'AA' to 'CCC' may be modified by the addition of a plus "+" or minus "-" sign to show relative standing within the major rating categories.

(3) Fitch debt ratings range from AAA (highest credit quality) to D (defaulted debt obligation). The Fitch rating of A indicates low default risk and a strong ability to pay financial commitments. The modifiers “+” or “-” may be appended to a rating to denote relative status within major rating categories.

A credit rating is not a recommendation to buy, sell, or hold a debt security, but is intended to provide an estimation of the relative level of credit risk of debt securities, and is subject to change or withdrawal at any time by the rating agency. The foregoing credit ratings are subject to change at any time in the discretion of the applicable ratings agency. Numerous factors, including many that are not within management’s control, are considered by the ratings agencies in connection with assigning credit ratings.

No debt instruments have credit triggers or other clauses that result in default if these bond ratings are lowered by rating agencies. Certain debt instruments contain securities ratings covenants that, if set in motion, would increase financing costs if debt ratings deteriorated. Certain debt instruments also have leverage ratio caps and minimum net worth requirements. At December 31, 2017, the Company is in compliance with all covenants. Under the most restrictive of the covenants, approximately $2.1 billion in additional debt could be issued and the leverage ratio requirement would still be met. At least $1 billion of cushion in equity relating to the minimum net worth requirement exists at December 31, 2017. No specific limitations as to dividends exist under the collective covenants.

At December 31, 2017, Southwest is also in compliance with all covenants. Under the most restrictive of the covenants, approximately $2 billion in additional debt could be issued and the leverage ratio requirement would still be met. At least $1 billion of cushion in equity relating to the minimum net worth requirement exists at December 31, 2017. No specific limitations as to dividends exist under the collective covenants.

Certain Centuri debt instruments have leverage ratio caps and fixed charge ratio coverage requirements. At December 31, 2017, Centuri is in compliance with all of its covenants. Under the most restrictive of the covenants, Centuri could issue over $69 million in additional debt and meet the leverage ratio requirement. Centuri has at least $28 million of cushion relating to the minimum fixed charge ratio coverage requirement. Centuri’s revolving credit and term loan facility is secured by underlying assets of the construction services segment. Centuri also has restrictions on how much it could give to Southwest Gas Holdings, Inc. in cash dividends which is limited to 50% of Centuri’s consolidated net income.

Bonus Depreciation

In December 2015, the Protecting Americans from Tax Hikes Act of 2015 (“PATH Act”) was enacted, extending the 50% bonus depreciation tax deduction for qualified property acquired or constructed and placed in-service during 2015 (and additional years as noted below) as well as other tax deductions, credits, and incentives. The bonus depreciation tax deduction was to be phased out over five years. The PATH Act provided for a 50% bonus depreciation tax deduction in 2015 through 2017, 40% in 2018, 30% in 2019, and no bonus deduction after 2019. In 2017, with the enactment of the Tax Cuts and Jobs Act, the bonus depreciation deduction percentage changed from 50% to 100% for “qualified property” placed in service after September 27, 2017 and before 2023. The bonus depreciation tax deduction phases out starting in 2023, by 20% for each of the five following years. Qualified property excludes public utility property. The Company estimates bonus depreciation will defer the payment of approximately $42 million (including $26 million associated with utility operations) of federal income taxes for 2017, resulting in a minimal amount of federal income tax being paid, and that bonus depreciation will defer the payment of approximately $15 million (none of which relates to utility operations) of federal income taxes for 2018.

Inflation
Inflation can impact results of operations for Southwest and Centuri. Labor, employee benefits, natural gas, consulting, and construction costs are the categories most significantly impacted by inflation. Changes to the cost of gas are generally recovered through PGA mechanisms and do not significantly impact net earnings. Labor and employee benefits are components of the cost of service, and gas infrastructure costs are the primary component of utility rate base. In order to recover increased costs, and earn a fair return on rate base, general rate cases are filed by Southwest, when deemed necessary, for review and approval by regulatory authorities. Regulatory lag, that is, the time between the date increased costs are incurred and the time such increases are recovered through the ratemaking process, can impact earnings. See **Rates and Regulatory Proceedings** for a discussion of recent rate case proceedings.

Off-Balance Sheet Arrangements
All debt is recorded in the balance sheet. Long-term operating and capital leases are described in **Note 2 – Utility Plant and Leases** of the Notes to Consolidated Financial Statements, and included in the Contractual Obligations table below.

Contractual Obligations
The table below summarizes the Company's contractual obligations at December 31, 2017 (millions of dollars):

	Payments due by period				
Contractual Obligations	Total	2018	2019-2020	2021-2022	Thereafter
Operating leases (Note 2)	$ 41	$ 9	$ 14	$ 8	$ 10
Gas purchase obligations	132	81	47	1	3
Pipeline capacity/storage	828	132	180	136	380
Derivatives (Note 14)	6	5	1	—	—
Other commitments	19	12	7	—	—
Long-term debt, including current maturities (Note 8)	1,824	25	180	645	974
Interest on long-term debt	1,096	72	145	118	761
Capital leases (Note 2)	1	1	—	—	—
Total	$3,947	$337	$ 574	$ 908	$ 2,128

In the table above, operating leases represent multi-year obligations for office rent and certain equipment. Gas purchase obligations include fixed-price and variable-rate gas purchase contracts covering approximately 272 million dekatherms. The fixed-price contracts range in price from approximately $2.30 to approximately $3.40 per dekatherm. Variable-price contracts reflect minimum contractual obligations, with estimation in pricing.

Southwest has pipeline capacity/storage contracts for firm transportation service, both on a short- and long-term basis, with several companies for all of its service territories, some with terms extending to 2044. Southwest also has interruptible contracts in place that allow additional capacity to be acquired should an unforeseen need arise. Costs associated with these pipeline capacity contracts are a component of the cost of gas sold and are recovered from customers primarily through the PGA mechanisms. Included in the pipeline capacity payments shown in the above table, are payments associated with storage that Southwest has contracted for in southern California and Arizona. The terms of these contracts extend through 2024 and 2019, respectively.

Debt obligations in the table above consist of scheduled principal and interest payments over the life of the debt. Capital leases represent multi-year obligations for equipment. Interest rates in effect at December 31, 2017 on variable rate long-term debt were assumed to remain in effect in the future periods disclosed in the table. In the table above, interest on long-term debt includes future interest payments of $1.05 billion for Southwest and $46 million for Centuri.

Pension: Estimated funding for pension and other postretirement benefits during calendar year 2018 is $47 million and is not included in the table above.

Recently Issued Accounting Standards Updates

The Financial Accounting Standards Board ("FASB") recently issued Accounting Standards Updates related to revenue recognition, recognition and measurement of financial instruments, leases, net periodic benefit cost, measurement of credit losses, classification of certain cash receipts and cash payments in the cash flow statement, accounting for income taxes relating to intra-entity asset transfers other than inventory, and simplifying the test for goodwill impairment. See **Note 1 – Summary of Significant Accounting Policies** for more information regarding these accounting standards updates and their potential impact on financial position, results of operations, and disclosures.

Application of Critical Accounting Policies

A critical accounting policy is one which is very important to the portrayal of the financial condition and results of a company, and requires the most difficult, subjective, or complex judgments of management. The need to make estimates about the effect of items that are uncertain is what makes these judgments difficult, subjective, and/or complex. Management makes subjective judgments about the accounting and regulatory treatment of many items and bases its estimates on historical experience and on various other assumptions that it believes to be reasonable under the circumstances, the results of which form the basis for making judgments. These estimates may change as new events occur, as more experience is acquired, as additional information is obtained, and as the operating environment changes. While management may make many estimates and judgments, many would not be materially altered, or provide a material impact to the financial statements taken as a whole, if different estimates, or means of estimation were employed. The following are accounting policies that are deemed critical to the financial statements. For more information regarding significant accounting policies, see **Note 1 – Summary of Significant Accounting Policies**.

Regulatory Accounting

Natural gas operations are subject to the regulation of the Arizona Corporation Commission, the Public Utilities Commission of Nevada, the California Public Utilities Commission, and the Federal Energy Regulatory Commission. The accounting policies of the Company and Southwest conform to generally accepted accounting principles applicable to rate-regulated entities and reflect the effects of the ratemaking process. As such, the Company and Southwest are allowed to defer as regulatory assets, costs that otherwise would be expensed, if it is probable that future recovery from customers will occur. Companies are also permitted to recognize, as regulatory assets, amounts associated with various revenue decoupling mechanisms, as long as the requirements of alternative revenue programs permitted under U.S. Generally Accepted Accounting Principles continue to be met. Management reviews the regulatory assets to assess their ultimate recoverability within the approved regulatory guidelines. If rate recovery is no longer probable, due to competition or the actions of regulators, write-off of the related regulatory asset (which would be recognized as current-period expense) is required. Regulatory liabilities are recorded if it is probable that revenues will be reduced for amounts that will be credited to customers through the ratemaking process. The timing and inclusion of costs in rates is often delayed (regulatory lag) and results in a reduction of current-period earnings. Refer to **Note 5 – Regulatory Assets and Liabilities** for a list of regulatory assets and liabilities.

Accrued Utility Revenues

Revenues related to the sale and/or delivery of natural gas are generally recorded when natural gas is delivered to customers. However, the determination of natural gas sales to individual customers is based on the reading of their meters, which is performed on a systematic basis throughout the month. At the end of each month, operating margin associated with natural gas service that has been provided but not yet billed is accrued. This accrued utility revenue is estimated each month based primarily on applicable rates, number of customers, rate structure, analyses reflecting significant historical trends, seasonality, and experience. The interplay of these assumptions can impact the variability of the accrued utility revenue estimates. All Southwest rate jurisdictions have decoupled rate structures, limiting variability due to extreme weather conditions.

Accounting for Income Taxes

The Company is subject to income taxes in the United States and Canada. Income tax calculations require estimates due to known future tax rate changes, book to tax differences, and uncertainty with respect to regulatory treatment of certain property items. The asset and liability method of accounting is utilized for income taxes. Under the asset and liability method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Regulatory tax assets and liabilities are recorded to the extent management believes they will be recoverable from or refunded to customers in future rates. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. With the enactment of the Tax Cuts and Jobs Act of 2017, management undertook processes to remeasure these balances. Management regularly assesses financial statement tax provisions to identify any change in the regulatory treatment or tax-related estimates, assumptions, or enacted tax rates that could have a material impact on cash flows, financial position, and/or results of operations. Refer to **Note 1 – Summary of Significant Accounting Policies**, **Note 5 – Regulatory Assets and Liabilities,** and **Note 13 – Income Taxes**.

Accounting for Pensions and Other Postretirement Benefits

Southwest has a noncontributory qualified retirement plan with defined benefits covering substantially all employees. In addition, there is a separate unfunded supplemental retirement plan which is limited to officers. Pension obligations and costs for these plans are affected by the amount and timing of cash contributions to the plans, the return on plan assets, discount rates, and by employee demographics, including age, compensation, and length of service. Changes made to the provisions of the plans may also impact current and future pension costs. Actuarial formulas are used in the determination of pension obligations and costs and are affected by actual plan experience and assumptions about future experience. Key actuarial assumptions include the expected return on plan assets, the discount rate used in determining the projected benefit obligation and pension costs, and the assumed rate of increase in employee compensation. Relatively small changes in these assumptions (particularly the discount rate) may significantly affect pension obligations and costs for these plans. For example, a change of 0.25% in the discount rate assumption would change the pension plan projected benefit obligation by approximately $41.6 million and future pension expense by $3.9 million. A change of 0.25% in the employee compensation assumption would change the pension obligation by approximately $7.5 million and expense by $1.6 million. A 0.25% change in the expected asset return assumption would change pension expense by approximately $2.0 million (but has no impact on the pension obligation).

At December 31, 2017, the discount rate is 3.75%, lowered from the 4.50% rate used at December 31, 2016. The methodology utilized to determine the discount rate was consistent with prior years. The weighted-average rate of compensation escalation remains at 3.25%. The asset return assumption of 7.00% to be used for 2018 expense is consistent with the rate used for 2017. Pension expense for 2018 is estimated to increase approximately $7.8 million as compared to that experienced in 2017. Future years' expense level movements (up or down) will continue to be greatly influenced by long-term interest rates, asset returns, and funding levels.

Goodwill

As indicated in **Note 1 – Summary of Significant Accounting Policies,** we assess our goodwill for impairment at least annually during the 4th calendar quarter, unless events or changes in circumstances indicate an impairment may have occurred before that time. As permitted under accounting guidance on testing goodwill for impairment, we perform either a qualitative assessment or a quantitative assessment of each of our reporting units based on management's judgment. Adjustment of values would only occur if conditions of impairment were deemed to be permanent. With respect to our qualitative assessments, we consider events and circumstances specific to us, such as macroeconomic conditions, industry and market considerations, cost factors and overall financial performance, when evaluating whether it is more likely than not that the fair values of our reporting units are less than their respective carrying amounts. The assumptions we use in our analysis are subject to uncertainty, and declines in the future performance of our reporting units and changing business conditions could result in the recognition of impairment charges, which could be significant. The Company's reporting units are the same as its segments (natural gas operations and construction services) for purposes of impairment evaluation. Almost all of the goodwill on the Company's consolidated balance sheet pertains to our construction services segment.

Business Combinations

In accordance with U.S. GAAP, the assets acquired and liabilities assumed in an acquired business are recorded at their estimated fair values on the date of acquisition. The amount of goodwill initially recognized in a business combination is based on the excess of the purchase price of the acquired company over the fair value of the other assets acquired and liabilities assumed. The determination of these fair values requires management to make significant estimates and assumptions. For example, assumptions with respect to the timing and amount of future revenues and expenses associated with an asset are used to determine its fair value but the actual timing and amount may differ materially resulting in impairment of the asset's recorded value. In some cases, the Company engages independent third-party valuation firms to assist in determining the fair values of acquired assets and liabilities assumed. Critical estimates in valuing certain intangible assets include but are not limited to future expected cash flows of the acquired business, trademarks, customer relationships, technology obsolescence, and discount rates. In addition, uncertain tax positions and tax-related valuation allowances assumed in connection with a business combination are initially estimated at the acquisition date. These items are reevaluated quarterly, based upon facts and circumstances that existed at the acquisition date with any adjustments to the preliminary estimates being recorded to goodwill, provided that the Company is within the twelve-month measurement period allowed by authoritative guidance. Subsequent to the measurement period or the final determination of the estimated value of the tax allowance or contingency, whichever comes first, changes to these uncertain tax positions and tax-related valuation allowances will affect the provision for income taxes in the Consolidated Statements of Income, and could have a material impact on the Company's results of operations and financial position. Goodwill is evaluated for impairment no less frequently than annually. The fair value assigned to the intangible assets acquired and liabilities assumed, and the determination of goodwill associated with the current acquisition, are described in **Note 19 – Acquisition of Construction Services Business**.

Certifications

The Securities and Exchange Commission (“SEC”) requires the filing of certifications of the Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”) of registrants regarding reporting accuracy, disclosure controls and procedures, and internal control over financial reporting as exhibits to periodic filings. The CEO and CFO certifications for the period ended December 31, 2017 are included as exhibits to the 2017 Annual Report on Form 10-K filed with the SEC.

Forward-Looking Statements

This annual report contains statements which constitute “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995 (“Reform Act”). All statements other than statements of historical fact included or incorporated by reference in this annual report are forward-looking statements, including, without limitation, statements regarding management’s plans, objectives, goals, intentions, projections, strategies, future events or performance, and underlying assumptions. The words “may,” “if,” “will,” “should,” “could,” “expect,” “plan,” “anticipate,” “believe,” “estimate,” “predict,” “project,” “continue,” “forecast,” “intend,” “promote,” “seek,” and similar words and expressions are generally used and intended to identify forward-looking statements. For example, statements regarding operating margin patterns, customer growth, the composition of our customer base, price volatility, seasonal patterns, payment of debt, interest savings, the Company’s COLI strategy, replacement market and new construction market, the impacts of the Tax Cuts and Jobs Act legislation including disposition in regulatory proceedings, bonus depreciation tax deductions, the impact of recent PHMSA rulemaking, amount and timing for completion of estimated future construction expenditures, including the LNG facility in southern Arizona and the cost of the Paiute 2018 expansion project in northern Nevada and northern California, forecasted operating cash flows and results of operations, net earnings impacts from gas infrastructure replacement surcharges, funding sources of cash requirements, amounts generally expected to be reflected in 2018 or future period revenues from regulatory rate proceedings including amounts resulting from the settled Arizona general rate case, rates and surcharges, PGA, and other rate adjustments, sufficiency of working capital and current credit facilities, bank lending practices, the Company’s views regarding its liquidity position, ability to raise funds and receive external financing capacity and the intent and ability to issue common stock under the Equity Shelf Program, the intent and ability to issue various financing instruments and stock under the December 2017 shelf registration statement, future dividend increases and the Board’s current target dividend payout ratio, pension and post-retirement benefits, certain impacts of tax acts, the effect of any rate changes or regulatory proceedings, contract or construction change order negotiations, impacts of accounting standard updates, infrastructure replacement mechanisms and COYL programs, statements regarding future gas prices, gas purchase contracts and derivative financial instruments, recoverability of regulatory assets, the impact of certain legal proceedings, and the timing and results of future rate hearings and approvals are forward-looking statements. All forward-looking statements are intended to be subject to the safe harbor protection provided by the Reform Act.

A number of important factors affecting the business and financial results of the Company could cause actual results to differ materially from those stated in the forward-looking statements. These factors include, but are not limited to, customer growth rates, conditions in the housing market, the ability to recover costs through the PGA mechanisms or other regulatory assets, the effects of regulation/deregulation, the timing and amount of rate relief, the timing and methods determined by regulators to refund amounts to customers resulting from the TCJA, changes in rate design, variability in volume of gas or transportation service sold to customers, changes in gas procurement practices, changes in capital requirements and funding, the impact of conditions in the capital markets on financing costs, changes in construction expenditures and financing, changes in operations and maintenance expenses, effects of pension expense forecasts, accounting changes and regulatory treatment related thereto,

future liability claims, changes in pipeline capacity for the transportation of gas and related costs, results of Centuri bid work, Centuri's projections about the acquired business' earnings (including accretion within the first twelve months) and future acquisition-related costs, Centuri construction expenses, differences between actual and originally expected outcomes of Centuri bid or other fixed-price construction agreements, outcomes from contract and change order negotiations, ability to successfully procure new work, impacts from work awarded or failing to be awarded from significant customers, the mix of work awarded, the amount of work awarded to Centuri following the lifting of the work stoppage, acquisitions and management's plans related thereto, competition, our ability to raise capital in external financings, our ability to continue to remain within the ratios and other limits subject to our debt covenants, and ongoing evaluations in regard to goodwill and other intangible assets. In addition, the Company can provide no assurance that its discussions regarding certain trends relating to its financing and operating expenses will continue in future periods. For additional information on the risks associated with the Company's business, see **Item 1A. Risk Factors** and **Item 7A. Quantitative and Qualitative Disclosures About Market Risk** in the Annual Report on Form 10-K for the year ended December 31, 2017.

All forward-looking statements in this annual report are made as of the date hereof, based on information available to the Company as of the date hereof, and the Company assumes no obligation to update or revise any of its forward-looking statements even if experience or future changes show that the indicated results or events will not be realized. **We caution you to not rely unduly on any forward-looking statement(s).**

Common Stock Price and Dividend Information

	2017		2016		Dividends Declared	
	High	Low	High	Low	2017	2016
First quarter	$ 86.65	$ 75.63	$ 67.29	$ 53.51	$ 0.495	$ 0.450
Second quarter	85.56	72.32	79.43	62.75	0.495	0.450
Third quarter	82.77	72.55	79.58	67.97	0.495	0.450
Fourth quarter	86.87	76.60	76.64	64.35	0.495	0.450
					$ 1.980	$ 1.800

The principal market on which the common stock of the Company is traded is the New York Stock Exchange. At February 15, 2018, there were 13,002 holders of record of common stock, and the market price of the common stock was $68.38.

Dividends are payable on the Company's common stock at the discretion of the Board of Directors ("Board"). In setting the dividend rate, the Board considers, among other factors, current and expected future earnings levels, our ongoing capital expenditure plans and expected external funding needs, our payout ratio, and our ability to maintain strong credit ratings and liquidity. The quarterly common stock dividend declared was 40.5 cents per share throughout 2015, 45 cents per share throughout 2016, and 49.5 cents per share throughout 2017. The Company has paid dividends on its common stock since 1956 and has increased that dividend each year since 2007. In February 2018, the Board elected to increase the quarterly dividend from $0.495 to $0.52 per share, representing a 5% increase, effective with the June 2018 payment. The Board currently targets a payout ratio of 55% to 65% of consolidated earnings per share.

SOUTHWEST GAS HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Thousands of dollars, except par value)

December 31,	2017	2016
ASSETS		
Utility plant:		
Gas plant	$ 6,629,644	$ 6,193,760
Less: accumulated depreciation	(2,231,242)	(2,172,966)
Construction work in progress	125,248	111,177
Net utility plant (Note 2)	4,523,650	4,131,971
Other property and investments (Note 1)	428,180	342,343
Current assets:		
Cash and cash equivalents	43,622	28,066
Accounts receivable, net of allowances (Note 4)	347,375	285,145
Accrued utility revenue (Note 3)	78,200	76,200
Income taxes receivable, net	7,960	4,455
Deferred purchased gas costs (Note 5)	14,581	2,608
Prepaids and other current assets (Notes 1, 5, and 14)	165,294	136,833
Total current assets	657,032	533,307
Noncurrent assets:		
Goodwill (Notes 1 and 19)	179,314	139,983
Deferred income taxes (Note 13)	1,480	1,288
Deferred charges and other assets (Notes 2, 5, and 14)	447,410	432,234
Total noncurrent assets	628,204	573,505
Total assets	$ 6,237,066	$ 5,581,126

December 31,	2017	2016
CAPITALIZATION AND LIABILITIES		
Capitalization:		
Common stock, $1 par (authorized – 60,000,000 shares; issued and outstanding – 48,090,470 and 47,482,068 shares) (Note 12)	$ 49,720	$ 49,112
Additional paid-in capital	955,332	903,123
Accumulated other comprehensive income (loss), net (Note 6)	(47,682)	(48,008)
Retained earnings	857,398	759,263
Total Southwest Gas Holdings, Inc. equity	1,814,768	1,663,490
Noncontrolling interest	(2,365)	(2,217)
Total equity	1,812,403	1,661,273
Redeemable noncontrolling interest (Note 17)	—	22,590
Long-term debt, less current maturities (Note 8)	1,798,576	1,549,983
Total capitalization	3,610,979	3,233,846
Commitments and contingencies (Note 10)		
Current liabilities:		
Current maturities of long-term debt (Note 8)	25,346	50,101
Short-term debt (Note 9)	214,500	—
Accounts payable	228,315	184,669
Customer deposits	69,781	72,296
Income taxes payable, net	5,946	1,909
Accrued general taxes	43,879	42,921
Accrued interest	17,870	17,939
Deferred purchased gas costs (Note 5)	6,841	90,476
Other current liabilities (Notes 2, 5, and 14)	203,403	168,064
Total current liabilities	815,881	628,375
Deferred income taxes and other credits:		
Deferred income taxes and investment tax credits, net (Note 13)	476,960	840,653
Accumulated removal costs (Note 5)	315,000	308,000
Other deferred credits and other long-term liabilities (Notes 2, 5, 11, and 14)	1,018,246	570,252
Total deferred income taxes and other credits	1,810,206	1,718,905
Total capitalization and liabilities	$6,237,066	$5,581,126

The accompanying notes are an integral part of these statements.

SOUTHWEST GAS HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(In thousands, except per share amounts)

Year Ended December 31,	2017	2016	2015
Operating revenues:			
Gas operating revenues (Note 3)	$1,302,308	$1,321,412	$1,454,639
Construction revenues (Note 3)	1,246,484	1,139,078	1,008,986
Total operating revenues	2,548,792	2,460,490	2,463,625
Operating expenses:			
Net cost of gas sold	355,045	397,121	563,809
Operations and maintenance	412,187	401,724	393,199
Depreciation and amortization	250,951	289,132	270,111
Taxes other than income taxes	57,946	52,376	49,393
Construction expenses	1,148,963	1,024,423	898,781
Total operating expenses	2,225,092	2,164,776	2,175,293
Operating income	323,700	295,714	288,332
Other income and (expenses):			
Net interest deductions (Notes 8 and 9)	(78,064)	(73,660)	(71,879)
Other income (deductions)	13,394	9,469	2,879
Total other income and (expenses)	(64,670)	(64,191)	(69,000)
Income before income taxes	259,030	231,523	219,332
Income tax expense (Note 13)	65,088	78,468	79,902
Net income	193,942	153,055	139,430
Net income attributable to noncontrolling interests	101	1,014	1,113
Net income attributable to Southwest Gas Holdings, Inc.	$ 193,841	$ 152,041	$ 138,317
Basic earnings per share (Notes 1 and 16)	$ 4.04	$ 3.20	$ 2.94
Diluted earnings per share (Notes 1 and 16)	$ 4.04	$ 3.18	$ 2.92
Average number of common shares	47,965	47,469	46,992
Average shares (assuming dilution)	47,991	47,814	47,383

The accompanying notes are an integral part of these statements.

SOUTHWEST GAS HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Thousands of dollars)

Year Ended December 31,	2017	2016	2015
Net Income	$193,942	$153,055	$139,430
Other comprehensive income (loss), net of tax			
Defined benefit pension plans (Notes 6 and 11):			
Net actuarial gain (loss)	(32,701)	(14,118)	(18,922)
Amortization of prior service cost	828	828	828
Amortization of net actuarial loss	15,776	16,781	21,316
Regulatory adjustment	12,590	(3,462)	(3,500)
Net defined benefit pension plans	(3,507)	29	(278)
Forward-starting interest rate swaps:			
Amounts reclassified into net income (Notes 6 and 14)	2,073	2,075	2,073
Net forward-starting interest rate swaps	2,073	2,075	2,073
Foreign currency translation adjustments	1,771	161	(1,954)
Total other comprehensive income (loss), net of tax	337	2,265	(159)
Comprehensive income	194,279	155,320	139,271
Comprehensive income attributable to noncontrolling interests	112	1,019	1,047
Comprehensive income attributable to Southwest Gas Holdings, Inc.	$194,167	$154,301	$138,224

The accompanying notes are an integral part of these statements.

SOUTHWEST GAS HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Thousands of dollars)

Year Ended December 31,	2017	2016	2015
CASH FLOW FROM OPERATING ACTIVITIES:			
Net Income	$193,942	$153,055	$139,430
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	250,951	289,132	270,111
Deferred income taxes	63,389	68,732	48,785
Changes in current assets and liabilities:			
Accounts receivable, net of allowances	(40,947)	30,096	(39,850)
Accrued utility revenue	(2,000)	(1,500)	(800)
Deferred purchased gas costs	(95,608)	45,858	129,566
Accounts payable	19,961	21,695	(3,491)
Accrued taxes	2,112	26,340	(8,405)
Other current assets and liabilities	(8,203)	(27,432)	23,213
Gains on sale	(4,196)	(7,148)	(3,102)
Changes in undistributed stock compensation	10,888	5,456	2,914
AFUDC	(2,296)	(2,289)	(3,008)
Changes in other assets and deferred charges	(22,269)	16,960	(14,166)
Changes in other liabilities and deferred credits	4,231	(18,447)	10,863
Net cash provided by operating activities	369,955	600,508	552,060

Year Ended December 31,	2017	2016	2015
CASH FLOW FROM INVESTING ACTIVITIES:			
Construction expenditures and property additions	(623,649)	(529,531)	(488,000)
Acquisition of businesses, net of cash acquired	(94,204)	(17,000)	(9,261)
Restricted cash	—	—	785
Changes in customer advances	323	7,900	18,300
Miscellaneous inflows	16,645	13,039	8,354
Net cash used in investing activities	(700,885)	(525,592)	(469,822)
CASH FLOW FROM FINANCING ACTIVITIES:			
Issuance of common stock, net	41,155	472	35,396
Dividends paid	(92,130)	(83,317)	(74,248)
Centuri distribution to redeemable noncontrolling interest	(204)	(439)	(99)
Issuance of long-term debt, net	407,063	423,946	135,816
Retirement of long-term debt	(338,969)	(255,273)	(187,973)
Change in credit facility and commercial paper	145,000	(145,000)	—
Change in short-term debt	214,500	(18,000)	13,000
Principal payments on capital lease obligations	(980)	(1,354)	(1,420)
Redemption of Centuri shares from noncontrolling parties	(23,000)	—	—
Withholding remittance – share-based compensation	(3,176)	(2,119)	(4,913)
Other	(3,074)	(1,569)	41
Net cash provided by (used in) financing activities	346,185	(82,653)	(84,400)
Effects of currency translation on cash and cash equivalents	301	(194)	(1,407)
Change in cash and cash equivalents	15,556	(7,931)	(3,569)
Cash and cash equivalents at beginning of period	28,066	35,997	39,566
Cash and cash equivalents at end of period	$ 43,622	$ 28,066	$ 35,997
Supplemental information:			
Interest paid, net of amounts capitalized	$ 71,943	$ 67,440	$ 66,623
Income taxes paid (received)	$ 5,673	$ (19,032)	$ 43,225

The accompanying notes are an integral part of these statements.

SOUTHWEST GAS HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EQUITY
AND REDEEMABLE NONCONTROLLING INTEREST
(In thousands, except per share amounts)

	Southwest Gas Holdings, Inc. Equity							
	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Non-controlling Interest	Total	Redeemable Noncontrolling Interest (Temporary Equity)
	Shares	Amount						
DECEMBER 31, 2014	46,523	$48,153	$ 851,381	$ (50,175)	$639,164	$ (2,257)	$1,486,266	$ 20,042
Common stock issuances	854	854	39,290				40,144	
Net income (loss)					138,317	174	138,491	939
Redemption value adjustments (Note 17)			5,777		(1,069)		4,708	(4,708)
Foreign currency exchange translation adj.				(1,888)			(1,888)	(66)
Net actuarial gain (loss) arising during the period, less amortization of unamortized benefit plan cost, net of tax (Notes 6 and 11)				(278)			(278)	
Amounts reclassified to net income, net of tax (Notes 6 and 14)				2,073			2,073	
Centuri distribution to redeemable noncontrolling interest								(99)
Dividends declared								
Common: $1.62 per share					(77,191)		(77,191)	
DECEMBER 31, 2015	47,377	49,007	896,448	(50,268)	699,221	(2,083)	1,592,325	16,108
Common stock issuances	105	105	6,675				6,780	
Net income (loss)					152,041	(134)	151,907	1,148
Redemption value adjustments (Note 17)					(5,768)		(5,768)	5,768
Foreign currency exchange translation adj.				156			156	5
Net actuarial gain (loss) arising during the period, less amortization of unamortized benefit plan cost, net of tax (Notes 6 and 11)				29			29	
Amounts reclassified to net income, net of tax (Notes 6 and 14)				2,075			2,075	

	Southwest Gas Holdings, Inc. Equity							
	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Non-controlling Interest	Total	Redeemable Noncontrolling Interest (Temporary Equity)
	Shares	Amount						
Centuri distribution to redeemable noncontrolling interest								(439)
Dividends declared								
Common: $1.80 per share					(86,231)		(86,231)	
DECEMBER 31, 2016	47,482	49,112	903,123	(48,008)	759,263	(2,217)	1,661,273	22,590
Common stock issuances	608	608	52,209				52,817	
Net income (loss)					193,841	(148)	193,693	248
Redemption value adjustments (Note 17)					(355)		(355)	355
Foreign currency exchange translation adj.				1,760			1,760	11
Redemption of Centuri shares from noncontrolling parties								(23,000)
Net actuarial gain (loss) arising during the period, less amortization of unamortized benefit plan cost, net of tax (Notes 6 and 11)				(3,507)			(3,507)	
Amounts reclassified to net income, net of tax (Notes 6 and 14)				2,073			2,073	
Centuri distribution to redeemable noncontrolling interest								(204)
Dividends declared								
Common: $1.98 per share					(95,351)		(95,351)	
DECEMBER 31, 2017	48,090*	$49,720	$ 955,332	$ (47,682)	$857,398	$ (2,365)	$1,812,403	$ —

* There are 4.7 million common shares registered and available for issuance under provisions of the various stock issuance plans. In March 2017, the Company registered for issuance common shares with an aggregate sales price of up to $150 million. These shares are not included in the 4.7 million common shares registered and available for issuance.

The accompanying notes are an integral part of these statements.

SOUTHWEST GAS CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Thousands of dollars)

December 31,	2017	2016
ASSETS		
Utility plant:		
Gas plant	$ 6,629,644	$ 6,193,760
Less: accumulated depreciation	(2,231,242)	(2,172,966)
Construction work in progress	125,248	111,177
Net utility plant (Note 2)	4,523,650	4,131,971
Other property and investments (Note 1)	119,114	108,569
Current assets:		
Cash and cash equivalents	37,946	19,024
Accounts receivable, net of allowances (Note 4)	119,748	111,845
Accrued utility revenue (Note 3)	78,200	76,200
Income taxes receivable, net	—	4,455
Deferred purchased gas costs (Note 5)	14,581	2,608
Prepaids and other current assets (Notes 1, 5, and 14)	153,771	126,363
Total current assets	404,246	340,495
Noncurrent assets:		
Goodwill (Note 1)	10,095	10,095
Deferred charges and other assets (Notes 2, 5, and 14)	425,564	410,625
Discontinued operations – construction services – assets (Note 18)	—	579,371
Total noncurrent assets	435,659	1,000,091
Total assets	$ 5,482,669	$ 5,581,126

CONSOLIDATED BALANCE SHEETS – Continued

December 31,	2017	2016
CAPITALIZATION AND LIABILITIES		
Capitalization:		
Common stock (Note 12)	$ 49,112	$ 49,112
Additional paid-in capital	948,767	897,346
Accumulated other comprehensive income (loss), net (Note 6)	(47,073)	(45,639)
Retained earnings	659,193	767,061
Total Southwest Gas Corporation equity	1,609,999	1,667,880
Discontinued operations – construction services non-owner equity	—	15,983
Long-term debt, less current maturities (Note 8)	1,521,031	1,375,080
Total capitalization	3,131,030	3,058,943
Commitments and contingencies (Note 10)		
Current liabilities:		
Current maturities of long-term debt (Note 8)	—	25,000
Short-term debt (Note 9)	191,000	—
Accounts payable	158,474	138,229
Customer deposits	69,781	72,296
Income taxes payable, net	4,971	—
Accrued general taxes	43,879	42,921
Accrued interest	17,171	17,395
Deferred purchased gas costs (Note 5)	6,841	90,476
Payable to parent	194	—
Other current liabilities (Notes 2, 5, and 14)	108,785	95,999
Total current liabilities	601,096	482,316
Deferred income taxes and other credits:		
Deferred income taxes and investment tax credits, net (Note 13)	445,243	806,109
Accumulated removal costs (Note 5)	315,000	308,000
Other deferred credits and other long-term liabilities (Notes 2, 5, 11, and 14)	990,300	545,143
Discontinued operations – construction services – liabilities (Note 18)	—	380,615
Total deferred income taxes and other credits	1,750,543	2,039,867
Total capitalization and liabilities	$5,482,669	$5,581,126

The accompanying notes are an integral part of these statements.

SOUTHWEST GAS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(In thousands)

Year Ended December 31,	2017	2016	2015
Continuing operations:			
Gas operating revenues (Note 3)	$1,302,308	$1,321,412	$1,454,639
Operating expenses:			
Net cost of gas sold	355,045	397,121	563,809
Operations and maintenance	410,745	401,724	393,199
Depreciation and amortization	201,922	233,463	213,455
Taxes other than income taxes	57,946	52,376	49,393
Total operating expenses	1,025,658	1,084,684	1,219,856
Operating income	276,650	236,728	234,783
Other income and (expenses):			
Net interest deductions (Notes 8 and 9)	(69,733)	(66,997)	(64,095)
Other income (deductions)	13,036	8,276	2,292
Total other income and (expenses)	(56,697)	(58,721)	(61,803)
Income from continuing operations before income taxes	219,953	178,007	172,980
Income tax expense (Note 13)	63,135	58,584	61,355
Net income from continuing operations	156,818	119,423	111,625
Discontinued operations – construction services: (Note 18)			
Income before income taxes	—	53,516	46,352
Income tax expense	—	19,884	18,547
Income	—	33,632	27,805
Noncontrolling interests	—	1,014	1,113
Income – discontinued operations	—	32,618	26,692
Net income	$ 156,818	$ 152,041	$ 138,317

The accompanying notes are an integral part of these statements.

SOUTHWEST GAS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Thousands of dollars)

Year Ended December 31,	2017	2016	2015
Continuing operations:			
Net Income from continuing operations	$156,818	$119,423	$111,625
Other comprehensive income (loss), net of tax			
Defined benefit pension plans (Notes 6 and 11):			
Net actuarial gain (loss)	(32,701)	(14,118)	(18,922)
Amortization of prior service cost	828	828	828
Amortization of net actuarial loss	15,776	16,781	21,316
Regulatory adjustment	12,590	(3,462)	(3,500)
Net defined benefit pension plans	(3,507)	29	(278)
Forward-starting interest rate swaps:			
Amounts reclassified into net income (Notes 6 and 14)	2,073	2,075	2,073
Net forward-starting interest rate swaps	2,073	2,075	2,073
Total other comprehensive income (loss), net of tax from continuing operations	(1,434)	2,104	1,795
Comprehensive income from continuing operations	155,384	121,527	113,420
Discontinued operations – construction services:			
Net income	—	32,618	26,692
Foreign currency translation adjustments	—	161	(1,954)
Comprehensive income	—	32,779	24,738
Comprehensive income (loss) attributable to noncontrolling interests	—	5	(66)
Comprehensive income attributable to discontinued operations – construction services	—	32,774	24,804
Comprehensive income	$155,384	$154,301	$138,224

The accompanying notes are an integral part of these statements.

SOUTHWEST GAS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Thousands of dollars)

	2017	2016	2015
CASH FLOW FROM OPERATING ACTIVITIES:			
Net Income	$ 156,818	$ 153,055	$ 139,430
Income (loss) from discontinued operations	—	33,632	27,805
Income from continuing operations	156,818	119,423	111,625
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	201,922	233,463	213,455
Deferred income taxes	67,169	67,959	53,396
Changes in current assets and liabilities:			
Accounts receivable, net of allowances	(7,902)	40,731	(12,444)
Accrued utility revenue	(2,000)	(1,500)	(800)
Deferred purchased gas costs	(95,608)	45,858	129,566
Accounts payable	4,545	16,183	(8,751)
Accrued taxes	10,383	19,391	(1,626)
Other current assets and liabilities	(13,726)	(33,496)	21,736
Changes in undistributed stock compensation	9,288	5,456	2,914
AFUDC	(2,296)	(2,289)	(3,008)
Changes in other assets and deferred charges	(22,918)	16,611	(14,513)
Changes in other liabilities and deferred credits	3,541	(18,447)	10,863
Net cash provided by operating activities	309,216	509,343	502,413
CASH FLOW FROM INVESTING ACTIVITIES:			
Construction expenditures and property additions	(560,448)	(457,119)	(438,289)
Changes in customer advances	323	7,900	18,300
Miscellaneous inflows	2,741	2,982	3,262
Dividends received	—	12,461	2,801
Net cash used in investing activities	(557,384)	(433,776)	(413,926)

CONSOLIDATED STATEMENTS OF CASH FLOWS – Continued

	2017	2016	2015
CASH FLOW FROM FINANCING ACTIVITIES:			
Issuance of common stock, net	—	472	35,396
Contributions from parent	41,359	—	—
Dividends paid	(81,497)	(83,317)	(74,248)
Issuance of long-term debt, net	—	296,469	—
Retirement of long-term debt	(25,000)	(124,855)	(51,200)
Change in credit facility and commercial paper	145,000	(145,000)	—
Change in short-term debt	191,000	(18,000)	13,000
Withholding remittance – share-based compensation	(3,176)	(2,119)	(4,913)
Other	(596)	(1,569)	92
Net cash provided by (used in) financing activities	267,090	(77,919)	(81,873)
Net cash provided by discontinued operating activities	—	91,165	49,647
Net cash used in discontinued investing activities	—	(91,816)	(55,896)
Net cash provided by (used in) discontinued financing activities	—	(4,734)	(2,527)
Effects of currency translation on cash and cash equivalents	—	(194)	(1,407)
Change in cash and cash equivalents	18,922	(7,931)	(3,569)
Change in cash and cash equivalents of discontinued operations included in discontinued operations construction services assets	—	5,579	10,183
Change in cash and cash equivalents of continuing operations	18,922	(2,352)	6,614
Cash and cash equivalents at beginning of period	19,024	21,376	14,762
Cash and cash equivalents at end of period	$ 37,946	$ 19,024	$ 21,376
Supplemental information:			
Interest paid, net of amounts capitalized	$ 64,790	$ 61,501	$ 59,161
Income taxes paid (received)	$ (7,854)	$ (31,011)	$ 13,544

The accompanying notes are an integral part of these statements.

SOUTHWEST GAS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EQUITY
(In thousands, except per share amounts)

	Southwest Gas Corporation Equity					
	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total
	Shares	Amount				
DECEMBER 31, 2014	46,523	$48,153	$ 851,381	$ (49,538)	$ 640,125	$1,490,121
Common stock issuances	854	854	39,290			40,144
Net income					138,317	138,317
Net actuarial gain (loss) arising during the period, less amortization of unamortized benefit plan cost, net of tax (Notes 6 and 11)				(278)		(278)
Amounts reclassified to net income, net of tax (Notes 6 and 14)				2,073		2,073
Dividends declared						
Common: $1.62 per share					(77,191)	(77,191)
DECEMBER 31, 2015	47,377	49,007	890,671	(47,743)	701,251	1,593,186
Common stock issuances	105	105	6,675			6,780
Net income					152,041	152,041
Net actuarial gain (loss) arising during the period, less amortization of unamortized benefit plan cost, net of tax (Notes 6 and 11)				29		29
Amounts reclassified to net income, net of tax (Notes 6 and 14)				2,075		2,075
Dividends declared						
Common: $1.80 per share					(86,231)	(86,231)
DECEMBER 31, 2016	47,482	49,112	897,346	(45,639)	767,061	1,667,880
Net income					156,818	156,818
Net actuarial gain (loss) arising during the period, less amortization of unamortized benefit plan cost, net of tax (Notes 6 and 11)				(3,507)		(3,507)
Amounts reclassified to net income, net of tax (Notes 6 and 14)				2,073		2,073
Distribution to Southwest Gas Holdings, Inc. investment in discontinued operations (Note 18)					(182,773)	(182,773)
Stock-based compensation (a)			10,062		(784)	9,278
Dividends declared to Southwest Gas Holdings, Inc.					(81,129)	(81,129)
Contributions from Southwest Gas Holdings, Inc.			41,359			41,359
DECEMBER 31, 2017	47,482	$49,112	$ 948,767	$ (47,073)	$ 659,193	$1,609,999

(a) Stock-based compensation is based on stock awards of Southwest Gas Corporation to be issued in shares of Southwest Gas Holdings, Inc.

The accompanying notes are an integral part of these statements.

Note 1 – Summary of Significant Accounting Policies

Nature of Operations. This is a combined annual report of Southwest Gas Holdings, Inc. and Southwest Gas Corporation. The Notes to the Consolidated Financial Statements apply to both entities. Southwest Gas Holdings, Inc. (the "Company"), is a holding company, owning all of the shares of common stock of Southwest Gas Corporation ("Southwest" or the "natural gas operations" segment) and all of the shares of common stock of Centuri Construction Group, Inc. ("Centuri" or the "construction services" segment). Prior to August 2017, only 96.6% of Centuri's shares were owned. In August 2017, Southwest Gas Holdings, Inc. acquired the remaining 3.4% equity interest in Centuri Construction Group, Inc. that was held by the previous owners (and previously reflected as a redeemable noncontrolling interest). Refer to **Note 17 – Construction Services Noncontrolling Interests** for additional information.

In January 2017, a previously contemplated and approved reorganization under a holding company structure was made effective. The reorganization was designed to provide further separation between regulated and unregulated businesses, and to provide additional financing flexibility. Coincident with the effective date of the reorganization, existing shareholders of Southwest Gas Corporation became shareholders of Southwest Gas Holdings, Inc., on a one-for-one basis, with the same number of shares and same ownership percentage as they held immediately prior to the reorganization. At the same time, Southwest Gas Corporation and Centuri Construction Group, Inc. each became subsidiaries of the publicly traded holding company; whereas, historically, Centuri had been a direct subsidiary of Southwest.

Southwest is engaged in the business of purchasing, distributing, and transporting natural gas for customers in portions of Arizona, Nevada, and California. Public utility rates, practices, facilities, and service territories of Southwest are subject to regulatory oversight. The timing and amount of rate relief can materially impact results of operations. Natural gas purchases and the timing of related recoveries can materially impact liquidity. Results for the natural gas operations segment are higher during winter periods due to the seasonality incorporated in its regulatory rate structures. Centuri is a comprehensive construction services enterprise dedicated to meeting the growing demands of North American utilities, energy and industrial markets. Centuri derives revenue from installation, replacement, repair, and maintenance of energy distribution systems, and developing industrial construction solutions. Centuri operations are generally conducted under the business names of NPL Construction Co. ("NPL"), Canyon Pipeline Construction, Inc. ("Canyon"), NPL Canada Ltd. ("NPL Canada", formerly Link-Line Contractors Ltd.), W.S. Nicholls Construction, Inc. ("W.S. Nicholls"), and Brigadier Pipelines Inc. ("Brigadier"). Typically, Centuri revenues are lowest during the first quarter of the year due to unfavorable winter weather conditions. Operating revenues typically improve as more favorable weather conditions occur during the summer and fall months. Centuri acquired New England Utility Constructors, Inc. ("Neuco") in November 2017, thereby expanding its core services in the Northeast region of the United States. See **Note 19 – Acquisition of Construction Services Business** for more information.

Basis of Presentation. The Company follows U.S. GAAP in accounting for all of its businesses. Unless specified otherwise, all amounts are in U.S. dollars. Accounting for natural gas utility operations conforms with U.S. GAAP as applied to rate-regulated companies and as prescribed by federal agencies and commissions of the various states in which the utility operates. The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of

revenues and expenses during the reporting period. Actual results could differ from those estimates. As indicated above, in connection with the holding company reorganization, Centuri ceased to be a subsidiary of Southwest and became a subsidiary of Southwest Gas Holdings, Inc. To give effect to this change, the separate consolidated financial statements related to Southwest Gas Corporation, which are included in this annual report, depict Centuri-related amounts for periods prior to January 2017 as discontinued operations. Because the transfer of Centuri from Southwest Gas Corporation to Southwest Gas Holdings, Inc. was effectuated as an equity transaction and not a sale, assets and liabilities subject to the discontinued operations presentation have been reflected as noncurrent on the Southwest Gas Corporation Consolidated Balance Sheet. Those assets and liabilities are detailed in **Note 18 – Reorganization Impacts – Discontinued Operations Solely Related to Southwest Gas Corporation**, and include both current and non-current amounts.

Prior to the August 2017 purchase of the residual 3.4% interest in Centuri, earnings associated with the 3.4% interest were attributable to the previous noncontrolling parties and therefore, not included in the earnings of the Company. Following the purchase date, 100% of Centuri earnings are attributable to the Company.

No substantive change has occurred with regard to the Company's business segments on the whole as a result of the foregoing organizational changes. Centuri operations continue to be part of continuing operations and included in the consolidated financial statements of Southwest Gas Holdings, Inc. While Centuri has expanded its footprint with the Neuco acquisition, its core business has remained consistent. Southwest Gas Corporation consists of a single segment – natural gas operations.

Consolidation. The accompanying financial statements are presented on a consolidated basis for Southwest Gas Holdings, Inc. and all subsidiaries and Southwest Gas Corporation and all subsidiaries as of December 31, 2017 (except those accounted for using the equity method as discussed further below). All significant intercompany balances and transactions have been eliminated with the exception of transactions between Southwest and Centuri in accordance with accounting treatment for rate-regulated entities.

Centuri, through its subsidiaries, holds a 65% interest in a venture to market natural gas engine-driven heating, ventilating, and air conditioning ("HVAC") technology and products. Centuri consolidates the entity (IntelliChoice Energy, LLC).

Centuri, through its subsidiaries, holds a 50% interest in W.S. Nicholls Western Construction LTD. ("Western"), a Canadian construction services company that is a variable interest entity. Centuri determined that it is not the primary beneficiary of the entity due to a shared-power structure; therefore, Centuri does not consolidate the entity and has recorded its investment, and results related thereto, using the equity method. The investment in Western totaled $12.7 million and $10.8 million at December 31, 2017 and 2016, respectively. Both periods include the impacts of foreign currency exchange translation adjustments. No dividends were received from Western during 2017. Dividends of $500,000 were received from Western in 2016. In 2017, a management fee was paid by Western to its partners, including W.S. Nicholls, in accordance with underlying agreements. The equity method investment in Western is included in Other Property and Investments in the Consolidated Balance Sheets of the Company. Centuri's maximum exposure to loss as a result of its involvement with Western is estimated at $49.3 million. The estimated maximum exposure to loss represents the maximum loss that would be absorbed by Centuri in the event that all of the assets of Western were deemed to be worthless. Centuri recorded earnings of $1.1 million from this investment in 2017, which is included in Other Income (deductions) in the Consolidated Statements of Income.

Net Utility Plant. Net utility plant includes gas plant at original cost, less the accumulated provision for depreciation and amortization, plus the unamortized balance of acquisition adjustments. Original cost includes contracted services, material, payroll and related costs such as taxes and benefits, general and administrative expenses, and an allowance for funds used during construction, less contributions in aid of construction.

Management determined that utility-related acquisition adjustments were immaterial to both the Company and Southwest as of December 31, 2017 and December 31, 2016, and therefore, combined related amounts with gas plant. Management has, therefore, reclassified the previous year comparative balance sheet presentation to be on the same basis as the most recently completed year-end period, resulting in $196,000 of acquisition adjustments being included in Gas plant for the period ended December 31, 2016.

Other Property and Investments. Other property and investments on the Southwest and Company Condensed Consolidated Balance Sheets includes (thousands of dollars):

Southwest Gas Corporation:	2017	2016
Net cash surrender value of COLI policies	$ 117,341	$ 106,744
Other property	1,773	1,825
Total Southwest Gas Corporation	119,114	108,569
Centuri property, equipment, and intangibles	554,730	451,114
Centuri accumulated provision for depreciation and amortization	(258,906)	(228,374)
Other property	13,242	11,034
Total Southwest Gas Holdings, Inc.	$ 428,180	$ 342,343

Deferred Purchased Gas Costs. The various regulatory commissions have established procedures to enable Southwest to adjust its billing rates for changes in the cost of natural gas purchased. The difference between the current cost of gas purchased and the cost of gas recovered in billed rates is deferred. Generally, these deferred amounts are recovered or refunded within one year.

Prepaids and other current assets. Prepaids and other current assets for Southwest and the Company include gas pipe materials and operating supplies of $33 million in 2017 and $30 million in 2016 (carried at weighted average cost), and also includes $40 million in 2017 and $953,000 in 2016 related to a regulatory asset associated with the Arizona decoupling mechanism (an alternative revenue program). In the recent Arizona general rate case decision, the decoupled rate design was approved to continue, excluding a winter-period adjustment to rates, making the mechanism fundamentally similar to that which exists in Nevada. This change from a combination of monthly winter-period adjustments to bills (coupled with an annual rate adjustment) to an annual rate adjustment resulted in an increase in the associated regulatory asset noted above.

Income Taxes. The asset and liability method of accounting is utilized for the recognition of income taxes. Under the asset and liability method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the period that includes the enactment date. Refer to discussion below and to **Note 13 – Income Taxes** regarding recent tax changes enacted,

including the remeasurement of deferred tax balances. For regulatory and financial reporting purposes, investment tax credits (“ITC”) related to gas utility operations are deferred and amortized over the life of related fixed assets. As of December 31, 2017, the Company had cumulative earnings of approximately $13 million of book earnings in its foreign jurisdiction. Management previously asserted and continues to assert that all the earnings of Centuri’s Canadian subsidiaries will be permanently reinvested in Canada. As a result, no U.S. deferred income taxes have been recorded related to cumulative foreign earnings.

On December 22, 2017, the legislation referred to as the Tax Cuts and Jobs Act (“TCJA”) was enacted. Substantially all of the provisions of the TCJA are effective for taxable years beginning after December 31, 2017. The TCJA includes extensive changes which significantly impact the taxation of business entities, including specific provisions related to regulated public utilities. The more significant changes that impact the Company include the reduction in the corporate federal income tax rate from 35% to 21%, and several technical provisions including, among others, limiting the utilization of net operating losses (“NOLs”) arising after December 31, 2017 to 80% of taxable income, with the ability to indefinitely carryforward unutilized NOLs to reduce future taxable income. For 2017, the Company benefited by the reduction in tax rates related to its construction services segment as a result of the required remeasurement of deferred tax balances based on the reduction in enacted rates, reducing income tax expense in the current year. The regulated operations of Southwest experienced other impacts due to its rate-regulation and the accounting treatment prescribed by U.S. GAAP to reflect the economics of the rate-regulation. Approximately $8 million favorably impacted tax expense for Southwest, while remaining reductions in accumulated deferred income tax balances to reflect the remeasurement were reclassified to regulatory liabilities in Other deferred credits on the balance sheets of Southwest and the Company. See **Note 5 – Regulatory Assets and Liabilities** and **Note 13 – Income Taxes** for further information.

Cash and Cash Equivalents. For purposes of reporting consolidated cash flows, cash and cash equivalents include cash on hand and financial instruments with a purchase-date maturity of three months or less. In general, cash and cash equivalents fall within Level 1 (quoted prices for identical financial instruments) of the three-level fair value hierarchy that ranks the inputs used to measure fair value by their reliability. However, cash and cash equivalents for Southwest and the Company also includes money market fund investments totaling approximately $22.2 million and $5.3 million at December 31, 2017 and 2016, respectively, which fall within Level 2 (significant other observable inputs) of the fair value hierarchy, due to the asset valuation methods used by money market funds.

Significant non-cash investing activities for Southwest and the Company included the following: Upon contract expiration, customer advances of approximately $3.7 million, $6.5 million, and $3.1 million during 2017, 2016, and 2015, respectively, were applied as contributions toward utility construction activity and represent non-cash investing activity. In addition, approximately $15 million of capital expenditures were not paid for 2017 (a liability for these expenditures was included in accounts payable), which represents non-cash investing activity.

Adoption of Accounting Standards Update (“ASU”) No. 2016-09. As of January 1, 2017, the Company adopted FASB ASU No. 2016-09 “Compensation – Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting.” The adoption of this update is considered a change in accounting principle. Among other things, the update clarifies that all cash payments made to taxing authorities on the employees’ behalf for withheld shares should be presented as financing activities on the statement of cash flows. This change is required to be presented in the cash flow statement retrospectively. A new category, Withholding remittance – share-based compensation has been added to the Cash Flow from Financing Activities section of the Consolidated Statements of Cash Flows for both Southwest Gas Holdings, Inc. and Southwest Gas Corporation. The withheld taxes were

included in the Other current assets and liabilities line item of the Consolidated Statements of Cash Flows in previous periods. Therefore, upon adoption, amounts presented as cash inflows from Other current assets and liabilities under the Cash Flow from Operating Activities section of the Southwest Gas Holdings, Inc. Consolidated Statements of Cash Flows were revised from $18.3 million to $23.2 million for the year ended December 31, 2015 and revised from cash outflows of $30 million to $27.4 million for the year ended December 31, 2016. The Southwest Gas Corporation Consolidated Statements of Cash Flows reflects application of the ASU for 2015, 2016, and 2017.

Under the new guidance, the Company can withhold any amount between the minimum and maximum individual statutory tax rates and still treat the entire award as equity. The Company intends to administer withholding such that awards under stock compensation programs will continue to be treated as equity awards.

In addition to the above, the update requires all income tax-related cash flows resulting from share-based payments (unrelated to employee withholding) be reported as operating activities on the statement of cash flows, a change from the previous requirement to present windfall tax benefits as an inflow from financing activities and an outflow from operating activities. This presentation requirement of the update was applied prospectively as permitted. Therefore, prior periods were not impacted in implementing this provision of the update.

Amendments related to the timing of when excess tax benefits are recognized, minimum statutory withholding requirements, forfeitures, and intrinsic value are required to be applied using a modified retrospective transition method by means of a cumulative-effect adjustment to equity as of the beginning of the period in which the guidance is adopted. No previously unrecognized tax benefits existed as a result of these changes; therefore, no cumulative effect adjustment to the opening retained earnings was required.

Goodwill. Goodwill is assessed for impairment annually, as required by U.S. GAAP, or otherwise, if circumstances indicate impairment to the carrying value of goodwill may have occurred. The goodwill impairment analysis is conducted as of October each year and may start with an assessment of qualitative factors (Step 0) to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If, after assessing the qualitative factors, management determines that it is more likely than not that the fair value of a reporting unit is less than its carrying amount, or if management does not perform a qualitative assessment, a Step 1 impairment test will be performed. Management considered the qualitative factors and the evidence obtained and determined that it is not more likely than not that the fair value of our reporting units are less than their carrying amounts in either 2016 or 2017. Thus, no impairment was recorded in either year. The Neuco acquisition in 2017 (further discussion in **Note 19 – Acquisition of Construction Services Business**) was considered an asset purchase for tax purposes. As a result, goodwill associated with Neuco is expected to be deductible for those same purposes.

	Southwest	Construction Services	Total Company
(In thousands of dollars)			
December 31, 2016	$ 10,095	$ 129,888	$ 139,983
Additional goodwill from New England Utility Constructors, Inc. acquisition	—	32,028	32,028
Foreign currency translation adjustment	—	7,303	7,303
December 31, 2017	$ 10,095	$ 169,219	$ 179,314

Intangible Assets. Intangible assets (other than goodwill) are amortized using the straight-line method to reflect the pattern of economic benefits consumed over the estimated periods benefited. The recoverability of intangible assets is evaluated when events or circumstances indicate that a revision of estimated useful lives is warranted or that an intangible asset may be impaired. Non-utility intangible assets are associated with construction services businesses acquired in 2014 and the Neuco acquisition in 2017. All have finite lives. Centuri has $80.7 million and $37.7 million of intangible assets at December 31, 2017 and 2016, respectively, as detailed in the following table (thousands of dollars):

December 31, 2017	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Customer relationships	$ 76,254	$ (6,743)	$ 69,511
Trade names and trademarks	13,754	(4,080)	9,674
Noncompete agreement	2,060	(543)	1,517
Total	$ 92,068	$ (11,366)	$ 80,702
December 31, 2016			
Customer relationships	$ 34,033	$ (3,906)	$ 30,127
Trade names and trademarks	9,349	(2,565)	6,784
Customer contracts backlog	1,656	(1,656)	—
Noncompete agreement	1,029	(271)	758
Total	$ 46,067	$ (8,398)	$ 37,669

The above intangible assets are included in Other property and investments in the Southwest Gas Holdings, Inc. Consolidated Balance Sheets. The estimated future amortization of the intangible assets for the next five years is as follows (in thousands):

2018	$ 6,835
2019	6,240
2020	6,114
2021	5,711
2022	5,626

See **Note 2 – Utility Plant and Leases** for additional information regarding natural gas operations intangible assets**. Note 19 – Acquisition of Construction Services Business** includes detailed information about intangible assets purchased in the Neuco acquisition.

Accumulated Removal Costs. Approved regulatory practices allow Southwest to include in depreciation expense a component to recover removal costs associated with utility plant retirements. In accordance with the Securities and Exchange Commission (“SEC”) position on presentation of these amounts, management reclassifies estimated removal costs from accumulated depreciation to accumulated removal costs within the liabilities section of the Consolidated Balance Sheets. Amounts fluctuate between periods depending on the level of replacement work performed, the estimated cost of removal in rates and the actual cost of removal experienced.

Gas Operating Revenues. Southwest recognizes revenue when it satisfies its performance by transferring gas to the customer. Natural gas is delivered and “consumed” by the customer simultaneously. Revenues are recorded

when customers are billed. Customer billings are substantially based on monthly meter reads and include certain other charges assessed monthly, and are calculated in accordance with applicable tariffs and state and local laws, regulations, and related agreements. An estimate of the margin associated with natural gas service provided, but not yet billed, to residential and commercial customers from the latest meter read date to the end of the reporting period is also recognized as accrued utility revenue. Revenues also include the net impacts of margin tracker/decoupling accruals based on criteria in U.S. GAAP for rate-regulated entities associated with alternative revenue programs. All of Southwest's service territories have decoupled rate structures, which are designed to eliminate the direct link between volumetric sales and revenue, thereby mitigating the impacts of unusual weather variability and conservation on margin. See **Note 3 – Revenue** for additional information regarding natural gas operating revenues.

Southwest acts as an agent for state and local taxing authorities in the collection and remission of a variety of taxes, including sales and use taxes and surcharges. These taxes are not included in gas operating revenues. Management uses the net classification method to report taxes collected from customers to be remitted to governmental authorities.

Construction Revenues. The majority of Centuri contracts are performed under unit-price contracts. Generally, these contracts state prices per unit of installation. Typical installations are accomplished in a few weeks or less. Revenues are recorded as installations are completed. Revenues are recorded for long-term fixed-price contracts in a pattern that reflects the transfer of control of promised goods and services to the customer over time. The amount of revenue recognized on fixed-price contracts is based on costs expended to date relative to anticipated final contract costs. Changes in job performance, job conditions, and final contract settlements are factors that influence management's assessment of total contract value and the total estimated costs to complete those contracts. Revisions in estimates of costs and earnings during the course of work are reflected in the accounting period in which the facts requiring revision become known. If a loss on a contract becomes known or is anticipated, the entire amount of the estimated ultimate loss is recognized at that time in the financial statements. Some unit-price contracts contain caps that if encroached, trigger revenue and loss recognition similar to a fixed-price contract model. See **Note 3 – Revenue** for additional information regarding construction revenues.

Centuri is required to collect taxes imposed by various governmental agencies on the work performed by Centuri for its customers. These taxes are not included in construction revenues. Management uses the net classification method to report taxes collected from customers to be remitted to governmental authorities.

Construction Expenses. The construction expenses classification in the income statement includes payroll expenses, office and equipment rental costs, subcontractor expenses, training, job-related materials, gains and losses on equipment sales, and professional fees of Centuri.

Net Cost of Gas Sold. Components of net cost of gas sold include natural gas commodity costs (fixed-price and variable-rate), pipeline capacity/transportation costs, and actual settled costs of natural gas derivative instruments. Also included are the net impacts of purchased gas adjustment ("PGA") deferrals and recoveries, which by their inclusion, result in net cost of gas sold overall that is comparable to amounts included in billed gas operating revenues. Differences between amounts incurred with suppliers, transmission pipelines, etc. and those already included in customer rates, are temporarily deferred in PGA accounts pending inclusion in customer rates.

Operations and Maintenance Expense. Operations and maintenance expense includes Southwest's operating and maintenance costs associated with serving utility customers, uncollectible expense, administrative and general salaries and expense, employee benefits expense, and legal expense (including injuries and damages).

Depreciation and Amortization. Utility plant depreciation is computed on the straight-line remaining life method at composite rates considered sufficient to amortize costs over estimated service lives, including components which compensate for removal costs (net of salvage value), and retirements, as approved by the appropriate regulatory agency. When plant is retired from service, the original cost of plant, including cost of removal, less salvage, is charged to the accumulated provision for depreciation. Other regulatory assets, including acquisition adjustments, are amortized when appropriate, over time periods authorized by regulators. Nonutility and construction services-related property and equipment are depreciated on a straight-line method based on the estimated useful lives of the related assets. During the third quarter of 2016, Centuri evaluated the estimated useful lives of its depreciable assets, and in so doing determined that certain equipment lives should be extended. This change in estimate reduced Centuri depreciation by approximately $10 million and $4 million, during 2017 and 2016, respectively. Costs and gains related to refunding utility debt and debt issuance expenses are deferred and amortized over the weighted-average lives of the new issues and become a component of interest expense. See also discussion regarding *Accumulated Removal Costs* above.

Allowance for Funds Used During Construction ("AFUDC"). AFUDC represents the cost of both debt and equity funds used to finance utility construction. AFUDC is capitalized as part of the cost of utility plant. The debt portion of AFUDC is reported in the Company's and Southwest's Consolidated Statements of Income as an offset to net interest deductions and the equity portion is reported as other income. Utility plant construction costs, including AFUDC, are recovered in authorized rates through depreciation when completed projects are placed into operation, and general rate relief is requested and granted.

(In thousands)	2017	2016	2015
AFUDC:			
Debt portion	$1,666	$1,175	$1,666
Equity portion	2,296	2,289	3,008
AFUDC capitalized as part of utility plant	$3,962	$3,464	$4,674
AFUDC rate	5.95%	7.35%	7.32%

Other Income (Deductions). The following table provides the composition of significant items included in Other income (deductions) on the consolidated statements of income (thousands of dollars):

	2017	2016	2015
Southwest Gas Corporation – natural gas operations segment:			
Change in COLI policies	$10,300	$ 7,400	$ (500)
Interest income	2,784	1,848	1,754
Equity AFUDC	2,296	2,289	3,008
Miscellaneous income and (expense)	(2,344)	(3,261)	(1,970)
Southwest Gas Corporation – total other income (deductions)	13,036	8,276	2,292
Construction services segment:			
Interest income	3	1	419
Foreign transaction gain (loss)	(754)	(22)	(824)
Equity in earnings of unconsolidated investment – Western	1,052	69	310
Miscellaneous income and (expense)	44	1,145	682
Centuri – total other income (deductions)	345	1,193	587
Corporate and administrative	13	—	—
Consolidated Southwest Gas Holdings, Inc. – total other income (deductions)	$13,394	$ 9,469	$ 2,879

Included in the table above is the change in cash surrender values of company-owned life insurance ("COLI") policies (including net death benefits recognized). These life insurance policies on members of management and other key employees are used by the Company and Southwest to indemnify against the loss of talent, expertise, and knowledge, as well as to provide indirect funding for certain nonqualified benefit plans. Current tax regulations provide for tax-free treatment of life insurance (death benefit) proceeds. Therefore, changes in the cash surrender value components of COLI policies, as they progress towards the ultimate death benefits, are also recorded without tax consequences.

Foreign Currency Translation. Foreign currency-denominated assets and liabilities of consolidated subsidiaries are translated into U.S. dollars at exchange rates existing at the respective balance sheet dates. Translation adjustments resulting from fluctuations in exchange rates are recorded as a separate component of accumulated other comprehensive income within stockholders' equity. Results of operations of foreign subsidiaries are translated using the monthly weighted-average exchange rates during the respective periods. Gains and losses resulting from foreign currency transactions are included in other income (expense) of the Company. Gains and losses resulting from intercompany foreign currency transactions that are of a long-term investment nature are reported in other comprehensive income, if applicable.

Earnings Per Share. Basic earnings per share ("EPS") in each period of this report were calculated by dividing net income attributable to Southwest Gas Holdings, Inc. by the weighted-average number of shares during those periods. Diluted EPS includes additional weighted-average common stock equivalents (stock options, performance shares, and restricted stock units). Unless otherwise noted, the term "Earnings Per Share" refers to Basic EPS. A reconciliation of the denominator used in the Basic and Diluted EPS calculations is shown in the following table.

(In thousands)	2017	2016	2015
Average basic shares	47,965	47,469	46,992
Effect of dilutive securities:			
Stock options	—	1	8
Management Incentive Plan shares	8	124	171
Restricted stock units (1)	18	220	212
Average diluted shares	47,991	47,814	47,383

(1) The number of securities granted for 2017 includes 7,000 performance shares, the total of which was derived by assuming that target performance will be achieved during the relevant performance period.

Recently Issued Accounting Standards Updates. In May 2014, the FASB issued the update "Revenue from Contracts with Customers (Topic 606)." The update replaces much of the current guidance regarding revenue recognition including most industry-specific guidance. In accordance with the update, an entity will be required to identify the contract with the customer, identify the performance obligations in the contract, determine the transaction price, allocate the transaction price to the performance obligations in the contract, and recognize revenue when (or as) the entity satisfies a performance obligation. In addition to the new revenue recognition requirements, entities will be required to disclose sufficient information to enable users of financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. Southwest and the Company adopted the new guidance on January 1, 2018 under the modified retrospective transition method, as permissible. See also **Note 3 – Revenue**.

In January 2016, the FASB issued the update "Financial Instruments – Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities" in order to improve the recognition and measurement of financial instruments. The update makes targeted improvements to existing U.S. GAAP by: 1) requiring equity investments to be measured at fair value with changes in fair value recognized in net income; 2) requiring the use of the exit price notion when measuring the fair value of financial instruments for disclosure purposes; 3) requiring separate presentation of financial assets and financial liabilities by measurement category and form of financial asset on the balance sheet or the accompanying notes to the financial statements; 4) eliminating the requirement to disclose the method(s) and significant assumptions used to estimate the fair value that is required to be disclosed for financial instruments measured at amortized cost on the balance sheet; and 5) requiring a reporting entity to present separately in other comprehensive income the portion of the total change in the fair value of a liability resulting from a change in instrument-specific credit risk when the organization has elected to measure the liability at fair value in accordance with the fair value option for financial instruments. The update is effective for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. Management believes this update will not have a material impact on its consolidated financial statements and disclosures.

In February 2016, the FASB issued the update “Leases (Topic 842).” Under the update, lessees will be required to recognize the following for all leases (with the exception of short-term leases) at the commencement date:

- A lease liability, which is a lessee’s obligation to make lease payments arising from a lease, measured on a discounted basis; and
- A right-of-use asset, which is an asset that represents the lessee’s right to use, or control the use of, a specified asset for the lease term.

Under the new guidance, lessor accounting is largely unchanged. Certain targeted improvements were made to align, where necessary, lessor accounting with the lessee accounting model and Topic 606, Revenue from Contracts with Customers. Though companies have historically been required to make disclosures regarding leases and of associated contractual obligations, leases (with terms longer than a year) will no longer exist off-balance sheet. Lessees (for capital and operating leases) and lessors (for sales-type, direct financing, and operating leases) must apply a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. The modified retrospective approach would not require any transition accounting for leases that expired before the earliest comparative period presented. Lessees and lessors may not apply a full retrospective transition approach. Early application is permitted. Management of Southwest and the Company currently plans to adopt the update at the required adoption date, which is for interim and annual reporting periods commencing January 1, 2019. Existing leases have been historically documented under traditional leasing arrangements by both segments. Management is in the process of evaluating other types of arrangements that have the potential to meet the definition of a lease under the new standard, and is also in the process of selecting software to efficiently implement the standard for its natural gas operations segment. In January 2018, the FASB issued guidance that allows the election of a practical expedient to not apply the new standard to existing easement contracts that were not previously accounted for as leases under historic guidance. However, companies would still be required to evaluate any new easements entered into after the effective date of the standard to determine if the arrangements should be accounted for as leases. Management is currently evaluating the new and proposed guidance in light of its customary leasing arrangements (and other arrangements in association with the new guidance) to determine the effect the new standard will have on its financial position, results of operations, cash flows, and business processes.

In June 2016, the FASB issued the update “Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments.” The update amends guidance on reporting credit losses for financial assets held at amortized cost basis and available for sale debt securities. For assets held at amortized cost basis, the update eliminates the “probable” threshold for initial recognition of credit losses in current U.S. GAAP and, instead, requires an entity to reflect its current estimate of all expected credit losses. The allowance for credit losses is a valuation account that is deducted from the amortized cost basis of the financial asset to present the net amount expected to be collected. For available for sale debt securities, credit losses should be measured in a manner similar to current U.S. GAAP, however the update will require that credit losses be presented as an allowance rather than as a write-down. This update affects entities holding financial assets and net investment in leases that are not accounted for at fair value through net income. The update affects loans, debt securities, trade receivables, net investments in leases, off-balance sheet credit exposures, reinsurance receivables, and any other financial assets not excluded from the scope that have the contractual right to receive cash. The update is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. All entities may adopt the amendments in this update earlier as of fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. Management is evaluating what impact, if any, this update might have on its consolidated financial statements and disclosures.

In August 2016, the FASB issued the update “Classification of Certain Cash Receipts and Cash Payments.” This update addresses the following specific cash flow issues: debt prepayment or debt extinguishment costs; settlement of zero-coupon debt instruments or other debt instruments with coupon interest rates that are insignificant in relation to the effective interest rate of the borrowing; contingent consideration payments made after a business combination; proceeds from the settlement of insurance claims; proceeds from the settlement of corporate-owned life insurance (“COLI”) policies; distributions received from equity method investees; beneficial interests in securitization transactions; and separately identifiable cash flows, including identification of the predominant nature in cases where cash receipts and payments have aspects of more than one class of cash flows. The update is effective for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. Management believes this update will not have a material impact on its consolidated cash flow statements and disclosures.

In October 2016, the FASB issued the update “Accounting for Income Taxes: Intra-Entity Asset Transfers of Assets Other than Inventory.” This update eliminates the current U.S. GAAP exception for all intra-entity sales of assets other than inventory. As a result, a reporting entity would recognize the tax expense from the sale of the asset in the seller’s tax jurisdiction when the transfer occurs, even though the pre-tax effects of that transaction are eliminated in consolidation. Any deferred tax asset that arises in the buyer’s jurisdiction would also be recognized at the time of the transfer. The update is effective for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. The modified retrospective approach will be required for transition to the new guidance, with a cumulative-effect adjustment recorded in retained earnings as of the beginning of the period of adoption. Management believes this update will not have a material impact on its consolidated financial statements and disclosures.

In January 2017, the FASB issued the update “Intangibles – Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment.” The update eliminates Step 2 from the goodwill impairment test. The annual, or interim, goodwill impairment test is performed by comparing the fair value of a reporting unit with its carrying amount. An impairment charge should be recognized for the amount by which the carrying amount exceeds the reporting unit’s fair value; however, the loss recognized should not exceed the total amount of goodwill allocated to that reporting unit. In addition, income tax effects from any tax-deductible goodwill on the carrying amount of the reporting unit should be considered when measuring the goodwill impairment loss, if applicable. The update also eliminates the requirements for any reporting unit with a zero or negative carrying amount to perform a qualitative assessment and, if it fails that qualitative test, to perform Step 2 of the goodwill impairment test. An entity still has the option to perform the qualitative assessment for a reporting unit to determine if the quantitative impairment test is necessary. The amendments should be applied on a prospective basis. The update is effective for fiscal and interim periods beginning after December 15, 2019. Early adoption is permitted for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017. Management has determined that this update would have had no impact on the consolidated financial statements for the periods presented if it had been effective during those periods.

In March 2017, the FASB issued the update “Compensation – Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost.” The update applies to all employers that offer employee benefits under defined benefit pension plans, other postretirement benefit plans, or other types of benefits accounted for under Topic 715, Compensation – Retirement Benefits. The update requires that an employer report the service cost component in the same line item or items as other compensation costs arising from services rendered by the employees during the period. The other components of net benefit cost are required to be presented in the income statement separately from the service cost component and outside a subtotal of income from operations, and be appropriately described. The update also allows only the service cost

component (and not the other components of periodic benefit costs) to be eligible for capitalization when applicable, making no exception for specialized industries, including rate-regulated industries.

Southwest is a rate-regulated utility offering pension and postretirement benefits to retired employees. It is anticipated that Southwest would continue to request recovery of the total costs of defined benefit plans in rate applications filed with its various regulatory bodies. Rate-regulated entities providing utility and transmission services have historically capitalized a portion of periodic benefit costs (including non-service cost components) in utility infrastructure (for instance, when productive labor is also charged to capital work orders). The portion capitalized has historically been a component of depreciation and related rate development through efforts of companies and their regulatory commissions. The Federal Energy Regulatory Commission ("FERC") regulates interstate transmission pipelines and also establishes, via its Uniform System of Accounts, accounting practices of rate-regulated entities. Accounting guidelines by the FERC are typically also upheld by state commissions. Historically, those guidelines have been generally consistent with guidance in U.S. GAAP (including U.S. GAAP for rate-regulated entities). The FERC has issued guidance that states it will permit an election to either continue to capitalize non-service benefit costs for regulatory reporting purposes or to cease capitalizing such costs and implement the Topic 715 update capitalization provisions "as is," for regulatory purposes. Southwest and the Company will adopt the provisions of Topic 715 for both SEC reporting and regulatory purposes effective January 2018. The estimated non-service costs capitalized as a component of gas plant were estimated to be approximately $3 million during both years ending December 31, 2017 and December 31, 2016. Total non-service costs were approximately $19 million and $20 million during those same periods then ending.

Subsequent Events. Management monitors events occurring after the balance sheet date and prior to the issuance of the financial statements to determine the impacts, if any, of events on the financial statements to be issued or disclosures to be made, and has reflected them where appropriate.

Note 2 – Utility Plant and Leases

Net utility plant as of December 31, 2017 and 2016 was as follows (thousands of dollars):

December 31,	2017	2016
Gas plant:		
Storage	$ 25,019	$ 24,614
Transmission	363,396	349,981
Distribution	5,600,769	5,198,531
General	396,252	382,084
Software and software-related intangibles	230,030	224,260
Other	14,178	14,290
	6,629,644	6,193,760
Less: accumulated depreciation	(2,231,242)	(2,172,966)
Construction work in progress	125,248	111,177
Net utility plant	$ 4,523,650	$ 4,131,971

Utility plant depreciation is computed on the straight-line remaining life method at composite rates considered sufficient to amortize costs over estimated service lives, including components which compensate for removal costs (net of salvage value), and retirements, based on the processes of regulatory proceedings and related regulatory commission approvals and/or mandates. In 2017, annual utility depreciation and amortization expense

averaged 2.9% of the original cost of depreciable and amortizable property. Average rates in 2016 and 2015 approximated 3.6%. Transmission and Distribution plant (combined), associated with core natural gas delivery infrastructure, constitute the majority of gas plant. Annual utility depreciation expense averaged approximately 3.2% of original cost of depreciable transmission and distribution plant during the period 2015 through 2017.

Depreciation and amortization expense on gas plant, including intangibles, was as follows (thousands of dollars):

	2017	2016	2015
Depreciation and amortization expense	$187,075	$214,037	$201,233

Included in the figures above is amortization of utility intangibles of $14.3 million in 2017, $14.8 million in 2016, and $12.7 million in 2015.

Operating Leases and Rentals. Certain office and construction equipment is leased. The majority of these leases are short-term and accounted for as operating leases. For the gas segment, these leases are also treated as operating leases for regulatory purposes. Centuri has various short-term operating leases of equipment and temporary office sites. The table below presents Southwest's and Centuri's rental and lease payments that are included in operating expenses (in thousands):

	2017	2016	2015
Southwest Gas Corporation	$ 4,926	$ 4,357	$ 4,186
Centuri	62,310	53,956	45,849
Consolidated rental payments/lease expense	$67,236	$58,313	$50,035

The following is a schedule of future minimum lease payments for operating leases (with initial or remaining terms in excess of one year) as of December 31, 2017 (thousands of dollars):

	Southwest	Centuri	Consolidated Total
2018	$ 1,538	$ 7,297	$ 8,835
2019	886	7,188	8,074
2020	714	5,157	5,871
2021	627	3,828	4,455
2022	299	3,364	3,663
Thereafter	116	9,530	9,646
Total minimum lease payments	$ 4,180	$36,364	$ 40,544

Capital Leases. Centuri leases certain construction equipment under capital leases arrangements. The amounts associated with capital leases of equipment as of December 31, 2017 and 2016 are as follows (thousands of dollars):

December 31,	2017	2016
Capital leased assets, gross	$ 2,159	$ 3,189
Less: accumulated amortization	(1,000)	(1,172)
Capital leased assets, net	$ 1,159	$ 2,017

The following is a schedule of future minimum lease payments for non-cancelable capital leases (with initial or remaining terms in excess of one year) as of December 31, 2017 (thousands of dollars):

Year Ending December 31,	
2018	$ 709
2019	233
2020	191
2021	—
2022	—
Thereafter	—
	1,133
Less: amount representing interest	(84)
Total minimum lease payments	$1,049

Note 3 – Revenue

In May 2014, the FASB issued the update “Revenue from Contracts with Customers (Topic 606).” The update replaces much of the current guidance regarding revenue recognition including most industry-specific guidance. The Company adopted the update on January 1, 2018 using the modified retrospective transition method. Management of both segments of the Company completed assessments of sources of revenue and the effects that adoption of the new guidance will have on the Company’s (and Southwest’s in the case of utility operations) financial position, results of operations, and cash flows. Based on these assessments, such impacts were not material overall. Presentation and disclosure requirements of the new guidance will have the most impact on the financial statements and note disclosures during the first quarter of 2018.

The following information about the Company’s revenues is presented by segment. Southwest consists of only one segment – natural gas operations. For more information regarding reportable segments, see **Note 15 – Segment Information**.

Natural Gas Operations Segment:

Southwest is engaged in the business of purchasing, distributing, and transporting natural gas for customers in portions of Arizona, Nevada, and California. Public utility rates, practices, facilities, and service territories of Southwest are subject to regulatory oversight. Southwest generally has two types of sales to its customers: tariff sales and transportation–only service. Tariff sales encompass sales to many types of customers (residential customers primarily) under various rate schedules, subject to cost-of-service ratemaking, which is based on the rate-regulation of state commissions and the Federal Energy Regulatory Commission. Those commissions determine generally all important terms of service, which are memorialized in our tariffs, and in some cases, in state statutes. Those tariffs and statutes have been determined to effectively comprise customer contract terms from an accounting perspective. Southwest provides both the commodity and the related distribution thereof to nearly all of its approximate 2 million customers, and only several hundred customers (who are eligible to secure their own gas) subscribe to transportation-only service. Also, only a few hundred customers have contracts covered by stated periods. Therefore, most all can terminate at their election. Southwest recognizes revenue when it satisfies its performance requirement by transferring volumes of gas to the customer. Natural gas is delivered and consumed by the customer simultaneously. Recognition is appropriate in any given month for natural gas service both through the meter-read date and, to the extent a customer consumes gas or takes service after the meter-read date, through the end of the month (not yet billed).

Similar to tariff sales (which include the provision of the commodity and transportation service), transportation-only service is governed by tariff rate provisions. Transportation-only service is generally only available to very large customers under requirements of Southwest's various tariffs. With this service, customers secure their own gas supply and Southwest provides transportation services to move the customer commodity to the intended location.

Southwest occasionally enters into negotiated rate contracts for customers located in proximity to another pipeline, which, thereby pose a bypass threat. Southwest can also enter into such contracts for potential customers that may be able to otherwise satisfy their energy needs by means of alternative fuel to natural gas. Less than two dozen customers are party to contracts with rate components subject to negotiation. Many rate provisions and terms of service for these less common types of contracts are also subject to regulatory oversight and tariff provisions.

Revenues also include the net impacts of margin tracker/decoupling accruals. All of Southwest's service territories have decoupled rate structures (also referred to as alternative revenue programs) that are designed to eliminate the direct link between volumetric sales and revenue, thereby mitigating the impacts of unusual weather variability and conservation on margin. The primary alternative revenue programs involve permissible adjustments for differences between stated tariff benchmarks and amounts billable through revenue from contracts with customers via existing rates. Such adjustments are currently recognized by entries to revenue and the associated regulatory asset/liability. See **Note 5 – Regulatory Assets and Liabilities**.

Construction Services Segment:

Centuri derives revenue from the installation, replacement, repair, and maintenance of energy distribution systems, and in developing industrial construction solutions. Centuri has operations in the U.S. and Canada. The majority of Centuri's revenues are related to construction contracts for natural gas pipeline replacement and installation work for natural gas utilities. In addition, Centuri performs certain industrial construction activities for various customers and industries. Centuri has two types of agreements with its customers: master services agreements ("MSA") and bid contracts. Most of Centuri's customers supply many of their own materials in order for Centuri to complete its work under the contracts

An MSA is an agreement that identifies most of the terms describing each party's rights and obligations that will govern future work authorizations. An MSA is often effective for a period of two to seven years at a time. A work authorization is required to be issued by the customer in order for each party to fully know its rights and obligations. The work authorization will describe the location, timing and any additional information necessary to complete the work for the customer. Each work authorization references the terms and conditions included in the MSA. As such, the combination of the MSA and the work authorization is when a contract exists and revenue recognition may begin.

A bid contract is typically a one-time agreement for a specific project that has all necessary terms defining each party's rights and obligations. Bid contracts have terms and conditions that vary from contract to contract. As such, each bid contract is evaluated for revenue recognition individually. Control of assets created under bid contracts generally passes to the customer over time and the customer either simultaneously receives and consumes the benefits provided by performance (i.e. when services are provided), or performance creates or enhances an asset the customer controls (i.e. when goods are provided).

Centuri's MSA and bid contracts are characterized as either fixed-price contracts or unit-price contracts for revenue recognition purposes.

Centuri categorizes work performed under MSAs and bid contracts into three primary service types: replacement gas construction, new gas construction, and other construction. Replacement gas construction includes work involving previously existing gas pipelines requiring replacement for any reason, including due to pipe defect, age or replacement with preferred materials. New gas construction involves the installation of new pipelines or service lines to areas that do not already have gas services. Other construction includes all other work and can include industrial construction, water infrastructure construction, electric infrastructure construction, etc.

Actual revenues and project costs can vary, sometimes substantially, from previous estimates due to changes in a variety of factors including unforeseen circumstances not originally contemplated (including at times events not covered by its contracts) preventing it from obtaining adequate compensation. These circumstances can include concealed or unknown environmental conditions; changes in the cost of equipment, commodities, materials or labor; unanticipated costs or claims due to customer-caused delays, customer failure to provide required materials or equipment, errors in engineering, specifications or designs, project modifications, or contract termination and Centuri's inability to obtain reimbursement for such costs or recover claims; weather conditions; and quality issues requiring rework or replacement. These factors, along with other risks inherent in performing fixed-price contracts may cause actual revenues and gross profit for a project to differ from previous estimates and could result in reduced profitability or losses on projects. Changes in these factors may result in revisions to costs and earnings, the impacts for which are recognized in the period in which the changes are identified; once identified, these types of conditions continue to be evaluated for each project throughout the project term, and ongoing revisions in management's estimates of contract value, contract cost, and contract profit are recognized as necessary in the period determined.

Contracts can have compensation/consideration that is variable. For MSAs, variable consideration is evaluated at the customer level as the terms creating variability in pricing are included within the MSA and are not specific to a work authorization. For multi-year MSAs, the variable consideration items are typically determined for each year of the contract and not for the full contract term. For bid contracts, variable consideration is evaluated at the individual contract level. The expected value method or most likely amount method is used based on the nature of the variable consideration. Types of variable consideration include liquidated damages, delay penalties (payable to or receivable from the customer), performance incentives, safety bonuses, payment discounts, and volume rebates. Centuri will typically estimate variable consideration and adjust financial information as necessary.

Change orders involve the modification in scope, price, or both to the current contract, requiring approval by both parties. The existing terms of the contract continue to be accounted until such time as a change order is approved. Once approved, the change order is either treated as a separate contract or as part of the existing contract as appropriate under the circumstances. When the scope is agreed upon in the change order but not the price, Centuri estimates the change to the transaction price.

Note 4 – Receivables and Related Allowances

Business activity with respect to gas utility operations is conducted with customers located within the three-state region of Arizona, Nevada, and California. The table below contains information about the gas utility customer accounts receivable balance (net of allowance) at December 31, 2017 and 2016, and the percentage of customers in each of the three states.

	December 31, 2017	December 31, 2016
Gas utility customer accounts receivable balance (in thousands)	$ 119,444	$ 111,320

	December 31, 2017
Percent of customers by state	
Arizona	53%
Nevada	37%
California	10%

Although Southwest seeks to minimize its credit risk related to utility operations by requiring security deposits from new customers, imposing late fees, and actively pursuing collection on overdue accounts, some accounts are ultimately not collected. Customer accounts are subject to collection procedures that vary by jurisdiction (late fee assessment, noticing requirements for disconnection of service, and procedures for actual disconnection and/or reestablishment of service). After disconnection of service, accounts are generally written off approximately one month after inactivation. Dependent upon the jurisdiction, reestablishment of service requires both payment of previously unpaid balances and additional deposit requirements. Provisions for uncollectible accounts are recorded monthly based on experience, customer and rate composition, and write-off processes. They are included in the ratemaking process as a cost of service. The Nevada jurisdictions have a regulatory mechanism associated with the gas cost-related portion of uncollectible accounts. Such amounts are deferred and collected through a surcharge in the ratemaking process. Activity in the allowance account for uncollectibles is summarized as follows (thousands of dollars):

	Allowance for Uncollectibles
Balance, December 31, 2014	$ 2,255
Additions charged to expense	4,113
Accounts written off, less recoveries	(4,098)
Balance, December 31, 2015	2,270
Additions charged to expense	3,264
Accounts written off, less recoveries	(3,010)
Balance, December 31, 2016	2,524
Additions charged to expense	2,310
Accounts written off, less recoveries	(2,723)
Balance, December 31, 2017	$ 2,111

At December 31, 2017, the construction services segment (Centuri) had $227.6 million in customer accounts receivable. Both the allowance for uncollectibles and write-offs related to Centuri customers have been insignificant and are not reflected in the table above.

Note 5 – Regulatory Assets and Liabilities

Southwest is subject to the regulation of the Arizona Corporation Commission (“ACC”), the Public Utilities Commission of Nevada (“PUCN”), the California Public Utilities Commission (“CPUC”), and the Federal Energy Regulatory Commission (“FERC”). Accounting policies of Southwest conform to U.S. GAAP applicable to rate-regulated entities and reflect the effects of the ratemaking process. Accounting treatment for rate-regulated

entities allows for deferral as regulatory assets, costs that otherwise would be expensed, if it is probable that future recovery from customers will occur. If rate recovery is no longer probable, due to competition or the actions of regulators, Southwest is required to write-off the related regulatory asset. Regulatory liabilities are recorded if it is probable that revenues will be reduced for amounts that will be credited to customers through the ratemaking process.

The following table represents existing regulatory assets and liabilities (thousands of dollars):

December 31,	2017	2016
Regulatory assets:		
Accrued pension and other postretirement benefit costs (1)	$ 391,403	$ 379,063
Unrealized net loss on non-trading derivatives (Swaps) (2)	5,780	—
Deferred purchased gas costs (3)	14,581	2,608
Accrued purchased gas costs (4)	17,000	37,100
Unamortized premium on reacquired debt (5)	20,913	21,975
Accrued absence time (10)	13,870	13,440
Other (6)	68,351	23,557
	531,898	477,743
Regulatory liabilities:		
Deferred purchased gas costs (3)	(6,841)	(90,476)
Accumulated removal costs	(315,000)	(308,000)
Unrealized net gain on non-trading derivatives (Swaps) (2)	—	(4,377)
Unamortized gain on reacquired debt (7)	(9,253)	(9,789)
Regulatory excess deferred taxes and gross -up (8)	(433,908)	(6,593)
Other (9)	(33,184)	(18,066)
Net regulatory assets (liabilities)	$(266,288)	$ 40,442

(1) Included in Deferred charges and other assets on the Consolidated Balance Sheets. Recovery period is greater than five years. (See **Note 11 – Pension and Other Postretirement Benefits**).

(2) The following table details the regulatory assets/(liabilities) offsetting the derivatives (Swaps) at fair value in the Consolidated Balance Sheets (thousands of dollars). The actual amounts, when realized at settlement, become a component of purchased gas costs under Southwest's purchased gas adjustment ("PGA") mechanisms. (See **Note 14 – Derivatives and Fair Value Measurements**).

Instrument	Balance Sheet Location	2017	2016
Swaps	Deferred charges and other assets	$1,323	$ —
Swaps	Prepaids and other current assets	4,457	—
Swaps	Other current liabilities	—	(3,532)
Swaps	Other deferred credits	—	(845)

(3) Balance recovered or refunded on an ongoing basis with interest.

(4) Included in Prepaids and other current assets on the Consolidated Balance Sheets. Balance recovered or refunded on an ongoing basis.

(5) Included in Deferred charges and other assets on the Consolidated Balance Sheets. Recovered over life of debt instruments.

(6) The following table details the components of Other regulatory assets which are included in either Prepaids and other current assets or Deferred charges and other assets on the Consolidated Balance Sheets (as indicated). Recovery periods vary. Margin tracking/decoupling mechanisms are alternative revenue programs and revenue associated with under-collections (for the difference between authorized margin levels and amounts billed to customers through rates currently) are recognized as revenue so long as recovery is expected to take place within 24 months.

Other Regulatory Assets	2017	2016
State mandated public purpose programs (including low income and conservation programs) (a) (e)	$ 4,832	$ 7,096
Margin and interest-tracking accounts (a) (e)	42,354	3,517
Infrastructure replacement programs and similar (b) (e)	9,627	6,976
Environmental compliance programs (c) (e)	9,702	4,329
Other (d)	1,836	1,639
	$68,351	$23,557

a) Included in Prepaids and other current assets on the Consolidated Balance Sheets. See *Prepaids and other current assets* in **Note 1 – Summary of Significant Accounting Policies**.

b) Included in Deferred charges and other assets on the Consolidated Balance Sheets.

c) 2017 included in Prepaids and other current assets on the Consolidated Balance Sheets ($9.2 million) and Deferred charges and other assets on the Consolidated Balance Sheets ($527,000); 2016 included in Prepaids and other current assets on the Consolidated Balance Sheets ($3.8 million) and Deferred charges and other assets on the Consolidated Balance Sheets ($500,000).

d) 2017 included in Prepaids and other current assets on the Consolidated Balance Sheets ($531,000) and Deferred charges and other assets on the Consolidated Balance Sheets ($1.3 million); 2016 included in Prepaids and other current assets on the Consolidated Balance Sheets ($622,000) and Deferred charges and other assets on the Consolidated Balance Sheets ($1 million).

e) Balance recovered or refunded on an ongoing basis, generally with interest.

(7) Included in Other deferred credits and other long-term liabilities on the Consolidated Balance Sheets. Amortized over life of debt instruments.

(8) The Tax Cuts and Jobs Act required a remeasurement and reduction of the net deferred income tax liability. The reduction (excess deferred taxes) became a regulatory liability with appropriate tax gross-up. The excess deferred taxes reduce rate base. The tax benefit will be returned to utility customers in accordance with regulatory requirements. Included in Other deferred credits and other long-term liabilities on the Consolidated Balance Sheets.

(9) The following table details the components of Other regulatory liabilities which are included in either Other current liabilities or Other deferred credits and other long-term liabilities on the Consolidated Balance Sheets (as indicated).

Other Regulatory Liabilities	2017	2016
State mandated public purpose programs (including low income and conservation programs) (a) (e)	$(10,213)	$ (7,101)
Margin, interest- and property tax-tracking accounts (b) (e)	(9,505)	(3,668)
Environmental compliance programs (a) (e)	(8,574)	(4,469)
Regulatory accounts for differences related to pension funding (c)	(3,178)	(2,284)
Other (d) (e)	(1,714)	(544)
	$(33,184)	$(18,066)

a) Included in Other current liabilities on the Consolidated Balance Sheets.
b) 2017 included in Other current liabilities ($6.6 million) and Other deferred credits and other long-term liabilities ($2.9 million) on the Consolidated Balance Sheets; 2016 included in Other current liabilities on the Consolidated Balance Sheets.
c) Included in Other deferred credits and other long-term liabilities on the Consolidated Balance Sheets.
d) 2017 included in Other current liabilities on the Consolidated Balance Sheets ($1.7 million) and in Other deferred credits and other long-term liabilities on the Consolidated Balance Sheets ($9,000); 2016 included in Other current liabilities on the Consolidated Balance Sheets ($536,000) and in Other deferred credits and other long-term liabilities on the Consolidated Balance Sheets ($8,000).
e) Balance recovered or refunded on an ongoing basis, generally with interest.

(10) Regulatory recovery occurs on a one-year lag basis through the labor loading process.

Note 6 – Other Comprehensive Income and Accumulated Other Comprehensive Income ("AOCI")

The following information provides insight into amounts impacting Other Comprehensive Income (Loss), both before and after-tax, within the Consolidated Statements of Comprehensive Income, which also impact Accumulated Other Comprehensive Income in the Consolidated Balance Sheets and Consolidated Statements of Equity of the Company and Southwest.

Related Tax Effects Allocated to Each Component of Other Comprehensive Income (Loss)

(Thousands of dollars)	2017			2016			2015		
	Before-Tax Amount	Tax (Expense) or Benefit (1)	Net-of-Tax Amount	Before-Tax Amount	Tax (Expense) or Benefit (1)	Net-of-Tax Amount	Before-Tax Amount	Tax (Expense) or Benefit (1)	Net-of-Tax Amount
Defined benefit pension plans:									
Net actuarial gain/(loss)	$(43,027)	$ 10,326	$(32,701)	$(22,770)	$ 8,652	$(14,118)	$(30,519)	$ 11,597	$(18,922)
Amortization of prior service cost	1,335	(507)	828	1,335	(507)	828	1,335	(507)	828
Amortization of net actuarial (gain)/loss	25,445	(9,669)	15,776	27,066	(10,285)	16,781	34,381	(13,065)	21,316
Regulatory adjustment	12,340	250	12,590	(5,584)	2,122	(3,462)	(5,646)	2,146	(3,500)
Pension plans other comprehensive income (loss)	(3,907)	400	(3,507)	47	(18)	29	(449)	171	(278)
Forward-starting interest rate swaps ("FSIRS") (designated hedging activities):									
Amounts reclassified into net income	3,344	(1,271)	2,073	3,345	(1,270)	2,075	3,344	(1,271)	2,073
FSIRS other comprehensive income (loss)	3,344	(1,271)	2,073	3,345	(1,270)	2,075	3,344	(1,271)	2,073
Total other comprehensive income (loss) – Southwest Gas Corporation	(563)	(871)	(1,434)	3,392	(1,288)	2,104	2,895	(1,100)	1,795
Foreign currency translation adjustments:									
Translation adjustments	1,771	—	1,771	161	—	161	(1,954)	—	(1,954)
Foreign currency other comprehensive income (loss)	1,771	—	1,771	161	—	161	(1,954)	—	(1,954)
Total other comprehensive income (loss) – Southwest Gas Holdings, Inc.	$ 1,208	$ (871)	$ 337	$ 3,553	$ (1,288)	$ 2,265	$ 941	$ (1,100)	$ (159)

(1) Tax amounts related to existing before-tax balances accumulating prior to the enactment of the U.S. tax reform changes of the TCJA were estimated using a 38% effective rate. Tax amounts related to before-tax balances accumulating after the enactment date were estimated using a 24% effective rate. Management previously asserted and continues to assert that all of the earnings of Centuri's Canadian subsidiaries will be permanently reinvested in Canada. As a result, no U.S. deferred income taxes have been recorded for foreign earnings. Therefore, foreign currency translation adjustments are reflected in other comprehensive income with no associated U.S. deferred income tax adjustment.

With regard to the table above, and the roll-forward tables below, management recognizes tax impacts (associated with underlying before-tax amounts in AOCI) in both AOCI and in Deferred income taxes and investment tax credits, net on its balance sheets. U.S. tax reform of the TCJA was enacted on December 22, 2017. U.S. GAAP requires that deferred tax assets and liabilities be adjusted to reflect the effects of a change in tax laws and rates, and also requires that the effect be included in income from continuing operations for the period of enactment. As a result, when deferred tax balances on the balance sheet for the period ending December 31, 2017 were remeasured as a result of the TCJA to reflect the change in enacted rates, those adjustments were also reflected in income tax expense on the Consolidated Statements of Income, as required.

The estimated amounts that will be amortized from accumulated other comprehensive income or regulatory assets into net periodic benefit cost over the next year are summarized below (in thousands):

Retirement plan net actuarial loss	$32,000
SERP net actuarial loss	1,500
PBOP prior service cost	1,300

Approximately $2.1 million of realized losses (net of tax) related to the FSIRS, included in AOCI at December 31, 2017, will be reclassified into interest expense within the next twelve months as the related interest payments on long-term debt occur.

The following table represents a rollforward of AOCI, presented on the Company's Consolidated Balance Sheets and its Consolidated Statements of Equity:

AOCI—Rollforward
(Thousands of dollars)

	Defined Benefit Plans (Note 11)			FSIRS (Note 14)			Foreign Currency Items			
	Before-Tax	Tax (Expense) Benefit (4)	After-Tax	Before-Tax	Tax (Expense) Benefit (4)	After-Tax	Before-Tax	Tax (Expense) Benefit	After-Tax	AOCI
Beginning Balance AOCI December 31, 2016	$ (57,613)	$ 21,893	$(35,720)	$(15,999)	$ 6,080	$ (9,919)	$(2,369)	$ —	$ (2,369)	$(48,008)
Net actuarial gain/(loss)	(43,027)	10,326	(32,701)	—	—	—	—	—	—	(32,701)
Translation adjustments	—	—	—	—	—	—	1,771	—	1,771	1,771
Other comprehensive income before reclassifications	(43,027)	10,326	(32,701)	—	—	—	1,771	—	1,771	(30,930)
FSIRS amounts reclassified from AOCI (1)	—	—	—	3,344	(1,271)	2,073	—	—	—	2,073
Amortization of prior service cost (2)	1,335	(507)	828	—	—	—	—	—	—	828
Amortization of net actuarial loss (2)	25,445	(9,669)	15,776	—	—	—	—	—	—	15,776
Regulatory adjustment (3)	12,340	250	12,590	—	—	—	—	—	—	12,590
Net current period other comprehensive income (loss)	(3,907)	400	(3,507)	3,344	(1,271)	2,073	1,771	—	1,771	337
Less: Translation adjustment attributable to redeemable noncontrolling interest	—	—	—	—	—	—	11	—	11	11
Net current period other comprehensive income (loss) attributable to Southwest Gas Holdings, Inc.	(3,907)	400	(3,507)	3,344	(1,271)	2,073	1,760	—	1,760	326
Ending Balance AOCI December 31, 2017	$ (61,520)	$ 22,293	$(39,227)	$(12,655)	$ 4,809	$ (7,846)	$ (609)	$ —	$ (609)	$(47,682)

(1) The FSIRS reclassification amounts are included in the Net interest deductions line item on the Consolidated Statements of Income. Tax amounts related to FSIRS balances were estimated using a 38% effective rate. See also discussion above regarding the enactment of the TCJA.

(2) These AOCI components are included in the computation of net periodic benefit cost (see **Note 11 – Pension and Other Postretirement Benefits** for additional details).

(3) The regulatory adjustment represents the portion of the activity above that is expected to be recovered through rates in the future (the related regulatory asset is included in the Deferred charges and other assets line item on the Consolidated Balance Sheets).

(4) Tax amounts related to existing before-tax balances accumulating prior to the enactment of the U.S. tax reform changes of the TCJA for both Defined Benefit Plans and FSIRS were estimated using a 38% effective rate. Tax amounts related to before-tax balances accumulated after the enactment date were estimated using a 24% effective rate.

The following table represents a rollforward of AOCI, presented on Southwest's Consolidated Balance Sheets:

AOCI—Rollforward
(Thousands of dollars)

	Defined Benefit Plans (Note 11)			FSIRS (Note 14)			
	Before-Tax	Tax (Expense) Benefit (4)	After-Tax	Before-Tax	Tax (Expense) Benefit (8)	After-Tax	AOCI
Beginning Balance AOCI December 31, 2016	$ (57,613)	$ 21,893	$(35,720)	$(15,999)	$ 6,080	$ (9,919)	$(45,639)
Net actuarial gain/(loss)	(43,027)	10,326	(32,701)	—	—	—	(32,701)
Other comprehensive income before reclassifications	(43,027)	10,326	(32,701)	—	—	—	(32,701)
FSIRS amounts reclassified from AOCI (5)	—	—	—	3,344	(1,271)	2,073	2,073
Amortization of prior service cost (6)	1,335	(507)	828	—	—	—	828
Amortization of net actuarial loss (6)	25,445	(9,669)	15,776	—	—	—	15,776
Regulatory adjustment (7)	12,340	250	12,590	—	—	—	12,590
Net current period other comprehensive income (loss) attributable to Southwest Gas Corporation	(3,907)	400	(3,507)	3,344	(1,271)	2,073	(1,434)
Ending Balance AOCI December 31, 2017	$ (61,520)	$ 22,293	$(39,227)	$(12,655)	$ 4,809	$ (7,846)	$(47,073)

(5) The FSIRS reclassification amounts are included in the Net interest deductions line item on the Consolidated Statements of Income. Tax amounts related to FSIRS balances were estimated using a 38% effective rate. See also discussion above regarding the enactment of the TCJA.
(6) These AOCI components are included in the computation of net periodic benefit cost (see **Note 11 – Pension and Other Postretirement Benefits** for additional details).
(7) The regulatory adjustment represents the portion of the activity above that is expected to be recovered through rates in the future (the related regulatory asset is included in the Deferred charges and other assets line item on the Consolidated Balance Sheets).
(8) Tax amounts related to existing before-tax balances accumulating prior to the enactment of the U.S. tax reform changes of the TCJA for both Defined Benefit Plans and FSIRS were estimated using a 38% effective rate. Tax amounts related to before-tax balances accumulating after the enactment date were estimated using a 24% effective rate.

The following table represents amounts (before income tax impacts) included in Accumulated other comprehensive income (in the table above), that have not yet been recognized in net periodic benefit cost as of December 31, 2017 and 2016:

Amounts Recognized in AOCI (Before Tax)
(Thousands of dollars)

	2017	2016
Net actuarial (loss) gain	$(448,555)	$(430,973)
Prior service cost	(4,368)	(5,703)
Less: amount recognized in regulatory assets	391,403	379,063
Recognized in AOCI	$ (61,520)	$ (57,613)

See **Note 11 – Pension and Other Postretirement Benefits** for more information on the defined benefit pension plans and **Note 14 – Derivatives and Fair Value Measurements** for more information on the FSIRS.

Note 7 – Common Stock

In January 2017, the holding company reorganization was made effective and each outstanding share of Southwest Gas Corporation common stock was converted into a share of common stock in Southwest Gas Holdings, Inc., on a one-for-one basis. The ticker symbol of the stock, “SWX,” remained unchanged, and Southwest Gas Corporation became a wholly owned subsidiary of Southwest Gas Holdings, Inc.

On March 29, 2017, the Company filed with the Securities and Exchange Commission (“SEC”) an automatic shelf registration statement on Form S-3 (File No. 333-217018), which became effective upon filing, for the offer and sale of up to $150 million of common stock from time to time in at-the-market offerings under the prospectus included therein and in accordance with the Sales Agency Agreement, dated March 29, 2017, between the Company and BNY Mellon Capital Markets, LLC (the “Equity Shelf Program”). During the quarter ended December 31, 2017, the Company sold, through the continuous equity offering program with BNY Mellon Capital Markets, LLC as agent, an aggregate of 358,630 shares of the Company’s common stock in the open market at a weighted average price of $83.65 per share, resulting in proceeds to the Company of $29,699,923, net of $299,999 in agent commissions. During the twelve months ended December 31, 2017, the Company sold, through the continuous equity offering program with BNY Mellon Capital Markets, LLC as agent, an aggregate of 505,707 shares of the Company’s common stock in the open market at a weighted average price of $82.61 per share, resulting in proceeds to the Company of $41,359,027, net of $417,768 in agent commissions. As of December 31, 2017, the Company had up to $108,223,205 of common stock available for sale under the program. Net proceeds from the sale of shares of common stock under the Equity Shelf Program are intended for general corporate purposes, including the acquisition of property for the construction, completion, extension or improvement of pipeline systems and facilities located in and around the communities served by Southwest. Net proceeds during the twelve months ended December 31, 2017 were contributed to, and reflected in the records of, Southwest (as a capital contribution from the parent holding company).

During 2017, the Company issued approximately 103,000 shares of common stock through the Restricted Stock/Unit Plan, and Management Incentive Plan.

Note 8 – Long-Term Debt

Carrying amounts of long-term debt and related estimated fair values as of December 31, 2017 and December 31, 2016 are disclosed in the following table. Southwest’s revolving credit facility (including commercial paper) and the variable-rate Industrial Development Revenue Bonds (“IDRBs”) approximate their carrying values, as they are repaid quickly (in the case of credit facility borrowings) and have interest rates that reset frequently. These are categorized as Level 1 due to Southwest’s ability to access similar debt arrangements at measurement dates with comparable terms, including variable/market rates. The fair values of Southwest’s debentures, senior notes, and fixed-rate IDRBs were determined utilizing a market-based valuation approach, where fair values are determined based on evaluated pricing data, such as broker quotes and yields for similar securities adjusted for observable differences. Significant inputs used in the valuation generally include benchmark yield curves, credit ratings and issuer spreads. The external credit rating, coupon rate, and maturity of each security are considered in the valuation, as applicable. The fair values of debentures and fixed-rate IDRBs are categorized as Level 2 (observable market inputs based on market prices of similar securities). The Centuri secured revolving credit and term loan facility and Centuri other debt obligations (not actively traded) are categorized as Level 3, based on significant unobservable inputs to their fair values. Because Centuri’s debt is not publicly traded, fair values for the secured revolving credit and term loan facility and other debt obligations were based on a conventional discounted cash

flow methodology and utilized current market pricing yield curves, across Centuri's debt maturity spectrum, of other industrial bonds with an assumed credit rating comparable to the Company's.

	December 31, 2017		December 31, 2016	
	Carrying Amount	Market Value	Carrying Amount	Market Value
(Thousands of dollars)				
Southwest Gas Corporation:				
Debentures:				
Notes, 4.45%, due 2020	$ 125,000	$129,273	$ 125,000	$129,703
Notes, 6.1%, due 2041	125,000	158,304	125,000	149,734
Notes, 3.875%, due 2022	250,000	256,163	250,000	254,900
Notes, 4.875%, due 2043	250,000	283,243	250,000	266,793
Notes, 3.8%, due 2046	300,000	302,970	300,000	283,029
8% Series, due 2026	75,000	96,063	75,000	94,691
Medium-term notes, 7.59% series, due 2017	—	—	25,000	25,040
Medium-term notes, 7.78% series, due 2022	25,000	28,714	25,000	29,290
Medium-term notes, 7.92% series, due 2027	25,000	31,542	25,000	31,905
Medium-term notes, 6.76% series, due 2027	7,500	8,882	7,500	8,769
Unamortized discount and debt issuance costs	(9,350)		(9,931)	
	1,173,150		1,197,569	
Revolving credit facility and commercial paper	150,000	150,000	5,000	5,000
Industrial development revenue bonds:				
Variable-rate bonds:				
Tax-exempt Series A, due 2028	50,000	50,000	50,000	50,000
2003 Series A, due 2038	50,000	50,000	50,000	50,000
2008 Series A, due 2038	50,000	50,000	50,000	50,000
2009 Series A, due 2039	50,000	50,000	50,000	50,000
Unamortized discount and debt issuance costs	(2,119)		(2,489)	
	197,881		197,511	
Less: current maturities	—		(25,000)	
Long-term debt, less current maturities – Southwest Gas Corporation	$1,521,031		$1,375,080	
Centuri:				
Centuri term loan facility	199,578	207,588	$ 106,700	106,819
Unamortized debt issuance costs	(1,111)		(516)	
	198,467		106,184	
Centuri secured revolving credit facility	56,472	56,525	41,185	41,292
Centuri other debt obligations	47,952	48,183	52,635	52,840
Less: current maturities	(25,346)		(25,101)	
Long-term debt, less current maturities – Centuri	$ 277,545		$ 174,903	
Consolidated Southwest Gas Holdings, Inc.:				
Southwest Gas Corporation long-term debt	$1,521,031		$1,400,080	
Centuri long-term debt	302,891		200,004	
Less: current maturities	(25,346)		(50,101)	
Long-term debt, less current maturities – Southwest Gas Holdings, Inc.	$1,798,576		$1,549,983	

In March 2017, Southwest amended its credit facility, increasing the borrowing capacity from $300 million to $400 million. Also, the facility was previously scheduled to expire in March 2021, but was extended to March 2022. Southwest continues to designate $150 million of capacity related to the facility as long-term debt and has designated the remaining $250 million for working capital purposes. Interest rates for the credit facility are calculated at either the London Interbank Offered Rate ("LIBOR") or an "alternate base rate," plus in each case an applicable margin that is determined based on the Southwest's senior unsecured debt rating. At December 31, 2017, the applicable margin is 1% for loans bearing interest with reference to LIBOR and 0% for loans bearing interest with reference to the alternative base rate. At December 31, 2017, $150 million was outstanding on the long-term portion of the credit facility, $50 million of which was in commercial paper (see commercial paper program discussion below). The effective interest rate on the long-term portion of the credit facility was 2.34% at December 31, 2017. Borrowings under the credit facility ranged from none at various times throughout 2017 to a high of $348 million during the fourth quarter of 2017. With regard to the short-term portion of the credit facility, there were $191 million outstanding at December 31, 2017 and no borrowings outstanding at December 31, 2016. (See **Note 9 – Short-Term Debt**).

Southwest has a $50 million commercial paper program. Any issuance under the commercial paper program is supported by Southwest's current revolving credit facility and, therefore, does not represent additional borrowing capacity. Any borrowing under the commercial paper program will be designated as long-term debt. Interest rates for the program are calculated at the then current commercial paper rate. At December 31, 2017, and as noted above, $50 million was outstanding under the commercial paper program.

In January 2017, Southwest repaid at maturity the $25 million 7.59% medium-term notes, using available cash on hand.

In November 2017, in association with the acquisition of a construction services-related business (refer to **Note 19 – Acquisition of Construction Services Business**), Centuri amended and restated its senior secured revolving credit and term loan facility, increasing the borrowing capacity from $300 million to $450 million. The line of credit portion of the facility increased to $250 million; amounts borrowed and repaid under the revolving credit facility are available to be re-borrowed. The term loan facility portion, which originally had a $150 million limit, was increased to a limit of approximately $200 million. The limit on the term loan facility was reached in November 2017. No further borrowing is permitted under the term loan facility. The $450 million credit and term loan facility expires in November 2022. The updated $450 million revolving credit and term loan facility continues to be secured by substantially all of Centuri's assets except those explicitly excluded under the terms of the agreement (including owned real estate and certain certificated vehicles). Centuri assets securing the facility at December 31, 2017 totaled $614 million.

Interest rates for Centuri's $450 million secured revolving credit and term loan facility are calculated at LIBOR, the Canadian Dealer Offered Rate ("CDOR"), or an alternate base rate or Canadian base rate, plus in each case an applicable margin that is determined based on Centuri's consolidated leverage ratio. The applicable margin ranges from 1.00% to 2.25% for loans bearing interest with reference to LIBOR or CDOR and from 0.00% to 1.25% for loans bearing interest with reference to the alternate base rate or Canadian base rate. Centuri is also required to pay a commitment fee on the unfunded portion of the commitments based on their consolidated leverage ratio. The commitment fee ranges from 0.15% to 0.35% per annum. Borrowings under the secured revolving credit facility ranged from a low of $51 million during March 2017 to a high of $104 million during July 2017. At December 31, 2017 $256 million in borrowings were outstanding under the combined secured revolving credit and term loan facility.

All amounts outstanding are considered long-term borrowings. The effective interest rate on the secured revolving credit and term loan facility was 3.54% at December 31, 2017.

The effective interest rates on Southwest's variable-rate IDRBs are included in the table below:

	December 31, 2017	December 31, 2016
2003 Series A	2.44%	1.47%
2008 Series A	2.59%	1.53%
2009 Series A	2.40%	1.43%
Tax-exempt Series A	2.56%	1.51%

In Nevada, interest fluctuations due to changing interest rates on Southwest's 2003 Series A, 2008 Series A, and 2009 Series A variable-rate IDRBs are tracked and recovered from ratepayers through an interest balancing account.

None of the Company's debt instruments have credit triggers or other clauses that result in default if bond ratings are lowered by rating agencies. Certain debt instruments contain securities ratings covenants that, if set in motion, would increase financing costs. Certain debt instruments also have leverage ratio caps and minimum net worth requirements. At December 31, 2017, the Company is in compliance with all of its covenants. Under the most restrictive of the covenants, approximately $2.1 billion in additional debt could be issued while still meeting the leverage ratio requirement. Relating to the minimum net worth requirement, as of December 31, 2017, there is at least $1 billion of cushion in equity. No specific dividend restrictions exist under the collective covenants.

At December 31, 2017, Southwest is in compliance with all of its covenants. Under the most restrictive of the covenants, approximately $2 billion in additional debt could be issued while still meeting the leverage ratio requirement. Relating to the minimum net worth requirement, as of December 31, 2017, there is at least $1 billion of cushion in equity. No specific dividend restrictions exist under the collective covenants.

Certain Centuri debt instruments have leverage ratio caps and fixed charge ratio coverage requirements. At December 31, 2017, Centuri is in compliance with all of its covenants. Under the most restrictive of the covenants, Centuri could issue over $69 million in additional debt and meet the leverage ratio requirement. Centuri has at least $28 million of cushion relating to the minimum fixed charge ratio coverage requirement. Centuri's revolving credit and term loan facility is secured by underlying assets of the construction services segment. Centuri's covenants limit its ability to provide cash dividends to Southwest Gas Holdings, Inc., its parent. The dividend restriction is equal to a maximum of 50% of its rolling twelve-month consolidated net income.

Estimated maturities of long-term debt for the next five years are (in thousands):

	Southwest	Centuri	Total
2018	$ —	$ 25,346	$ 25,346
2019	—	26,707	26,707
2020	125,000	27,955	152,955
2021	—	25,140	25,140
2022	425,000	194,577	619,577

Note 9 – Short-Term Debt

In March 2017, Southwest Gas Holdings, Inc. entered into a credit facility with a borrowing capacity of $100 million that expires in March 2022. The Company intends to utilize this facility for short-term financing needs. Interest rates for this facility are calculated at either LIBOR or the "alternate base rate," plus in each case an applicable margin

that is determined based on the Company's senior unsecured debt rating. At December 31, 2017, the applicable margin is 1.125% for loans bearing interest with reference to LIBOR and 0.125% for loans bearing interest with reference to the alternative base rate. The effective interest rate on the credit facility was 3.2% at December 31, 2017. Borrowings under the credit facility ranged from none at various times throughout 2017 to a high of $28.5 million during the third quarter of 2017. At December 31, 2017, $23.5 million was outstanding under this facility.

As discussed in **Note 8 – Long-Term Debt**, Southwest has a $400 million credit facility that is scheduled to expire in March 2022, of which $250 million has been designated by management for working capital purposes. Southwest had $191 million of short-term borrowings outstanding at December 31, 2017 and no short-term borrowings outstanding at December 31, 2016.

Note 10 – Commitments and Contingencies

The Company is a defendant in miscellaneous legal proceedings. The Company is also a party to various regulatory proceedings. The ultimate dispositions of these proceedings are not presently determinable; however, it is the opinion of management that no litigation or regulatory proceeding to which the Company is currently subject will have a material adverse impact on its financial position, results of operations, or cash flows.

Southwest maintains liability insurance for various risks associated with the operation of its natural gas pipelines and facilities. In connection with these liability insurance policies, Southwest is responsible for an initial deductible or self-insured retention amount per incident, after which the insurance carriers would be responsible for amounts up to the policy limits. For the policy year August 2017 to July 2018, these liability insurance policies require Southwest to be responsible for the first $1 million (self-insured retention) of each incident plus the first $4 million in aggregate claims above its self-insured retention in the policy year. Through an assessment process, Southwest may determine that certain costs are likely to be incurred in the future related to specific legal matters. In these circumstances and in accordance with accounting policies, Southwest will make an accrual, as necessary.

Note 11 – Pension and Other Postretirement Benefits

An Employees' Investment Plan is offered to eligible employees of Southwest through deduction of a percentage of base compensation, subject to IRS limitations. The Employees' Investment Plan provides for purchases of various mutual fund investments and Company common stock. One-half of amounts deferred by employees are matched, up to a maximum matching contribution of 3.5% of an employee's annual compensation. The cost of the plan is disclosed below (in thousands):

	2017	2016	2015
Employee Investment Plan cost	$5,112	$4,976	$5,072

Centuri has a separate plan, the cost and liability of which are not significant.

A deferred compensation plan is offered to all officers of Southwest and a separate deferred compensation plan for members of the Company's Board of Directors. The plans provide the opportunity to defer up to 100% of annual cash compensation. One-half of amounts deferred by officers are matched, up to a maximum matching contribution of 3.5% of an officer's annual base salary. Upon retirement, payments of compensation deferred, plus interest, are made in equal monthly installments over 10, 15, or 20 years, as elected by the participant. Directors have an additional option to receive such payments over a five-year period. Deferred compensation earns interest at a rate determined each January. The interest rate equals 150% of Moody's Seasoned Corporate Bond Rate Index.

A noncontributory qualified retirement plan with defined benefits covering substantially all Southwest employees is available in addition to a separate unfunded supplemental executive retirement plan (“SERP”) which is limited to Southwest’s officers. Postretirement benefits other than pensions (“PBOP”) are provided to qualified retirees for health care, dental, and life insurance benefits.

The overfunded or underfunded positions of defined benefit postretirement plans, including pension plans, are recognized in the Consolidated Balance Sheets. Any actuarial gains and losses, prior service costs and transition assets or obligations are recognized in Accumulated other comprehensive income under Stockholders’ equity, net of tax, until they are amortized as a component of net periodic benefit cost.

A regulatory asset has been established for the portion of the total amounts otherwise chargeable to accumulated other comprehensive income that are expected to be recovered through rates in future periods. Changes in actuarial gains and losses and prior service costs pertaining to the regulatory asset will be recognized as an adjustment to the regulatory asset account as these amounts are amortized and recognized as components of net periodic pension costs each year.

The qualified retirement plan invests the majority of its plan assets in common collective trusts which includes a well-diversified portfolio of domestic and international equity securities and fixed income securities, which are managed by a professional investment manager appointed by Southwest. The investment manager has full discretionary authority to direct the investment of plan assets held in trust within the specific guidelines prescribed by Southwest through the plan’s investment policy statement. In 2016, Southwest adopted a liability driven investment (“LDI”) strategy for part of the portfolio, a form of investing designed to better match the movement in pension plan assets with the impact of interest rate changes and inflation assumption changes on the pension plan liability. The implementation of the LDI strategy will be phased in over time by using a glide path. The glide path is designed to increase the allocation of the plan’s assets to fixed income securities, as the funded status of the plan increases, in order to more closely match the duration of the plan assets to that of the plan liability. Pension plan assets are held in a Master Trust. The pension plan funding policy is in compliance with the federal government’s funding requirements.

Pension costs for these plans are affected by the amount and timing of cash contributions to the plans, the return on plan assets, discount rates, and by employee demographics, including age, compensation, and length of service. Changes made to the provisions of the plans may also impact current and future pension costs. Actuarial formulas are used in the determination of pension costs and are affected by actual plan experience and assumptions about future experience. Key actuarial assumptions include the expected return on plan assets, the discount rate used in determining the projected benefit obligation and pension costs, and the assumed rate of increase in employee compensation. Relatively small changes in these assumptions, particularly the discount rate, may significantly affect pension costs and plan obligations for the qualified retirement plan. In determining the discount rate, management matches the plan’s projected cash flows to a spot-rate yield curve based on highly rated corporate bonds. Changes to the discount rate from year-to-year, if any, are generally made in increments of 25 basis points.

There was a 75 basis point reduction in the discount rate between years, as reflected below. The methodology utilized to determine the discount rate was consistent with prior years. The weighted-average rate of compensation increase remained the same (consistent with management’s expectations overall). The asset return assumption (which impacts the following year’s expense) remained unchanged. The rates are presented in the table below:

	December 31, 2017	December 31, 2016
Discount rate	3.75%	4.50%
Weighted-average rate of compensation increase	3.25%	3.25%
Asset return assumption	7.00%	7.00%

Pension expense for 2018 is estimated to be greater than that experienced in 2017. Future years' expense level movements (up or down) will continue to be greatly influenced by long-term interest rates, asset returns, and funding levels.

The following table sets forth the retirement plan, SERP, and PBOP funded statuses and amounts recognized on the Consolidated Balance Sheets and Consolidated Statements of Income.

	2017			2016		
(Thousands of dollars)	Qualified Retirement Plan	SERP	PBOP	Qualified Retirement Plan	SERP	PBOP
Change in benefit obligations						
Benefit obligation for service rendered to date at beginning of year (PBO/PBO/APBO)	$ 1,048,353	$ 43,311	$ 73,865	$ 1,044,817	$ 42,720	$ 72,632
Service cost	23,392	309	1,468	22,833	331	1,499
Interest cost	46,083	1,883	3,232	46,027	1,859	3,180
Actuarial loss (gain)	133,017	3,334	(71)	8,550	1,347	(2,060)
Benefits paid	(47,361)	(3,110)	(3,172)	(73,874)	(2,946)	(1,386)
Benefit obligation at end of year (PBO/PBO/APBO)	1,203,484	45,727	75,322	1,048,353	43,311	73,865
Change in plan assets						
Market value of plan assets at beginning of year	738,962	—	48,113	736,880	—	43,584
Actual return on plan assets	144,064	—	7,742	39,956	—	4,818
Employer contributions	36,000	3,110	—	36,000	2,946	—
Benefits paid	(47,361)	(3,110)	(1,247)	(73,874)	(2,946)	(289)
Market value of plan assets at end of year	871,665	—	54,608	738,962	—	48,113
Funded status at year end	$ (331,819)	$(45,727)	$(20,714)	$ (309,391)	$(43,311)	$(25,752)
Weighted-average assumptions (benefit obligation)						
Discount rate	3.75%	3.75%	3.75%	4.50%	4.50%	4.50%
Weighted-average rate of compensation increase	3.25%	3.25%	N/A	3.25%	3.25%	N/A

Estimated funding for the plans above during calendar year 2018 is approximately $47 million, of which $44 million pertains to the retirement plan. Management monitors plan assets and liabilities and could, at its discretion,

increase plan funding levels above the minimum in order to achieve a desired funded status and avoid or minimize potential benefit restrictions.

The accumulated benefit obligation for the retirement plan and the SERP is presented below (in thousands):

	December 31, 2017	December 31, 2016
Retirement plan	$ 1,088,203	$ 939,002
SERP	44,343	40,852

Benefits expected to be paid for pension, SERP, and PBOP over the next 10 years are as follows (in millions):

	2018	2019	2020	2021	2022	2023-2027
Pension	$51.0	$52.2	$53.6	$55.1	$56.6	$308.3
SERP	3.0	3.0	3.0	2.9	2.9	14.1
PBOP	4.1	4.2	4.3	4.3	4.2	19.6

No assurance can be made that actual funding and benefits paid will match these estimates.

For PBOP measurement purposes, the per capita cost of the covered health care benefits medical rate trend assumption is 6.5% declining to 4.5%. Fixed contributions are made for health care benefits of employees who retire after 1988, but Southwest pays all covered health care costs for employees who retired prior to 1989. The medical trend rate assumption noted above applies to the benefit obligations of pre-1989 retirees only.

Components of net periodic benefit cost

	Qualified Retirement Plan			SERP			PBOP		
	2017	2016	2015	2017	2016	2015	2017	2016	2015
(Thousands of dollars)									
Service cost	$ 23,392	$ 22,833	$ 25,123	$ 309	$ 331	$ 320	$ 1,468	$ 1,499	$ 1,641
Interest cost	46,083	46,027	44,229	1,883	1,859	1,695	3,232	3,180	2,999
Expected return on plan assets	(55,196)	(56,558)	(57,808)	—	—	—	(3,358)	(3,149)	(3,464)
Amortization of prior service cost	—	—	—	—	—	—	1,335	1,335	1,335
Amortization of net actuarial loss	24,004	25,266	32,743	1,441	1,383	1,293	—	417	345
Net periodic benefit cost	$ 38,283	$ 37,568	$ 44,287	$3,633	$3,573	$3,308	$ 2,677	$ 3,282	$ 2,856
Weighted-average assumptions (net benefit cost)									
Discount rate	4.50%	4.50%	4.25%	4.50%	4.50%	4.25%	4.50%	4.50%	4.25%
Expected return on plan assets	7.00%	7.25%	7.75%	N/A	N/A	N/A	7.00%	7.25%	7.75%
Weighted-average rate of compensation increase	3.25%	3.25%	2.75%	3.25%	3.25%	2.75%	N/A	N/A	N/A

Other Changes in Plan Assets and Benefit Obligations Recognized in Net Periodic Benefit Cost and Other Comprehensive Income

	2017				2016				2015			
(Thousands of dollars)	Total	Qualified Retirement Plan	SERP	PBOP	Total	Qualified Retirement Plan	SERP	PBOP	Total	Qualified Retirement Plan	SERP	PBOP
Net actuarial loss (gain) (a)	$ 43,027	$ 44,149	$ 3,334	$(4,456)	$ 22,770	$ 25,153	$ 1,347	$(3,730)	$ 30,519	$ 26,949	$ 2,322	$ 1,248
Amortization of prior service cost (b)	(1,335)	—	—	(1,335)	(1,335)	—	—	(1,335)	(1,335)	—	—	(1,335)
Amortization of net actuarial loss (b)	(25,445)	(24,004)	(1,441)	—	(27,066)	(25,266)	(1,383)	(417)	(34,381)	(32,743)	(1,293)	(345)
Regulatory adjustment	(12,340)	(18,131)	—	5,791	5,584	102	—	5,482	5,646	5,214	—	432
Recognized in other comprehensive (income) loss	3,907	2,014	1,893	—	(47)	(11)	(36)	—	449	(580)	1,029	—
Net periodic benefit costs recognized in net income	44,593	38,283	3,633	2,677	44,423	37,568	3,573	3,282	50,451	44,287	3,308	2,856
Total of amount recognized in net periodic benefit cost and other comprehensive (income) loss	$ 48,500	$ 40,297	$ 5,526	$ 2,677	$ 44,376	$ 37,557	$ 3,537	$ 3,282	$ 50,900	$ 43,707	$ 4,337	$ 2,856

The table above discloses the net gain or loss and prior service cost recognized in other comprehensive income, separated into (a) amounts initially recognized in other comprehensive income, and (b) amounts subsequently recognized as adjustments to other comprehensive income as those amounts are amortized as components of net periodic benefit cost.

See also **Note 6 – Other Comprehensive Income and Accumulated Other Comprehensive Income (“AOCI”)**.

U.S. GAAP states that a fair value measurement should be based on the assumptions that market participants would use in pricing the asset or liability and establishes a fair value hierarchy that ranks the inputs used to measure fair value by their reliability. The three levels of the fair value hierarchy are as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that a company has the ability to access at the measurement date.

Level 2 – inputs other than quoted prices included within Level 1 that are observable for similar assets or liabilities, either directly or indirectly.

Level 3 – unobservable inputs for the asset or liability. Unobservable inputs are used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date.

The following table sets forth, by level within the three-level fair value hierarchy, the fair values of the assets of the qualified pension plan and the PBOP as of December 31, 2017 and December 31, 2016. The SERP has no assets.

	December 31, 2017			December 31, 2016		
	Qualified Retirement Plan	PBOP	Total	Qualified Retirement Plan	PBOP	Total
Assets at fair value (thousands of dollars):						
Level 1 – Quoted prices in active markets for identical financial assets						
Mutual funds	$ —	$ 27,020	$ 27,020	$ —	$ 24,922	$ 24,922
Total Level 1 Assets (1)	$ —	$ 27,020	$ 27,020	$ —	$ 24,922	$ 24,922
Level 2 – Significant other observable inputs						
Private commingled equity funds (2)						
International	$ 340,217	$ 10,577	$ 350,794	$ 290,668	$ 9,140	$ 299,808
Large and medium capitalization	136,982	4,258	141,240	121,434	3,819	125,253
Small capitalization	28,955	900	29,855	25,947	816	26,763
Emerging markets	56,259	1,749	58,008	45,309	1,424	46,733
Private commingled fixed income funds (3)						
U.S. corporate bonds	157,460	4,895	162,355	161,086	5,066	166,152
U.S. debt market long duration	59,986	1,865	61,851	77,349	2,432	79,781
U.S. Treasury securities	83,771	2,604	86,375	8,665	272	8,937
Pooled funds and mutual funds	4,676	735	5,411	4,889	216	5,105
Government fixed income and mortgage backed securities	172	5	177	167	5	172
Total Level 2 assets (4)	$ 868,478	$ 27,588	$ 896,066	$ 735,514	$ 23,190	$ 758,704
Total Plan assets at fair value	$ 868,478	$ 54,608	$ 923,086	$ 735,514	$ 48,112	$ 783,626
Insurance company general account contracts (5)	3,187	—	3,187	3,448	—	3,448
Total Plan assets	$ 871,665	$ 54,608	$ 926,273	$ 738,962	$ 48,112	$ 787,074

(1) The Mutual funds category above is an intermediate-term bond fund whose manager employs multiple concurrent strategies and takes only moderate risk in each, thereby reducing the risk of poor performance arising from any single source, and a balanced fund that invests in a diversified portfolio of common stocks, preferred stocks and fixed-income securities. Strategies utilized by the bond fund include duration management, yield curve or maturity structuring, sector rotation, and all bottom-up techniques including in-house credit and quantitative research. Strategies employed by the fund include pursuit of regular income, conservation of principal, and an opportunity for long-term growth of principal and income. Currently, this balanced fund is the only mutual fund in which the Plan invests.

(2) The private commingled equity funds include common collective trusts that invest in a diversified portfolio of domestic and international securities regularly traded on securities exchanges. These funds are shown in the above table at net asset value (“NAV”), which is the value of securities in the fund less the amount of any liabilities outstanding. Investment strategies employed by the funds include:

- Domestic equities
- International developed countries equities
- Emerging markets equities

Shares in the private equity commingled funds may be redeemed given one business day notice. While they are private equity funds and reported at NAV, due to the short redemption notice period, the lack of significant

redemption fees, the fact that the underlying investments are exchange-traded, and that substantial liabilities do not exist subject to the NAV calculation, these investments are viewed as indirectly observable (level 2) and are also therefore, not excluded from the body of the fair value table as a reconciling item.

Two funds are classified as international funds. One invests in international financial markets, primarily those of developed economies in Europe and the Pacific Basin. The fund invests primarily in equity securities issued by foreign corporations, but may invest in other securities perceived as offering attractive investment return opportunities. The other provides diversified exposure to global equity markets. The fund seeks to provide long-term capital growth by investing primarily in securities listed on the major developed equity markets of the United States, Europe, and Asia, as well as within those listed on emerging country equity markets on a tactical basis.

The large and medium capitalization fund is designed to track the performance of the large and medium capitalization companies contained in the index, which represents approximately 90% of the market capitalization of the United States stock market.

The small capitalization fund is designed to provide maximum long-term appreciation through investments that are well diversified by industry.

The emerging markets fund was developed to invest in emerging market equities worldwide. The purposes of the fund's operations, "emerging market countries" include every country in the world except the developed markets of the United States, Canada, Japan, Australia, New Zealand, Hong Kong and Singapore, and most countries located in Western Europe. Fund investments are made directly in each country or, where direct investment is inefficient or prohibited, through appropriate financial instruments or participation in commingled funds.

(3) The private commingled fixed income funds include domestic fixed income securities. These funds are shown in the above table at NAV. Shares in the private commingled fixed equity funds may be redeemed given one business day notice. While they are private equity funds and reported at NAV, due to the short redemption notice period, the lack of significant redemption fees, the fact that the underlying investments are exchange-traded, and that substantial liabilities do not exist subject to the NAV calculation, these investments are viewed as indirectly observable (level 2) and are also therefore, not excluded from the body of the fair value table as a reconciling item.

The U.S. corporate bond fund seeks to provide high quality, mostly corporate bond-based exposure to fixed income securities which closely match those found in discount curves used to value United States pension liabilities.

The United States debt market long duration fund provides participation in the full spectrum of investment opportunities in primarily United States debt markets with longer maturities. The fund seeks to offer effective diversification against equities, take advantage of market trading opportunities, and provide a competitive rate of return on assets. The fund's current duration is close to 14 years.

The United States Treasuries securities fund seeks to replicate the risk and return characteristics of the Barclays Treasury U.S. Separate Trading of Registered Interest and Principal of Securities ("STRIPS") 28-29 Years Index with minimum tracking error.

(4) With the exception of items (2) and (3), which are discussed in detail above, the Level 2 assets consist mainly of pooled funds and mutual funds. These funds are collective short-term funds that invest in Treasury bills and money market funds and are used as a temporary cash repository.

(5) The insurance company general account contracts are annuity insurance contracts used to pay the pensions of employees who retired prior to 1989. The balance of the account disclosed in the above table is the contract value, which is the result of deposits, withdrawals, and interest credits.

Note 12 – Stock-Based Compensation

At December 31, 2017, three stock-based compensation plans existed at Southwest: an omnibus incentive plan, a management incentive plan, and a restricted stock/unit plan. All previous grants under the stock option plan expired in 2016. The table below shows total stock-based plan compensation expense, including the cash award, which was recognized in the Consolidated Statements of Income (in thousands):

	2017	2016	2015
Stock-based compensation plan expense, net of related tax benefits	$6,751	$7,185	$7,278
Stock-based compensation plan related tax benefits	4,137	4,404	4,461

Under the option plan, options to purchase shares of common stock at a stated exercise price were previously granted to key employees and outside directors. The last option grants were in 2006 and no future grants are currently anticipated. Each option had an exercise price equal to the market price of the Company's common stock on the date of grant and a maximum term of ten years. The final options were exercised in 2016.

The following tables summarize the stock option plan activity and related information (thousands of options):

	2017		2016		2015	
	Number of options	Weighted-average exercise price	Number of options	Weighted-average exercise price	Number of options	Weighted-average exercise price
Outstanding at the beginning of the year	—	N/A	17	$ 31.64	36	$ 28.97
Exercised during the year	—	—	(17)	31.64	(19)	26.69
Forfeited or expired during the year	—	—	—	—	—	—
Outstanding and exercisable at year end	—	N/A	—	N/A	17	$ 31.64

The intrinsic value of a stock option is the amount by which the market value of the underlying stock exceeds the exercise price of the option. The aggregate intrinsic value of outstanding and exercisable options, and options that were exercised, are presented in the table below (in thousands):

	2017	2016	2015
Outstanding and exercisable	$ —	$ —	$ 394
Exercised	—	554	590

	December 31, 2017	December 31, 2016	December 31, 2015
Market value of Company stock	$ 80.48	$ 76.62	$ 55.16

In 2017, the Board of Directors of the Company and shareholders approved the omnibus incentive plan. The purpose of the omnibus incentive plan is to promote the long-term growth and profitability of the Company by providing directors, employees and certain other individuals with incentives to increase shareholder value and otherwise contribute to the success of the Company. In addition, the plan will enable the Company to attract, retain, and reward the best available persons for positions of responsibility. Annual grants are expected to be made under the omnibus incentive plan for the first time in February 2018. The omnibus incentive plan provides for the grant of stock options, stock appreciation rights, restricted stock, restricted stock units, performance shares, and other equity-based and cash awards. Employees, directors and consultants who provide services to the Company or any subsidiary may be eligible under this plan. One million shares are available for issuance under the omnibus incentive plan.

Under the management incentive plan, shares were issued to encourage key employees of Southwest to remain as employees and to achieve short-term and long-term performance goals. Plan participants were eligible to receive a cash bonus (i.e., short-term incentive) and shares (i.e., long-term incentive). The shares vest three years after grant and are then issued as common stock. No new grants will be made under the management incentive plan as all future incentive compensation will be granted under the omnibus incentive plan.

Restricted stock/units under the restricted stock/unit plan were issued to attract, motivate, retain, and reward key employees of Southwest with an incentive to attain high levels of individual performance and improved financial performance. The restricted stock/units vest 40% at the end of year one and 30% at the end of years two and three and are issued annually as common stock in accordance with the percentage vested. The restricted stock/unit plan was also established to attract, motivate, and retain experienced and knowledgeable independent directors. Vesting for grants of restricted stock/units to directors occurred immediately upon grant. The issuance of common stock for directors currently occurs when their service on the Board ends. No new grants will be made under the restricted stock/unit plan as all future incentive compensation will be granted under programs of the omnibus incentive plan.

Performance-based incentive opportunities under the restricted stock/unit plan were granted to all officers of Southwest in the form of performance shares and will be based on, depending on the officer, consolidated earnings per share, utility net income, and utility return on equity, with an adjustment based on relative total shareholder return, in each case, measured over a three-year performance period from January 1, 2017 to December 31, 2019. During 2017, Southwest recorded $1.2 million of estimated compensation expense associated with these shares.

The following table summarizes the activity of the management incentive plan shares and restricted stock/units as of December 31, 2017 (thousands of shares):

	Management Incentive Plan Shares	Weighted-average grant date fair value	Restricted Stock/ Units (1)	Weighted-average grant date fair value
Nonvested/unissued at beginning of year	168	$ 55.62	262	$ 46.41
Granted	32	85.44	106	85.39
Dividends	3		7	
Forfeited or expired	(1)	59.02	(1)	69.85
Vested and issued (2)	(75)	51.93	(69)	53.28
Nonvested/unissued at December 31, 2017	127	$ 63.98	305	$ 57.41

(1) The number of securities granted includes 33,000 performance shares, which was derived by assuming that target performance will be achieved during the relevant performance period.
(2) Includes shares for retiree payouts and those converted for taxes.

The weighted average grant date fair value of management incentive plan shares granted in 2016 and 2015 was $59.05 and $63.09, respectively. The weighted average grant date fair value of restricted stock/units granted in 2016 and 2015 was $60.39 and $63.09, respectively.

As of December 31, 2017, total compensation cost related to nonvested management incentive plan shares and restricted stock/units not yet recognized is $4.4 million.

Note 13 – Income Taxes

On December 22, 2017, legislation referred to as the “Tax Cuts and Jobs Act” (the “TCJA”) was enacted. The majority of the provisions of the TCJA are effective for taxable years beginning after December 31, 2017. The TCJA significantly changes the taxation of business entities with specific provisions for regulated public utilities, such as Southwest.

The following are the major provisions (not all-inclusive) of the TCJA impact the Company:
(1) Reduction of the federal income tax rate from 35% to 21% effective January 1, 2018.
(2) Bonus depreciation considerations for utility property placed-in-service after September 27, 2017.
(3) 100% bonus depreciation for most non-utility property placed-in-service after September 27, 2017.
(4) Interest expense limitations for interest allocable to non-utility businesses. Interest expense allocable to utility businesses will have no limitation.

Changes from the TCJA had a material impact on the Company’s financial statements in 2017. Under U.S. GAAP, specifically Accounting Standards Codification Topic 740 Income Taxes (“ASC 740”), the tax effects of changes in tax laws must be recognized in the period in which the law is enacted. Therefore, the TCJA impacted the Company’s financial statements in the quarter ended December 31, 2017. ASC 740 also requires deferred tax assets and liabilities to be re-measured at the enacted tax rate expected to apply when temporary differences are to be realized or settled. Thus, at the date of enactment, the Company’s deferred taxes were re-measured using the new federal income tax rate (21%). For regulated entities, the reduction in plant-related deferred tax liabilities is recorded as a regulatory liability to be refunded to customers. For unregulated operations, the change in deferred taxes is recorded as an adjustment to deferred tax expense.

The staff of the SEC recognized the complexity of determining the impact of the TCJA, and on December 22, 2017 issued guidance in Staff Accounting Bulletin 118 ("SAB 118"). SAB 118 provides that to the extent the accounting for certain income tax effects of the TCJA is incomplete, but a company can determine a reasonable estimate for those effects, the company may include in its financial statements the reasonable estimate that it had determined. The reasonable estimate would be reported as a provisional amount in the company's financial statements during a "measurement period", not to exceed one year from the date of enactment of the TCJA.

Southwest and the Company have included provisional reasonable estimates for the measurement and accounting of the effects of the TCJA, which have been reflected in the financial statements as of December 31, 2017 and for the period then ended. The Company and Southwest will continue to analyze and refine the estimates and classification of all provisional items, during the measurement period, as additional accounting, regulatory, and U.S. Treasury guidance is provided.

Southwest Gas Holdings, Inc.

The following is a summary of income before taxes and noncontrolling interest for domestic and foreign operations (thousands of dollars):

Year ended December 31,	2017	2016	2015
U.S.	$246,131	$218,810	$221,660
Foreign	12,899	12,713	(2,328)
Total income before income taxes	$259,030	$231,523	$219,332

Income tax expense (benefit) consists of the following (thousands of dollars):

Year Ended December 31,	2017	2016	2015
Current:			
Federal	$ (1,316)	$ 541	$21,321
State	2,965	5,748	9,899
Foreign	5,203	4,298	650
	6,852	10,587	31,870
Deferred:			
Federal	58,443	68,270	51,132
State	1,837	140	(2,574)
Foreign	(2,044)	(529)	(526)
	58,236	67,881	48,032
Total income tax expense	$65,088	$78,468	$79,902

Deferred income tax expense (benefit) consists of the following significant components (thousands of dollars):

Year Ended December 31,	2017	2016	2015
Deferred federal and state:			
Property-related items	$44,516	$ 76,217	$ 65,931
Purchased gas cost adjustments	8,500	361	(32,993)
Employee benefits	(2,517)	(1,327)	623
Regulatory Adjustments	14,401	6,322	1,545
All other deferred	(5,935)	(12,854)	13,787
Total deferred federal and state	58,965	68,719	48,893
Deferred ITC, net	(729)	(838)	(861)
Total deferred income tax expense	$58,236	$ 67,881	$ 48,032

A reconciliation of the U.S. federal statutory rate to the consolidated effective tax rate for 2017, 2016, and 2015 (and the sources of these differences and the effect of each) are summarized as follows:

Year Ended December 31,	2017	2016	2015
U.S. federal statutory income tax rate	35.0%	35.0%	35.0%
Net state taxes	1.1	1.4	1.8
Property-related items	—	—	0.1
Tax credits	(0.4)	(0.4)	(0.4)
Company owned life insurance	(1.6)	(1.2)	0.1
Change in U.S. Federal Income Tax Rate	(7.8)	—	—
All other differences	(1.2)	(0.9)	(0.2)
Consolidated effective income tax rate	25.1%	33.9%	36.4%

Deferred tax assets and liabilities consist of the following (thousands of dollars):

December 31,	2017	2016
Deferred tax assets:		
Deferred income taxes for future amortization of ITC and excess deferred taxes	$ 98,912	$ 1,094
Employee benefits	31,323	38,231
Alternative minimum tax credit	4,390	4,827
Net operating losses and credits	11,460	1,204
Interest rate swap	3,037	6,080
Other	13,870	18,415
Valuation allowance	(728)	(495)
	162,264	69,356
Deferred tax liabilities:		
Property-related items, including accelerated depreciation	598,371	872,136
Regulatory balancing accounts	6,067	1,104
Unamortized ITC	981	1,710
Debt-related costs	3,380	5,712
Intangibles	7,656	8,803
Other	21,289	19,256
	637,744	908,721
Net noncurrent deferred tax liabilities	$475,480	$839,365

A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows (thousands of dollars):

	2017	2016
Unrecognized tax benefits at beginning of year	$1,231	$ 296
Gross increases – tax positions in prior period	100	897
Gross decreases – tax positions in prior period	—	—
Gross increases – current period tax positions	99	38
Gross decreases – current period tax positions	—	—
Settlements	—	—
Lapse in statute of limitations	—	—
Unrecognized tax benefits at end of year	$1,430	$1,231

Southwest Gas Corporation

The following is a summary of income before taxes for continuing and discontinued operations (refer to **Note 1 – Summary of Significant Accounting Policies**) (thousands of dollars):

Year ended December 31,	2017	2016	2015
Income from continuing operations before income taxes	$219,953	$178,007	$172,980
Income from discontinued operations before income taxes	—	53,516	46,352
Total income before income taxes	$219,953	$231,523	$219,332

Income tax expense (benefit) consists of the following (thousands of dollars):

Year Ended December 31,	2017	2016	2015
Current:			
Federal	$ 318	$ (9,695)	$ 3,789
State	1,420	2,510	6,229
	1,738	(7,185)	10,018
Deferred:			
Federal	60,662	66,037	53,657
State	735	(268)	(2,320)
	61,397	65,769	51,337
Total income tax expense from continuing operations	63,135	58,584	61,355
Discontinued operations	—	19,884	18,547
Total income tax expense	$63,135	$78,468	$79,902

Deferred income tax expense (benefit) consists of the following significant components (thousands of dollars):

Year Ended December 31,	2017	2016	2015
Deferred federal and state:			
Property-related items	$49,129	$ 72,811	$ 68,105
Purchased gas cost adjustments	8,500	361	(32,993)
Employee benefits	(5,707)	(139)	(4,795)
Regulatory Adjustments	14,401	6,322	1,545
All other deferred	(4,197)	(12,748)	20,336
Total deferred federal and state	62,126	66,607	52,198
Deferred ITC, net	(729)	(838)	(861)
Total deferred income tax expense	$61,397	$ 65,769	$ 51,337

A reconciliation of the U.S. federal statutory rate to the consolidated effective tax rate for 2017, 2016, and 2015 (and the sources of these differences and the effect of each) are summarized as follows:

Year Ended December 31,	2017	2016	2015
U.S. federal statutory income tax rate	35.0%	35.0%	35.0%
Net state taxes	0.6	0.8	1.0
Property-related items	—	—	0.1
Tax credits	(0.4)	(0.5)	(0.5)
Company owned life insurance	(1.7)	(1.5)	—
Change in U.S. Federal Income Tax Rate	(3.6)	—	—
All other differences	(1.2)	(0.9)	(0.1)
Effective income tax rate from continuing operations	28.7%	32.9%	35.5%

Deferred tax assets and liabilities consist of the following (thousands of dollars):

December 31,	2017	2016
Deferred tax assets:		
Deferred income taxes for future amortization of ITC and excess deferred taxes	$ 98,912	$ 1,094
Employee benefits	18,707	22,426
Alternative minimum tax credit	4,390	4,827
Net operating losses and credits	10,070	—
Interest rate swap	3,037	6,080
Other	8,820	15,204
Valuation allowance	(58)	(223)
	143,878	49,408
Deferred tax liabilities:		
Property-related items, including accelerated depreciation	561,493	830,758
Regulatory balancing accounts	6,067	1,104
Unamortized ITC	981	1,710
Debt-related costs	3,380	5,712
Other	17,200	16,233
	589,121	855,517
Net deferred tax liabilities before discontinued operations	445,243	806,109
Discontinued operations	—	33,256
Net deferred tax liabilities	$445,243	$839,365

A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows (thousands of dollars):

	2017	2016
Unrecognized tax benefits at beginning of year	$ 903	$ —
Gross increases – tax positions in prior period	67	865
Gross decreases – tax positions in prior period	—	—
Gross increases – current period tax positions	99	38
Gross decreases – current period tax positions	—	—
Settlements	—	—
Lapse in statute of limitations	—	—
Unrecognized tax benefits at end of year	$1,069	$903

The Company's regulated operations accounting for income taxes is impacted by the FASB's ASC 980 – Regulated Operations. Reductions in accumulated deferred income tax balances due to the reduction in the corporate income tax rates to 21% under the provisions of the TCJA may result in a refund of excess deferred taxes to customers, generally through reductions in future rates. The TCJA includes provisions that stipulate how these excess deferred taxes are to be passed back to customers for certain accelerated tax depreciation benefits. Potential refunds of other deferred taxes will be determined in conjunction with appropriate regulatory commissions. The December 31, 2017 balance sheets of Southwest and the Company reflect the impact of the TCJA on regulatory asset and liability balances. Deferred tax liabilities were reduced by $450 million with an increase in regulatory liabilities of $430 million. These adjustments had no impact on 2017 cash flows.

The Company and its subsidiaries file a consolidated federal income tax return in the United States and in various states, as well as in Canada. With few exceptions, the Company is no longer subject to United States federal, state and local, or Canadian income tax examinations for years before 2013.

The Company and each of its subsidiaries, including Southwest, participate in a tax sharing agreement to establish the method for allocating tax benefits and losses among members of the consolidated group. The consolidated federal income tax is apportioned among the subsidiaries using a separate return method.

At December 31, 2017, the Company has a federal net operating loss carryforward of $54.6 million which begins to expire in 2038. The Company also has general business credits of $329,000, which begin to expire in 2038. The Company has net capital loss carryforwards of $278,000, which begin to expire in 2018. At December 31, 2017, the Company has an income tax net operating loss carryforward related to Canadian operations of $5.2 million, which begins to expire in 2032.

Management intends to continue to permanently reinvest any future foreign earnings in Canada.

In assessing whether uncertain tax positions should be recognized in its financial statements, management first determines whether it is more-likely-than-not that a tax position will be sustained upon examination, including resolution of any related appeals or litigation processes, based on the technical merits of the position. In evaluations of whether a tax position has met the more-likely-than-not recognition threshold, management presumes that the position will be examined by the appropriate taxing authority that would have full knowledge of all relevant information. For tax positions that meet the more-likely-than-not recognition threshold, management measures the amount of benefit recognized in the financial statements at the largest amount of benefit that is greater than 50 percent likely of being realized upon ultimate settlement. Unrecognized tax benefits are recognized in the first financial reporting period in which information becomes available indicating that such benefits will more-likely-than-not be realized. For each reporting period, management applies a consistent methodology to measure unrecognized tax benefits, and all unrecognized tax benefits are reviewed periodically and adjusted as circumstances warrant. Measurement of unrecognized tax benefits is based on management's assessment of all relevant information, including prior audit experience, the status of audits, conclusions of tax audits, lapsing of applicable statutes of limitation, identification of new issues, and any administrative guidance or developments.

At December 31, 2017, the total amount of unrecognized tax benefits that, if recognized, would impact the effective tax rate was $1.1 million individually for both the Company and Southwest. No significant increases or decreases in unrecognized tax benefit are expected within the next 12 months.

The Company and Southwest recognize interest expense and income and penalties related to income tax matters in income tax expense. There was no tax-related interest income for 2017, 2016, and 2015.

Note 14 – Derivatives and Fair Value Measurements

Derivatives. In managing its natural gas supply portfolios, Southwest has historically entered into fixed- and variable-price contracts, which qualify as derivatives. Additionally, Southwest utilizes fixed-for-floating swap contracts ("Swaps") to supplement its fixed-price contracts. The fixed-price contracts, firm commitments to purchase a fixed amount of gas in the future at a fixed price, qualify for the normal purchases and normal sales

exception that is allowed for contracts that are probable of delivery in the normal course of business, and are exempt from fair value reporting. The variable-price contracts have no significant market value. The Swaps are recorded at fair value.

The fixed-price contracts and Swaps are utilized by Southwest under its volatility mitigation programs to effectively fix the price on a portion (up to 25% in the Arizona and California jurisdictions) of its natural gas supply portfolios. The maturities of the Swaps highly correlate to forecasted purchases of natural gas, during time frames ranging from January 2018 through October 2019. Under such contracts, Southwest pays the counterparty a fixed rate and receives from the counterparty a floating rate per MMBtu ("dekatherm") of natural gas. Only the net differential is actually paid or received. The differential is calculated based on the notional amounts under the contracts, which are detailed in the table below (thousands of dekatherms):

	December 31, 2017	December 31, 2016
Contract notional amounts	10,929	10,543

Southwest does not utilize derivative financial instruments for speculative purposes, nor does it have trading operations.

The following table sets forth the gains and (losses) recognized on Southwest's Swaps (derivatives) for the years ended December 31, 2017, 2016, and 2015 and their location in the Consolidated Statements of Income:

Instrument	Location of Gain or (Loss) Recognized in Income on Derivative	2017	2016	2015
Swaps	Net cost of gas sold	$(11,572)	$ 5,006	$(7,598)
Swaps	Net cost of gas sold	11,572*	(5,006)*	7,598*
Total		$ —	$ —	$ —

* Represents the impact of regulatory deferral accounting treatment under U.S. GAAP for rate-regulated entities.

No gains (losses) were recognized in net income or other comprehensive income during the periods presented for derivatives designated as cash flow hedging instruments. Previously, Southwest entered into two forward-starting interest rate swaps ("FSIRS"), both of which were designated cash flow hedges, to partially hedge the risk of interest rate variability during the period leading up to the planned issuance of debt. The first FSIRS terminated in December 2010, and the second, in March 2012. Losses on both FSIRS are being amortized over ten-year periods from Accumulated other comprehensive income (loss) into interest expense.

The following table sets forth the fair values of the Swaps and their location in the Consolidated Balance Sheets of Southwest and the Company (thousands of dollars):

Fair values of derivatives not designated as hedging instruments:

December 31, 2017 Instrument	Balance Sheet Location	Asset Derivatives	Liability Derivatives	Net Total
Swaps	Other current liabilities	$ 11	$ (4,468)	$(4,457)
Swaps	Other deferred credits	19	(1,342)	(1,323)
Total		$ 30	$ (5,810)	$(5,780)

December 31, 2016 Instrument	Balance Sheet Location	Asset Derivatives	Liability Derivatives	Net Total
Swaps	Deferred charges and other assets	$ 899	$ (54)	$ 845
Swaps	Prepaids and other current assets	3,551	(19)	3,532
Total		$ 4,450	$ (73)	$ 4,377

The estimated fair values of the natural gas derivatives were determined using future natural gas index prices (as more fully described below). Master netting arrangements exist with each counterparty that provide for the net settlement (in the settlement month) of all contracts through a single payment. As applicable, management has elected to reflect the net amounts in its balance sheets. No outstanding collateral associated with the Swaps existed during any period presented in the above table.

Pursuant to regulatory deferral accounting treatment for rate-regulated entities, unrealized gains and losses in fair value of the Swaps are recorded as a regulatory asset and/or liability. When the Swaps mature, any prior positions held are reversed and the settled position is recorded as an increase or decrease of purchased gas under the related purchased gas adjustment (“PGA”) mechanism in determining deferred PGA balances. Neither changes in fair value, nor settled amounts, of Swaps have a direct effect on earnings or other comprehensive income.

The following table presents the amounts paid to and received from counterparties for settlements of matured Swaps.

(Thousands of dollars)	Year ended December 31, 2017	Year ended December 31, 2016	Year ended December 31, 2015
Paid to counterparties	$ 3,100	$ 5,583	$ 7,537
Received from counterparties	$ 1,685	$ 726	$ —

The following table details the regulatory assets/(liabilities) offsetting the derivatives at fair value in the Consolidated Balance Sheets (thousands of dollars).

December 31, 2017 Instrument	Balance Sheet Location	Net Total
Swaps	Prepaids and other current assets	$ 4,457
Swaps	Deferred charges and other assets	1,323

December 31, 2016 Instrument	Balance Sheet Location	Net Total
Swaps	Other deferred credits	$ (845)
Swaps	Other current liabilities	(3,532)

Fair Value Measurements. The estimated fair values of Southwest's Swaps were determined at December 31, 2017 and December 31, 2016 using futures settlement prices, published by the CME Group, for the delivery of natural gas at Henry Hub adjusted by the prices of basis future settlements, which reflect the difference between the price of natural gas at a given delivery basin and the Henry Hub pricing points. These Level 2 inputs (inputs, other than quoted prices, for similar assets or liabilities) are observable in the marketplace throughout the full term of the Swaps, but have been credit-risk adjusted with no significant impact to the overall fair value measurement.

The following table sets forth, by level within the three-level fair value hierarchy that ranks the inputs used to measure fair value by their reliability, financial assets and liabilities that were accounted for at fair value (see **Note 11 – Pension and Other Post Retirement Benefits** for definitions of the levels of the fair value hierarchy):

Level 2 – Significant other observable inputs

(Thousands of dollars)	December 31, 2017	December 31, 2016
Assets at fair value:		
Prepaids and other current assets – Swaps	$ —	$ 3,532
Deferred charges and other assets – Swaps	—	845
Liabilities at fair value:		
Other current liabilities – Swaps	(4,457)	—
Other deferred credits – Swaps	(1,323)	—
Net Assets (Liabilities)	$ (5,780)	$ 4,377

No financial assets or liabilities associated with the Swaps, which were accounted for at fair value, fell within Level 1 or Level 3 of the fair value hierarchy.

With regard to the fair values of assets associated with pension and postretirement benefit plans, refer to **Note 11 – Pension and Other Post Retirement Benefits**.

Note 15 – Segment Information

The Company's operating segments are determined based on the nature of their activities. The natural gas operations segment is engaged in the business of purchasing, distributing, and transporting natural gas. Revenues are generated from the distribution and transportation of natural gas. The construction services segment is primarily engaged in the business of providing utility companies with trenching and installation, replacement, and maintenance services for energy distribution systems, and providing industrial construction solutions. Over 99% of the total Company's long-lived assets are in the United States.

The accounting policies of the reported segments are the same as those described within **Note 1 – Summary of Significant Accounting Policies**. Centuri accounts for the services provided to Southwest at contractual prices at contract inception. Accounts receivable for these services, which are not eliminated during consolidation, are presented in the table below (in thousands).

	December 31, 2017	December 31, 2016
Accounts receivable for Centuri services	$ 12,987	$ 10,585

The following table presents the amount of revenues for both segments by geographic area (thousands of dollars):

	December 31, 2017	December 31, 2016	December 31, 2015
Revenues (a)			
United States	$ 2,345,134	$ 2,256,600	$ 2,289,133
Canada	203,658	203,890	174,492
Total	$ 2,548,792	$ 2,460,490	$ 2,463,625

(a) Revenues are attributed to countries based on the location of customers.

The Company has two reportable segments: natural gas operations and construction services. Southwest has a single reportable segment that is referred to herein as the natural gas operations segment of the Company. In order to reconcile to net income as disclosed in the Consolidated Statements of Income, an Other column is included associated with impacts related to corporate and administrative activities related to Southwest Gas Holdings, Inc. The financial information pertaining to the natural gas operations and construction services segments for each of the three years in the period ended December 31, 2017 is as follows (thousands of dollars):

2017	Gas Operations	Construction Services	Other	Total
Revenues from unaffiliated customers	$ 1,302,308	$ 1,149,325	$ —	$ 2,451,633
Intersegment sales	—	97,159	—	97,159
Total	$ 1,302,308	$ 1,246,484	$ —	$ 2,548,792
Interest revenue	$ 2,784	$ 3	$ —	$ 2,787
Interest expense	$ 69,733	$ 7,986	$ 345	$ 78,064
Depreciation and amortization	$ 201,922	$ 49,029	$ —	$ 250,951
Income tax expense	$ 63,135	$ 2,390	$ (437)	$ 65,088
Segment net income	$ 156,818	$ 38,360	$ (1,337)	$ 193,841
Segment assets	$ 5,482,669	$ 752,496	$ 1,901	$ 6,237,066
Capital expenditures	$ 560,448	$ 63,201	$ —	$ 623,649

2016	Gas Operations	Construction Services	Other	Total
Revenues from unaffiliated customers	$ 1,321,412	$ 1,040,957	$ —	$ 2,362,369
Intersegment sales	—	98,121	—	98,121
Total	$ 1,321,412	$ 1,139,078	$ —	$ 2,460,490
Interest revenue	$ 1,848	$ 1	$ —	$ 1,849
Interest expense	$ 66,997	$ 6,663	$ —	$ 73,660
Depreciation and amortization	$ 233,463	$ 55,669	$ —	$ 289,132
Income tax expense	$ 58,584	$ 19,884	$ —	$ 78,468
Segment net income	$ 119,423	$ 32,618	$ —	$ 152,041
Segment assets	$ 5,001,756	$ 579,370	$ —	$ 5,581,126
Capital expenditures	$ 457,120	$ 72,411	$ —	$ 529,531

2015	Gas Operations	Construction Services	Other	Total
Revenues from unaffiliated customers	$ 1,454,639	$ 904,870	$ —	$ 2,359,509
Intersegment sales	—	104,116	—	104,116
Total	$ 1,454,639	$ 1,008,986	$ —	$ 2,463,625
Interest revenue	$ 1,754	$ 419	$ —	$ 2,173
Interest expense	$ 64,095	$ 7,784	$ —	$ 71,879
Depreciation and amortization	$ 213,455	$ 56,656	$ —	$ 270,111
Income tax expense	$ 61,355	$ 18,547	$ —	$ 79,902
Segment net income	$ 111,625	$ 26,692	$ —	$ 138,317
Segment assets	$ 4,822,845	$ 535,840	$ —	$ 5,358,685
Capital expenditures	$ 438,289	$ 49,711	$ —	$ 488,000

Note 16 – Quarterly Financial Data (Unaudited)

	Quarter Ended			
	March 31	June 30	September 30	December 31
(Thousands of dollars, except per share amounts)				
2017				
Southwest Gas Holdings, Inc.:				
Operating revenues	$654,737	$560,469	$ 593,153	$ 740,433
Operating income	119,492	43,408	30,132	130,668
Net income	69,005	18,121	10,420	96,396
Net income attributable to Southwest Gas Holdings, Inc.	69,308	17,864	10,204	96,465
Basic earnings per common share (1)	1.46	0.38	0.21	2.00
Diluted earnings per common share (1)	1.45	0.37	0.21	2.00
Southwest Gas Corporation:				
Operating revenues	$462,602	$260,162	$ 213,059	$ 366,485
Operating income	131,067	27,489	5,065	113,029
Net income (loss)	76,938	9,522	(4,024)	74,382
2016				
Southwest Gas Holdings, Inc.: (2)				
Operating revenues	$731,248	$547,748	$ 539,969	$ 641,525
Operating income	134,096	28,116	15,539	117,963
Net income	75,355	9,099	2,907	65,694
Net income attributable to Southwest Gas Holdings, Inc.	75,446	8,943	2,472	65,180
Basic earnings per common share (1)	1.59	0.19	0.05	1.37
Diluted earnings per common share (1)	1.58	0.19	0.05	1.36
Southwest Gas Corporation: (2) (3)				
Operating revenues				
Continuing operations	$525,100	$255,648	$ 200,179	$ 340,485
Discontinued operations – construction services	206,148	292,100	339,790	301,040
Total	$731,248	$547,748	$ 539,969	$ 641,525
Operating income (loss)				
Continuing operations	$135,945	$ 15,269	$ (10,231)	$ 95,745
Discontinued operations – construction services	(1,849)	12,847	25,770	22,218
Total	$134,096	$ 28,116	$ 15,539	$ 117,963
Net income (loss)				
Continuing operations	$ 77,583	$ 2,358	$ (12,405)	$ 51,887
Discontinued operations – construction services	(2,137)	6,585	14,877	13,293
Total	$ 75,446	$ 8,943	$ 2,472	$ 65,180

	Quarter Ended			
	March 31	June 30	September 30	December 31
2015				
Southwest Gas Holdings, Inc.: (2)				
Operating revenues	$734,220	$538,604	$ 505,396	$ 685,405
Operating income	129,556	25,047	16,143	117,586
Net income (loss)	71,879	5,063	(4,210)	66,698
Net income attributable to Southwest Gas Holdings, Inc.	71,983	4,949	(4,734)	66,119
Basic earnings per common share (1)	1.54	0.11	(0.10)	1.40
Diluted earnings per common share (1)	1.53	0.10	(0.10)	1.38
Southwest Gas Corporation: (2) (3)				
Operating revenues				
Continuing operations	$553,115	$286,643	$ 219,420	$ 395,461
Discontinued operations – construction services	181,105	251,961	285,976	289,944
Total	$734,220	$538,604	$ 505,396	$ 685,405
Operating income (loss)				
Continuing operations	$137,171	$ 12,958	$ (9,274)	$ 93,928
Discontinued operations – construction services	(7,615)	12,089	25,417	23,658
Total	$129,556	$ 25,047	$ 16,143	$ 117,586
Net income (loss)				
Continuing operations	$ 78,921	$ (657)	$ (18,939)	$ 52,300
Discontinued operations – construction services	(6,938)	5,606	14,205	13,819
Total	$ 71,983	$ 4,949	$ (4,734)	$ 66,119

(1) The sum of quarterly earnings (loss) per average common share may not equal the annual earnings (loss) per share due to the ongoing change in the weighted-average number of common shares.

(2) Refer to Notes 1 and 18. Effective 2017, Southwest Gas Holdings, Inc. (“Company) is the successor equity issuer to Southwest Gas Corporation (“Southwest”). Both Southwest and Centuri became subsidiaries of the Company.

(3) Periods prior to 2017 depict Centuri amounts as discontinued operations of Southwest.

The demand for natural gas is seasonal, and it is the opinion of management that comparisons of earnings for interim periods do not reliably reflect overall trends and changes in operations. Also, the timing of general rate relief can have a significant impact on earnings for interim periods.

Note 17 – Construction Services Noncontrolling Interests

In conjunction with the acquisition of the Canadian construction businesses in October 2014, the previous owners of the acquired companies retained a 3.4% equity interest in Centuri, which, subject to an eligibility timeline, would have been redeemable (in its entirety) at the election of the noncontrolling parties beginning in July 2022. In August 2017, in advance of when otherwise eligible, the parties agreed to a current redemption. Southwest Gas Holdings, Inc. paid $23 million to the previous owners, thereby acquiring the remaining 3.4% equity interest in Centuri. Accordingly, Centuri is now a wholly owned subsidiary of the Company.

The following depicts changes to the balance of the redeemable noncontrolling interest between the indicated periods.

(Thousands of dollars):	Redeemable Noncontrolling Interest
Balance, December 31, 2016	$ 22,590
Net Income (loss) attributable to redeemable noncontrolling interest	248
Foreign currency exchange translation adjustment	11
Centuri distribution to redeemable noncontrolling interest	(204)
Adjustment to redemption value	355
Redemption of Centuri shares from noncontrolling parties	(23,000)
Balance, December 31, 2017	$ —

Centuri also holds a 65% interest in a venture to market natural gas engine-driven heating, ventilating, and air conditioning (“HVAC”) technology and products. Centuri consolidates the entity (IntelliChoice Energy, LLC) as a majority-owned subsidiary. The interest is immaterial to the consolidated financial statements, but is identified as the Noncontrolling interest within Total equity on the Company’s Consolidated Balance Sheets.

Note 18 – Reorganization Impacts – Discontinued Operations Solely Related to Southwest Gas Corporation

In association with the January 2017 holding company reorganization, no substantive change occurred with regard to the Company’s business segments on the whole. Centuri operations remain part of continuing operations of the controlled group of companies, and financial information related to Centuri continues to be included in consolidated financial statements of Southwest Gas Holdings, Inc. While Centuri has since expanded its footprint with the Neuco acquisition (See **Note 19 – Acquisition of Construction Services Business**), its core business has remained consistent between 2016 and 2017.

As part of the holding company reorganization, however, Centuri is no longer a subsidiary of Southwest; whereas historically, Centuri had been a direct subsidiary of Southwest. To give effect to this change, the consolidated financial statements related to Southwest Gas Corporation, which are separately included in this report, depict Centuri-related amounts as discontinued operations for periods prior to January 2017.

Due to the discontinued operations accounting reflection, the following disclosures provide additional information regarding the assets, liabilities, equity, revenues, and expenses of Centuri which are shown as discontinued operations on the consolidated financial statements (as specifically referred to below) of Southwest Gas Corporation for periods prior to the beginning of 2017.

The following table presents the major categories of assets and liabilities within the amounts reported as discontinued operations – construction services in the Consolidated Balance Sheet of Southwest Gas Corporation:

(Thousands of dollars)	December 31, 2016
Assets:	
Other property and investments	$ 233,774
Cash and cash equivalents	9,042
Accounts receivable, net of allowances	173,300
Prepaids and other current assets	10,470
Goodwill	129,888
Other noncurrent assets	22,897
Discontinued operations – construction services – assets	$ 579,371
Liabilities:	
Current maturities of long-term debt	$ 25,101
Accounts payable	46,440
Other current liabilities	74,518
Long-term debt, less current maturities	174,903
Deferred income taxes and other deferred credits	59,653
Discontinued operations – construction services – liabilities	$ 380,615

The following table presents the components of the Discontinued operations – construction services non-owner equity amount shown in the Southwest Gas Corporation Consolidated Balance Sheet:

(Thousands of dollars)	December 31, 2016
Construction services equity	$ (4,390)
Construction services noncontrolling interest	(2,217)
Construction services redeemable noncontrolling interest	22,590
Discontinued operations – construction services non-owner equity	$ 15,983

The following table presents the major income statement components of discontinued operations – construction services reported in the Consolidated Income Statements of Southwest Gas Corporation:

Results of Construction Services

	Year Ended December 31,	
	2016	2015
(Thousands of dollars)		
Construction revenues	$ 1,139,078	$ 1,008,986
Operating expenses:		
Construction expenses	1,024,423	898,781
Depreciation and amortization	55,669	56,656
Operating income	58,986	53,549
Other income (deductions)	1,193	587
Net interest deductions	6,663	7,784
Income before income taxes	53,516	46,352
Income tax expense	19,884	18,547
Net income	33,632	27,805
Net income attributable to noncontrolling interests	1,014	1,113
Discontinued operations – construction services – net income	$ 32,618	$ 26,692

Note 19 – Acquisition of Construction Services Business

As indicated in **Note 1 – Summary of Significant Accounting Policies,** under *Consolidation*, In November 2017, the Company, through its subsidiaries, led principally by Centuri, completed the acquisition of a privately held construction business, New England Utility Constructors, Inc. (“Neuco”) for approximately $99 million, less assumed debt. Additional payments are required for excess net working capital and taxes related to the mutual 338(h)(10) election under United States Treasury regulations (deemed asset sale/purchase under those tax regulations). The acquisition will extend the construction services operations in the Northeastern region of the United States and provide additional opportunities for expansion. Funding for the acquisition was primarily provided by the $450 million secured revolving credit and term loan facility, as amended, described below and in **Note 8 – Long-Term Debt**.

The Company is currently performing a detailed valuation analysis of the assets and liabilities of the acquired company, which was substantially completed during the fourth quarter of 2017. Certain payments were estimated as of the acquisition date and will be adjusted when finally paid in the first half of 2018. The necessary analysis will consider acquired intangibles including customer relationships and trade names. Based on preliminary results, a substantial majority of the purchase price will be allocated to goodwill and other finite-lived and indefinite-lived intangibles.

Assets acquired and liabilities assumed in the transaction were recorded, generally, at their acquisition date fair values. Transaction costs associated with the acquisition were expensed as incurred. The Company’s allocation of the purchase price was based on an evaluation of the appropriate fair values and represented management’s best estimate based on available data (including market data, data regarding customers of the acquired businesses,

terms of acquisition-related agreements, analysis of historical and projected results, and other types of data). The analysis included consideration of types of intangibles that were acquired, including non-competition agreements, customer relationships, trade names, and work backlog. The final purchase accounting has not yet been completed. Further refinement is expected to occur, including changes to income taxes and intangibles. However, no material changes are expected.

The preliminary estimated fair values of assets acquired and liabilities assumed as of November 1, 2017, are as follows (in millions of dollars):

Cash and cash equivalents	$ 0.8
Contracts receivable	18.3
Other receivables	5.4
Property, plant and equipment	15.1
Prepaid expenses and deposits	1.7
Intangible assets	44.8
Goodwill	32.0
Total assets acquired	118.1
Current liabilities	(18.5)
Other long-term liabilities	(0.3)
Net assets acquired	$ 99.3

Acquired contracts receivable and other receivables are expected to be collected.

The preliminary allocation of the purchase price of Neuco was accounted for in accordance with applicable accounting guidance. Goodwill, which is generally not deductible for tax purposes, consists of the value associated with the assembled workforce and consolidation of operations. However, as the business of Neuco was acquired via asset purchase for tax purposes, the $32 million of tax-basis goodwill is expected to be deductible for tax purposes. At December 31, 2017, other intangible assets totaled $44.8 million (after approximately $0.7 million of accumulated amortization). Intangible assets (as of December 2017) consist of $1 million in non-competition agreements (net of approximately $56,000 of accumulated amortization, with a 3-year weighted-average useful life), $40 million in customer relationships (net of approximately $502,000 accumulated amortization, with useful lives ranging from 13 to 14 years), and $3.8 million in trade names (net of approximately $63,000 accumulated amortization, with a 10-year useful life). The intangible assets other than goodwill are included in Other property and investments in the Company's Consolidated Balance Sheets. The estimated future amortization of the intangible assets acquired in the acquisition for the next five years is as follows (in thousands):

2018	$3,641
2019	3,724
2020	3,669
2021	3,391
2022	3,391

The unaudited pro forma consolidated financial information for fiscal 2017 and fiscal 2016 (assuming the acquisition of Neuco occurred as of the beginning fiscal 2016) is as follows (in thousands of dollars, except per share amounts):

	Year Ended December 31,	
	2017	2016
Total operating revenues	$ 2,639,452	$ 2,556,124
Net income attributable to Southwest Gas Holdings, Inc.	$ 203,245	$ 156,108
Basic earnings per share	$ 4.24	$ 3.29
Diluted earnings per share	$ 4.24	$ 3.26

Acquisition costs of $2.6 million that were incurred during 2017, and included in construction expenses in the Consolidated Statements of Income, were excluded from the 2017 unaudited pro forma consolidated financial information shown above and included in the 2016 amounts. No material nonrecurring pro forma adjustments directly attributable to the business combination were included in the unaudited pro forma consolidated financial information.

The pro forma financial information includes assumptions and adjustments made to incorporate various items including, but not limited to, additional interest expense and depreciation and amortization expense, and tax effects, as appropriate. The pro forma financial information has been prepared for comparative purposes only, and is not intended to be indicative of what the Company's results would have been had the acquisition occurred at the beginning of the periods presented or of the results which may occur in the future, for a number of reasons. These reasons include, but are not limited to, differences between the assumptions used to prepare the pro forma information, potential cost savings from operating efficiencies, and the impact of incremental costs incurred in integrating the businesses.

Actual results from Neuco operations, excluding deal costs incurred by Centuri, included in the Consolidated Statements of Income since the date of acquisition are as follows (in thousands of dollars):

	Year ended December 31, 2017
Construction revenues	$ 17,182
Net income attributable to Neuco	2,772

To facilitate the acquisition, in November 2017, Centuri amended and restated its senior secured credit and term loan facility, increasing the borrowing capacity from $300 million to $450 million. The amended and restated facility expires in November 2022. See **Note 8 – Long-Term Debt** for information regarding the amended and restated credit and term loan facility.

MANAGEMENT'S REPORTS ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Management of Southwest Gas Holdings, Inc. is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined by Rule 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934. See Item 9A Controls and Procedures of the 2017 SEC Form 10-K for a discussion regarding the scope of management's assessment due to the recent acquisition of New England Constructors, Inc. which is excluded from management's report on internal control over financial reporting. The acquired business represents 2% of consolidated total assets and 1% of consolidated revenues for the year ended December 31, 2017 and is not significant to the Company's consolidated financial statements. Under the supervision and with the participation of Southwest Gas Holdings, Inc. management, including the principal executive officer and principal financial officer, an evaluation was conducted of the effectiveness of internal control over financial reporting based on the *"Internal Control – Integrated Framework"* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based upon management's evaluation under such framework, management concluded that the internal control over financial reporting was effective as of December 31, 2017. The effectiveness of internal control over financial reporting as of December 31, 2017 has been audited by PricewaterhouseCoopers, LLP, an independent registered public accounting firm, as stated in their report which is included herein.

Management of Southwest Gas Corporation is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934. Under the supervision and with the participation of Southwest Gas Corporation management, including the principal executive officer and principal financial officer, an evaluation was conducted of the effectiveness of internal control over financial reporting based on the *"Internal Control – Integrated Framework"* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based upon management's evaluation under such framework, management concluded that Southwest Gas Corporation's internal control over financial reporting was effective as of December 31, 2017. This annual report does not include an attestation report of Southwest Gas Corporation's registered public accounting firm regarding internal control over financial reporting pursuant to rules of the Securities and Exchange Commission that permit Southwest Gas Corporation to provide only this management's report in this annual report.

February 28, 2018

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of Southwest Gas Holdings, Inc.

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Southwest Gas Holdings, Inc. and its subsidiaries as of December 31, 2017 and December 31, 2016, and the related consolidated statements of income, comprehensive income, equity and redeemable noncontrolling interest, and cash flows for each of the three years in the period ended December 31, 2017, including the related notes (collectively referred to as the “consolidated financial statements”). We also have audited the Company’s internal control over financial reporting as of December 31, 2017, based on criteria established in *Internal Control – Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2017 and December 31, 2016, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2017 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2017, based on criteria established in *Internal Control – Integrated Framework* (2013) issued by the COSO.

Basis for Opinions

The Company’s management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management’s Report on Internal Control over Financial Reporting. Our responsibility is to express opinions on the Company’s consolidated financial statements and on the Company’s internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

As described in Management's Report on Internal Control over Financial Reporting, management has excluded New England Utility Constructors, Inc. from its assessment of internal control over financial reporting as of December 31, 2017 because it was acquired by the Company in a purchase business combination during 2017. We have also excluded New England Utility Constructors, Inc. from our audit of internal control over financial reporting. New England Utility Constructors, Inc. is a wholly-owned subsidiary whose total assets and total revenues excluded from management's assessment and our audit of internal control over financial reporting represent 2% and 1%, respectively, of the related consolidated financial statement amounts as of and for the year ended December 31, 2017.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/PricewaterhouseCoopers LLP
Las Vegas, Nevada
February 28, 2018

We have served as the Company or its predecessor's auditor since 2002.

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholder of Southwest Gas Corporation

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Southwest Gas Corporation and its subsidiaries as of December 31, 2017 and December 31, 2016, and the related consolidated statements of income, comprehensive income, equity, and cash flows for each of the three years in the period ended December 31, 2017, including the related notes (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2017 and December 31, 2016, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2017 in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits of these consolidated financial statements in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/PricewaterhouseCoopers LLP
Las Vegas, Nevada
February 28, 2018

We have served as the Company’s auditor since 2002.

EXHIBIT 21.01

SOUTHWEST GAS HOLDINGS, INC.
LIST OF SUBSIDIARIES OF THE REGISTRANT
AT DECEMBER 31, 2017

SUBSIDIARY NAME	STATE OF INCORPORATION OR ORGANIZATION TYPE
Carson Water Company	Nevada
Centuri Construction Group, Inc.	Nevada
Vistus Construction Group, Inc.	Nevada
NPL Construction Co.	Nevada
Meritus Group, Inc.	Nevada
Brigadier Pipelines Inc.	Delaware
New England Utility Constructors, Inc.	Massachusetts
Canyon Pipeline Construction Inc.	Nevada
Lynxus Construction Group Inc.	Ontario, Canada
NPL Canada Ltd.	Ontario, Canada
W.S. Nicholls Construction Inc.	Ontario, Canada
Paiute Pipeline Company	Nevada
Southwest Gas Transmission Company	Limited partnership between Southwest Gas Corporation and Utility Financial Corp.
Utility Financial Corp.	Nevada
The Southwest Companies	Nevada
Southwest Gas Holdings, Inc.	California
Southwest Gas Utility Group, Inc.	California

Exhibit 23.01

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statement on Form S-3 (No. 333-217018, 333-222047) and Form S-8 (Nos. 333-215145-01, 333-155581-01, 333-200835-01, 333-168731-01, 333-215150-01, 333-185354-01, 333-222048) of Southwest Gas Holdings, Inc. of our report dated February 28, 2018 relating to the financial statements and the effectiveness of internal control over financial reporting, which appears in the Annual Report to Shareholders, which is incorporated in this Annual Report on Form 10-K.

/s/ PricewaterhouseCoopers LLP
Las Vegas, Nevada
February 28, 2018

Exhibit 23.02

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statement on Form S-3 (No. 333-222047) of Southwest Gas Corporation of our report dated February 28, 2018 relating to the financial statements, which appears in the Annual Report to Shareholders, which is incorporated in this Annual Report on Form 10-K.

/s/ PricewaterhouseCoopers LLP
Las Vegas, Nevada
February 28, 2018

Exhibit 31.01

Certification of Southwest Gas Holdings, Inc.

I, John P. Hester, certify that:

1. I have reviewed this annual report on Form 10-K of Southwest Gas Holdings, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 28, 2018

/s/ JOHN P. HESTER

John P. Hester
President and Chief Executive Officer
Southwest Gas Holdings, Inc.

Certification of Southwest Gas Holdings, Inc.

I, Roy R. Centrella, certify that:

1. I have reviewed this annual report on Form 10-K of Southwest Gas Holdings, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 28, 2018

/s/ ROY R. CENTRELLA

Roy R. Centrella
Senior Vice President/Chief Financial Officer
Southwest Gas Holdings, Inc.

Exhibit 31.02

Certification of Southwest Gas Corporation

I, John P. Hester, certify that:

1. I have reviewed this annual report on Form 10-K of Southwest Gas Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 28, 2018

/s/ JOHN P. HESTER

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

Certification of Southwest Gas Corporation

I, Roy R. Centrella, certify that:

1. I have reviewed this annual report on Form 10-K of Southwest Gas Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 28, 2018

/s/ ROY R. CENTRELLA

Roy R. Centrella
Senior Vice President/Chief Financial Officer
Southwest Gas Corporation

Exhibit 32.01

SOUTHWEST GAS HOLDINGS, INC.

CERTIFICATION

In connection with the periodic report of Southwest Gas Holdings, Inc. (the "Company") on Form 10-K for the period ended December 31, 2017 as filed with the Securities and Exchange Commission (the "Report"), I, John P. Hester, the President and Chief Executive Officer of the Company, hereby certify as of the date hereof, solely for purposes of Title 18, Chapter 63, Section 1350 of the United States Code, that to the best of my knowledge:

(1) the Report fully complies with the requirements of section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company at the dates and for the periods indicated.

This Certification has not been, and shall not be deemed, "filed" with the Securities and Exchange Commission.

Dated: February 28, 2018

/s/ John P. Hester

John P. Hester
President and Chief Executive Officer

SOUTHWEST GAS HOLDINGS, INC.

CERTIFICATION

In connection with the periodic report of Southwest Gas Holdings, Inc. (the "Company") on Form 10-K for the period ended December 31, 2017 as filed with the Securities and Exchange Commission (the "Report"), I, Roy R. Centrella, Senior Vice President/Chief Financial Officer of the Company, hereby certify as of the date hereof, solely for purposes of Title 18, Chapter 63, Section 1350 of the United States Code, that to the best of my knowledge:

(1) the Report fully complies with the requirements of section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company at the dates and for the periods indicated.

This Certification has not been, and shall not be deemed, "filed" with the Securities and Exchange Commission.

Dated: February 28, 2018

/s/ Roy R. Centrella
Roy R. Centrella
Senior Vice President/Chief Financial Officer

Exhibit 32.02

SOUTHWEST GAS CORPORATION

CERTIFICATION

In connection with the periodic report of Southwest Gas Corporation on Form 10-K for the period ended December 31, 2017 as filed with the Securities and Exchange Commission (the "Report"), I, John P. Hester, the President and Chief Executive Officer of Southwest Gas Corporation, hereby certify as of the date hereof, solely for purposes of Title 18, Chapter 63, Section 1350 of the United States Code, that to the best of my knowledge:

(1) the Report fully complies with the requirements of section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Southwest Gas Corporation at the dates and for the periods indicated.

This Certification has not been, and shall not be deemed, "filed" with the Securities and Exchange Commission.

Dated: February 28, 2018

/s/ John P. Hester

John P. Hester
President and Chief Executive Officer

SOUTHWEST GAS CORPORATION

CERTIFICATION

In connection with the periodic report of Southwest Gas Corporation on Form 10-K for the period ended December 31, 2017 as filed with the Securities and Exchange Commission (the "Report"), I, Roy R. Centrella, Senior Vice President/Chief Financial Officer of Southwest Gas Corporation, hereby certify as of the date hereof, solely for purposes of Title 18, Chapter 63, Section 1350 of the United States Code, that to the best of my knowledge:

(1) the Report fully complies with the requirements of section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Southwest Gas Corporation at the dates and for the periods indicated.

This Certification has not been, and shall not be deemed, "filed" with the Securities and Exchange Commission.

Dated: February 28, 2018

/s/ Roy R. Centrella
Roy R. Centrella
Senior Vice President/Chief Financial Officer