



## Southwest Gas<sup>™</sup> HOLDINGS

### Southwest Gas Files General Rate Increase

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LAS VEGAS, March 8 /PRNewswire/ -- Citing a need to recover increasing operating costs and to change the way its rates are structured, Southwest Gas filed an application today (Monday) with the Public Utilities Commission of Nevada (PUCN) for a general rate increase.

(Logo: <http://www.newscom.com/cgi-bin/prmh/20010823/SWXLOGO> )

The request calls for an annual revenue increase of about \$18.9 million or 6.2 percent in southern Nevada and about \$8.6 million or 9.4 percent in northern Nevada. If approved, the new rates would go into effect in September.

The new rates would add \$3.96 a month to a winter bill of \$65.14 for a southern Nevada residential customer using 66 therms a month. In northern Nevada, the bill for a residential customer using 102 therms a month would add \$12.84 to a winter bill of \$111.33.

A major part of the company's request is to improve the recovery of its fixed costs by implementing new basic service charges. According to Roger Montgomery, Southwest's vice president of Pricing, the increase in the basic service charge will provide the company with a realistic opportunity to earn the returns authorized by the PUCN.

In recent years, consumers have been using less natural gas because natural gas appliances are more energy efficient. At the same time, the company has made substantial capital investments to fund customer growth, normal pipe replacement and other important gas system improvements.

In southern Nevada, the company is proposing a residential basic service charge of \$11.20 per month in the summer (May through October) and \$14.50 per month in the winter. In northern Nevada, the residential basic service charge would be \$13.75 per month in the summer and \$22.50 per month in the winter. The new basic service charge will minimize the need to increase the per therm or commodity charge.

The company stated in its application that despite success in controlling costs and increasing productivity, it has been unable to earn the return authorized by the Commission. "We have always provided safe and reliable customer service at reasonable prices," Montgomery said. "This proposed revenue increase, combined with an improved rate design will give the company a better opportunity to recover its costs so that it can attract the capital necessary to operate its business in the most effective way."

The company is asking for a rate of return of 8.03 percent in southern Nevada and 9.18 percent in northern Nevada. The company is currently earning 5.92 percent in southern Nevada and 4.19 percent in northern Nevada, well below its present authorized levels.

The filing is the first general rate increase request by the company in three years. General rate applications address the costs associated with operating the company's distribution system and providing customer service. They are not related to recent rate changes that are the result of the costs of buying natural gas. The cost of buying natural gas fluctuates according to market prices and rates are adjusted up or down, as needed, to match the company's cost.

Southwest Gas provides natural gas service to more than 530,000 homes and businesses in Nevada, 70,000 more customers since its last rate case.

SOURCE Southwest Gas