



# Southwest Gas<sup>™</sup>

## HOLDINGS

### Southwest Gas Corporation Announces 1997 Earnings

February 10, 1998

LAS VEGAS, Feb. 10 /PRNewswire/ -- Southwest Gas Corporation (NYSE: SWX) announced consolidated 1997 earnings of \$0.61 per share, a \$0.36 increase compared to the \$0.25 per share recorded during 1996. Consolidated net income applicable to common stock for 1997 was \$16.5 million versus \$6.6 million in 1996.

Gas operations contributed \$15.8 million of consolidated net income in 1997 compared to \$3.9 million in 1996. According to Michael O. Maffie, President and Chief Executive Officer, 1997 results for the gas operations segment reflected fundamental improvements in operating margin coupled with more favorable weather conditions.

Operating margin increased \$47 million, or 13 percent, in 1997 due to rate relief, customer growth, and the return to more normal winter-season temperatures following consecutive years of record-setting warm weather. Rate relief in Nevada and Arizona accounted for approximately \$20 million of the operating margin increase. Colder-than-normal weather during the fourth quarter of 1997 partially offset the effects of first quarter warmer-than-normal temperatures and, overall, weather-related factors resulted in \$19 million of additional operating margin. During 1997, the Company added 59,000 customers, a five percent increase, contributing \$8 million towards the change in operating margin. This marks the fourth consecutive year in which the customer growth rate has been at least five percent.

Operating expenses and net financing costs increased \$19.9 million, or six percent, due to new investment in gas plant and higher costs incurred as a result of providing service to the Company's continually growing customer base. During 1997, the Company invested \$164 million in new gas plant.

During the fourth quarter of 1997, the Company recognized an \$8 million nonrecurring pretax charge resulting from cost overruns experienced during expansion of the northern California service territory. The writeoff was part of a January 1998 settlement agreement negotiated between the Company and the California Public Utilities Commission (CPUC) Office of Ratepayer Advocates. This agreement must be approved by the CPUC to become effective. Management expects approval of the settlement in the first quarter of 1998. The net effect of this charge was a \$4.3 million, or \$0.16 per share, after-tax reduction to earnings.

During the fourth quarter of 1997, consolidated net income applicable to common stock was \$23.3 million, or \$0.85 per share, compared to \$18.3 million, or \$0.69 per share, during the same quarter in 1996. These results include the net impact of the nonrecurring charge. Operating margin improved \$19 million from the prior period as a result of rate relief, continued customer growth, and colder temperatures. Increased operating expenses, incurred as a result of servicing additional customers, partially offset the growth in margin.

Southwest Gas Corporation provides natural gas to approximately 1,151,000 customers in Arizona, Nevada and California. Its service territory is centered in the fastest-growing region of the country.

SOUTHWEST GAS CONSOLIDATED EARNINGS DIGEST		
YEAR ENDED DECEMBER 31,	1997	1996
Consolidated Operating Revenues	\$ 732,010,000	\$ 644,061,000
Net Income Applicable to Common Stock	\$ 16,469,000	\$ 6,574,000
Average Number of Common Shares Outstanding	27,069,000	25,888,000
Earnings Per Share of Common Stock	\$ 0.61	\$ 0.25
QUARTER ENDED DECEMBER 31,	1997	1996
Consolidated Operating Revenues	\$ 231,143,000	\$ 206,843,000
Net Income Applicable to Common Stock	\$ 23,335,000	\$ 18,296,000
Average Number of Common Shares Outstanding	27,303,000	26,640,000
Earnings Per Share of Common Stock	\$ 0.85	\$ 0.69

SOURCE Southwest Gas Corporation

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