



Southwest Gas[™]

HOLDINGS

Southwest Gas Corporation Reports Third Quarter Results

November 6, 2007

LAS VEGAS, Nov 06, 2007 /PRNewswire-FirstCall via COMTEX News Network/ -- Southwest Gas Corporation (NYSE: SWX) recorded a net loss of \$0.22 per share for the third quarter of 2007, a \$0.04 improvement from the loss of \$0.26 per share recorded during the third quarter of 2006. Net loss for the third quarter of 2007 was \$9.3 million, compared to a loss of \$10.7 million in the prior period. Due to the seasonal nature of the business, net losses during the second and third quarters are normal and not generally indicative of earnings for a complete twelve-month period.

According to Jeffrey W. Shaw, Chief Executive Officer, "Although quarterly results improved, much of the improvement is attributable to a reallocation of operating margin between periods in our California jurisdictions (from the first quarter into the second and third quarters). After adjusting for the reallocation, incremental operating margin from rate relief and customer growth totaled approximately \$2 million in the current quarter, whereas operating costs increased by \$5 million. Customer growth continues to moderate as the Company added 48,000 customers over the past 12 months."

Looking ahead, Shaw noted, "We recently filed a \$50 million general rate increase request in Arizona to help recover rising operating costs and infrastructure investments. We are also supporting rate design changes which, if approved, would encourage energy efficiency and also shield the Company and its customers from weather-related volatility. We hope to have new rates in place in about a year."

For the twelve months ended September 30, 2007, consolidated net income was \$86.8 million, or \$2.06 per basic share, compared to \$67.4 million, or \$1.69 per basic share, during the twelve-month period ended September 30, 2006. Results for the prior twelve-month period include net nonrecurring charges of approximately \$0.09 per share.

Natural Gas Operations Segment Results

Third Quarter

Operating margin, defined as operating revenues less the cost of gas sold, increased \$8 million, or seven percent, in the third quarter of 2007 compared to the third quarter of 2006. Rate changes (primarily from implementing a California equalized margin tracker mechanism, effective January 2007) accounted for \$7 million of the increase in operating margin compared to the prior year. New customers accounted for the remaining incremental operating margin during the quarter as the Company added 48,000 customers during the last twelve months, an increase of three percent.

Operating expenses for the quarter increased \$5 million, or four percent, compared to the third quarter of 2006 primarily due to general cost increases and incremental operating costs associated with serving additional customers. A reduction in property tax rates mitigated the overall operating expense increase.

Net financing costs increased \$1.2 million between periods primarily due to higher rates on variable-rate debt and interest expense associated with deferred purchased gas cost balances.

Twelve Months to Date

Operating margin increased \$61 million between periods. Rate relief in Arizona and California added \$31 million. Customer growth contributed an incremental \$16 million. Differences in heating demand, caused primarily by weather variations, resulted in a \$14 million increase in operating margin as warmer-than-normal temperatures were experienced during both periods (during the current twelve-month period the negative impact was \$7 million, while the negative impact during the prior twelve-month period was \$21 million).

Operating expenses increased \$28.5 million, or six percent, between periods primarily due to general increases in labor and maintenance costs, and incremental operating costs associated with serving additional customers. Higher uncollectible and employee-related costs also contributed to the increase. Net financing costs increased slightly between periods primarily due to higher rates on variable-rate debt.

Southwest Gas Corporation provides natural gas service to approximately 1,800,000 customers in Arizona, Nevada, and California. Its service territory is centered in the fastest-growing region of the country.

This press release may contain statements which constitute "forward-looking statements" within the meaning of the Securities Litigation Reform Act of 1995 (Reform Act). All such forward-looking statements are intended to be subject to the safe harbor protection provided by the Reform Act. A number of important factors affecting the business and financial results of the Company could cause actual results to differ materially from those stated in the forward-looking statements. These factors include, but are not limited to, the impact of weather variations on customer usage, customer growth rates, the effects of regulation/deregulation, the timing and amount of rate relief, and changes in rate design.

QUARTER ENDED SEPTEMBER 30,	2007	2006
Consolidated Operating Revenues	\$371,524	\$351,800
Net Loss	\$9,318	\$10,736
Average Number of Common Shares Outstanding	42,448	40,982
Loss Per Share	\$0.22	\$0.26
NINE MONTHS ENDED SEPTEMBER 30,	2007	2006
Consolidated Operating Revenues	\$1,591,777	\$1,459,643
Net Income	\$40,109	\$37,153
Average Number of Common Shares Outstanding	42,219	40,221
Basic Earnings Per Share	\$0.95	\$0.92
Diluted Earnings Per Share	\$0.94	\$0.91
TWELVE MONTHS ENDED SEPTEMBER 30,	2007	2006
Consolidated Operating Revenues	\$2,156,892	\$1,956,638
Net Income	\$86,816	\$67,408
Average Number of Common Shares Outstanding	42,060	39,957
Basic Earnings Per Share	\$2.06	\$1.69
Diluted Earnings Per Share	\$2.04	\$1.67

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