



## Southwest Gas<sup>™</sup> HOLDINGS

### **PUCN Upholds Southwest Gas Purchases**

April 27, 2001

LAS VEGAS, April 27 /PRNewswire/ -- The Public Utilities Commission of Nevada (PUCN) today (Friday) upheld the natural gas purchasing practices of Southwest Gas (NYSE: SWX), rejecting a proposal by the Commission Staff that would have disallowed \$8.1 million in gas costs incurred by Southwest last summer. There is no profit to the company from its gas purchases, which are subject to review and approval by the PUCN.

The decision reaffirms the Commission's decision of last December when it approved, subject to audit and possible adjustment, an increase of \$55.3 million to recover the unprecedented run-up in natural gas prices the company experienced from June through September of 2000. As a result of that decision, average residential bills increased about \$7.60 a month in southern Nevada on an annual basis and \$13.29 a month in northern Nevada, effective Jan. 1, 2001.

"The Commission's decision was most important as it validates the company's efforts to purchase the lowest-cost reliable gas supplies available," said Southwest Gas Vice President of Pricing Roger Montgomery. "The entire industry, as well as the financial community, has been following this case. We're pleased that the Commission has vindicated the company's gas purchasing practices."

In the decision, PUCN Commissioner Adriana Escobar-Chanos wrote: "Southwest could not have known at the time it constructed its gas portfolio that gas prices would skyrocket in June, July, August and September of 2000... The Commission concludes that Southwest was not imprudent in its gas purchasing practices..."

The Commission also directed Southwest, the Commission Staff and the Bureau of Consumer Protection to propose guidelines for the company to follow in constructing its gas supply portfolio for coming years. This was an issue Southwest had agreed to during the hearing. The proposed guidelines are to be submitted to the Commission within 120 days.

Southwest Gas provides natural gas service to more nearly 1.4 million homes and businesses in its three-state service area including more than 500,000 throughout northern and southern Nevada.

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