



Southwest Gas[™] HOLDINGS

ONEOK and Southwest Gas Reach Agreement on Merger With Staff of Arizona Utility Regulators

June 30, 1999

LAS VEGAS, June 30 /PRNewswire/ -- ONEOK Inc. (NYSE: OKE) and Southwest Gas Corp. (NYSE: SWX) have reached agreement with the Arizona Corporation Commission (ACC) Staff and the Residential Utility Consumers Office (RUCO) on terms and conditions governing the proposed combination of the two natural gas utilities.

"This agreement with the ACC Staff and RUCO in Arizona is another major step toward successful implementation of the combination of Southwest Gas with ONEOK," said Michael Maffie, chairman and chief executive officer of Southwest Gas. "The speed with which we have reached a settlement agreement in Arizona underscores the benefits that this merger will provide to customers as well as shareholders of Southwest Gas."

Under terms of the Settlement Agreement:

- ONEOK commits to provide financing to close the transaction with an unsecured debt credit rating of at least BBB+.
- All acquisition-related costs will be recorded and treated "below the line" for regulatory purposes, which means that shareholders, rather than utility ratepayers, will pay for all such costs.
- A one-time merger-related credit of nearly \$5.5 million will be made to the Gas Cost Balancing Account for Arizona customers. In effect, this is a pre-payment to Arizona customers of expected merger-related savings.
- In future rate cases, any merger-related savings may be split 50/50 between the Company and customers.

The parties also agreed to accounting and other methodological procedures, and agreed to implement designated safety-related activities in Arizona within specified times. ONEOK agreed to follow safety levels initiated and maintained by Southwest Gas.

Under procedures established by the ACC, a hearing is expected to be held later this summer and the Commission could vote on the settlement at an open meeting subsequently scheduled.

The ONEOK-Southwest Gas merger already has been unanimously approved by the Public Utilities Commission of Nevada (PUCN). In announcing that approval, PUCN Chairman Judy Sheldrew stated, "The parties are to be congratulated on a very comprehensive settlement. This is really a terrific settlement and clearly appears to be something that is very definitely in the public interest."

In addition to approval by the ACC, the proposed utility combination also must be approved by the California Public Utilities Commission (CPUC). The expected regulatory timetable will result in a decision by the CPUC during the early fall, Southwest Gas said.

The acquisition of Southwest Gas also must be approved by its shareholders, who will vote on the matter at the Annual Shareholders Meeting scheduled for August 10, 1999.

If all approvals are obtained on the expected timelines, the acquisition is expected to be completed about mid-November. Shareholders of Southwest Gas will receive \$30 cash from ONEOK for each common share of Southwest Gas.

SOURCE Southwest Gas Corporation

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