



## Southwest Gas<sup>™</sup> HOLDINGS

### Southwest Gas Files for PGA Rate Decrease

October 10, 2001

LAS VEGAS, Oct. 10 /PRNewswire/ -- Citing lower prices for natural gas, Southwest Gas Corporation (NYSE: SWX) today (Wednesday) asked the Public Utilities Commission of Nevada (PUCN) to lower rates for customers by nearly \$51.6 million statewide. The decrease is far greater than a pending increase, company officials said.

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The Purchased Gas Adjustment (PGA) decrease would lower an average winter bill for a southern Nevada residential customer using 79 therms by \$10.73, from \$77.43 to \$66.70, a reduction of 13.9 percent. For a residential customer in northern Nevada using an average of 109 therms in the winter, the bill would drop \$14.75, from \$136.56 to \$121.81, a reduction of 10.8 percent.

According to Southwest's Vice President of Pricing Roger Montgomery, the company is asking the PUCN to process the PGA rate decrease expeditiously so that it can take effect at the same time that the Commission decides the company's pending \$29.4 million general rate increase request.

"Last winter, when the company and our customers were facing unprecedented increases in gas costs, the PUCN took bold steps by acting quickly to recognize the difficulties the increases placed on the company. Their actions helped alert customers to the proper price signals so they could respond by taking measures to control their usage patterns and bills," Montgomery said. "Now that the prices have moderated considerably, we think the Commission will want to act just as judiciously to ensure our customers receive the benefits of these lower prices."

The pending general rate increase request (the first in five years) includes all of Southwest's operating costs except the cost of gas. The PGA mechanism allows 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.

"Implementation of the two proposed rate changes at the same time ensures that customers will experience only one rate change, and the reduction will occur this winter, when customers' bills are at their highest," said Montgomery.

Southwest Gas, along with all other natural gas utilities throughout the country, experienced unprecedented increases in the cost of gas that began in the summer of 2000 and continued through February of 2001.

Since the last PGA rate increase approved by the PUCN, prices for natural gas have decreased significantly. In addition, the prices for natural gas for the upcoming winter are forecasted to be less than half of the prices experienced in the same months of the 2000-2001 winter.

"If those projected gas costs for this winter continue to hold, another sizeable decrease request is possible by spring," Montgomery said.

Southwest Gas provides natural gas service to nearly 1.4 million homes and businesses in Nevada, Arizona and parts of California. The company serves more than 500,000 customers in Nevada.

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