



Southwest Gas[™] HOLDINGS

PUCN Approves Agreement to Allow Southwest Gas to Recover Higher Gas Costs

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LAS VEGAS, June 28 /PRNewswire/ -- The Public Utilities Commission of Nevada (PUCN) today (Thursday) approved an agreement allowing Southwest Gas (NYSE: SWX) to recover higher gas costs. The agreement between the company, PUCN staff, and the Attorney General's Bureau of Consumer Protection (BCP) allows Southwest to increase rates by about \$75 million. Gas costs started an unprecedented climb last summer and reached record highs in December.

According to Roger Montgomery, Southwest's Vice President of Pricing, the agreement followed a thorough review by the BCP and PUCN Staff of the company's gas purchasing practices over the last year. "This agreement allows Southwest Gas to catch up with current prices for natural gas," Montgomery said.

The agreement increases residential customers' bills by \$7.92 for 43 therms in southern Nevada and \$21.80 for 65 therms in northern Nevada. The Purchased Gas Adjustment (PGA) request represents a dollar-for-dollar pass-through to customers of costs the company pays for natural gas. There is no profit for the company on the cost of gas.

Last winter, gas costs tripled from just nine months earlier. In its original request filed last January, Southwest Gas asked for \$88.3 million. Since then natural gas prices have moderated some, thus helping reduce the original amount. However, the cost of gas is still more than double what it was in the spring of 2000.

Today, more than 60 percent of a customer's bill is used to pay for the natural gas they use. This is compared to about 40 percent just a year ago. The remainder of the bill is used to cover the cost of providing service and to pay for taxes.

Southwest Gas serves more than 500,000 homes and businesses in Nevada.

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