



Southwest Gas Reports Third Quarter 1998 Results

October 29, 1998

LAS VEGAS, Oct. 29 /PRNewswire/ -- Southwest Gas Corporation (NYSE: SWX) recorded a third quarter 1998 net loss of \$0.38 per share, a \$0.20 improvement from the \$0.58 per share loss reported for the third quarter of 1997. Consolidated net loss for the third quarter of 1998 was \$10.9 million, compared to the 1997 third quarter net loss of \$15.7 million. Due to the seasonal nature of the business, net losses during the third quarter are normal and not generally indicative of earnings for a complete twelve-month period.

According to Michael O. Maffie, President and Chief Executive Officer, the improvement in operating results was primarily due to growth in operating margin. Operating margin increased \$10.2 million, or 15 percent, in the third quarter of 1998 compared to the same period a year ago. Approximately \$6 million was due to rate relief. The remainder was due to customer growth as the Company served 58,000, or five percent, more customers than a year ago.

Operating expenses increased \$2.5 million, or three percent. Net financing costs decreased slightly despite \$173 million in construction expenditures over the past twelve months. Strong cash flows during the first half of 1998, lower interest rates on variable-rate debt, and the issuance of 2.5 million shares of common stock were the primary reasons for the reduction.

For the twelve months ended September 30, 1998, net income was \$45.8 million, or \$1.65 per share, compared to \$11.4 million, or \$0.42 per share, during the twelve-month period ended September 30, 1997.

Operating margin increased \$76.4 million, or 20 percent, due to improved weather conditions, rate relief, and continued customer growth. Differences in heating demand caused by weather variations between periods resulted in an increase of \$33 million. Approximately \$22 million pertained to colder-than-normal temperatures in the current period, and the remainder was attributed to the prior period being warmer-than-normal. Rate relief, primarily resulting from a September 1997 general rate case settlement in Arizona, contributed \$32 million in additional operating margin to the current period. Customer growth accounted for the remaining \$11.4 million.

Operating expenses and net financing costs increased \$17.6 million, or five percent, as a result of servicing additional customers.

During the fourth quarter of 1997, Company operating results included the effects of several nonrecurring events. The combined impact of these events was a \$4.1 million, or \$0.15 per share, after-tax reduction to earnings for the twelve-months ended September 30, 1998.

Southwest Gas Corporation provides natural gas to approximately 1,182,000 customers in Arizona, Nevada, and California. Its service territories are centered in the fastest-growing region of the country.

SOUTHWEST GAS CONSOLIDATED EARNINGS DIGEST

QUARTER ENDED SEPTEMBER 30,	1998	1997
Consolidated Operating		
Revenues	\$162,508,000	\$128,698,000
Net Loss	\$10,945,000	\$15,686,000
Average Number of Common		
Shares Outstanding	29,050,000	27,149,000
Basic and Diluted Loss		
Per Share	\$0.38	\$0.58
NINE MONTHS ENDED SEPTEMBER 30,		
Consolidated Operating		
Revenues	\$648,006,000	\$500,867,000
Net Income (Loss)	\$22,494,000	\$(6,866,000)
Average Number of Common		
Shares Outstanding	28,028,000	26,990,000
Basic and Diluted Earnings		
(Loss) Per Share	\$0.80	\$(0.25)
TWELVE MONTHS ENDED SEPTEMBER 30,		
Consolidated Operating		
Revenues	\$879,149,000	\$707,710,000
Net Income	\$45,829,000	\$11,430,000
Average Number of Common		
Shares Outstanding	27,846,000	26,902,000

Basic Earnings Per Share	\$1.65	\$0.42
Diluted Earnings Per Share	\$1.64	\$0.42

SOURCE Southwest Gas Corporation

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