



Southwest Gas[™]

HOLDINGS

Southwest Gas Corporation Announces First Quarter 2015 Earnings

May 5, 2015

LAS VEGAS, May 5, 2015 /PRNewswire/ -- Southwest Gas Corporation (NYSE: SWX) announced consolidated earnings of \$1.54 per basic share for the first quarter of 2015, a \$0.02 increase from the \$1.52 per basic share earned during the first quarter of 2014. Consolidated net income was \$72 million for the first quarter of 2015, compared to \$70.8 million for the prior-year quarter. Natural gas segment income increased to \$78.9 million in the current quarter from \$72.6 million, while the construction services segment incurred a loss of \$6.9 million in the current quarter compared to a loss of \$1.8 million in the first quarter of 2014. Due to the seasonal nature of the Company's businesses, results for quarterly periods are not generally indicative of earnings for a complete twelve-month period.



According to John P. Hester, President and Chief Executive Officer, "We are pleased to announce net income for the first quarter of 2015 of \$72 million, or \$1.54 per share. Gas segment results include a \$4 million increase in operating margin and a \$3.2 million decrease in operating expenses compared to the first quarter of 2014. New customers are being added as expected and we are moving forward with our planned capital expenditures to improve the safety and reliability of our natural gas system." Hester concluded by saying, "The first quarter construction services loss includes ordinary seasonal factors as well as a loss reserve for a short duration industrial construction project in Canada. Although we have established a reserve, we expect incremental revenue from change orders under negotiation to narrow or reverse the loss reserve in subsequent periods."

For the twelve months ended March 31, 2015, consolidated net income was \$142.3 million, or \$3.06 per basic share, compared to \$135.3 million, or \$2.92 per basic share, in the twelve-month period ended March 31, 2014.

Natural Gas Operations Segment Results

First Quarter

Operating margin, defined as operating revenues less the cost of gas sold, increased \$4 million between quarters. New customers contributed \$3 million in operating margin during the first quarter of 2015, as approximately 26,000 net new customers were added during the last twelve months. A combined \$2 million of rate relief in the California jurisdiction and Paiute Pipeline Company contributed to the increase. The increase was partially offset by a \$1 million margin decrease associated with customers outside the decoupling mechanisms and lower other miscellaneous revenues.

Operations and maintenance expenses for the quarter declined \$6.9 million compared to the first quarter of 2014 primarily due to a \$6 million decrease in legal expenses. General cost increases and higher pension expense during the current quarter were substantially offset by reductions in other costs including impacts of lower employee counts. Depreciation expense and general taxes (combined) increased \$3.7 million, or 6%, between quarters primarily due to a 5% increase in average gas plant in service.

Other income, which principally includes changes in the cash surrender values of company-owned life insurance ("COLI") policies and non-utility expenses, increased \$990,000 between quarters. The current quarter reflects COLI policy cash surrender value increases of \$1.3 million, while the prior-year quarter included \$900,000 in COLI-related income. Net interest deductions decreased \$1.1 million between quarters primarily due to the redemption of \$65 million of 5.25% Industrial Development Revenue Bonds ("IDRBs") in November 2014.

Twelve Months to Date

Operating margin increased \$15 million between periods including a combined \$10 million of rate relief in the California jurisdiction and Paiute Pipeline Company. Customer growth provided \$8 million of the increase. Operating margin associated with customers outside the decoupling mechanisms and other miscellaneous revenues declined by \$3 million.

Operations and maintenance expenses decreased \$13.4 million between periods. Legal expenses in the prior-year period (including a \$5 million legal accrual in the first quarter of 2014) were \$6.8 million higher than during the current-year period. Rent expense associated with a portion of the corporate headquarters complex (that the Company subsequently purchased in July 2014) declined \$1.6 million between periods. Declines in employee-related costs, primarily pension expense in calendar year 2014, more than offset higher general costs. Depreciation and general taxes (combined) increased \$12.9 million, or 5%, primarily due to a 6% increase in average gas plant in service.

Other income decreased \$1.7 million between periods. The current period reflects \$5.7 million of income associated with COLI policy cash surrender values increases, while the prior twelve-month period included \$9.5 million of COLI-related income. Interest income increased \$1.9 million between years primarily due to changes in over- and under-collected purchased gas adjustment ("PGA") balances. Net interest deductions increased \$3.1 million between the twelve-month periods primarily due to higher average borrowings (including the issuance of \$250 million of long-term debt in the fourth quarter of 2013).

Southwest Gas Corporation provides natural gas service to 1,938,000 customers in Arizona, Nevada, and California.

This press release may contain statements which constitute "forward-looking statements" within the meaning of the Private 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 timing and amount of rate relief, changes in rate design, customer growth rates, conditions in the housing market, the effects of regulation/deregulation, the impacts of construction activity at Centuri, and the impacts of stock market volatility. The statements in this press release are made as of the date of this press release, even if subsequently made available by the Company on its Web site or otherwise. The Company does not assume any obligation to update the forward-looking statements provided to reflect events that occur or circumstances that exist after the date on which they were made.

SOUTHWEST GAS CONSOLIDATED EARNINGS DIGEST
(In thousands, except per share amounts)

QUARTER ENDED MARCH 31,	2015	2014
Consolidated Operating Revenues	\$ 734,220	\$ 608,396
Net Income	\$ 71,983	\$ 70,783
Average Number of Common Shares Outstanding	46,612	46,440
Basic Earnings Per Share	\$ 1.54	\$ 1.52
Diluted Earnings Per Share	\$ 1.53	\$ 1.51
TWELVE MONTHS ENDED MARCH 31,	2015	2014
Consolidated Operating Revenues	\$ 2,247,531	\$ 1,945,673
Net Income	\$ 142,326	\$ 135,330
Average Number of Common Shares Outstanding	46,537	46,364
Basic Earnings Per Share	\$ 3.06	\$ 2.92
Diluted Earnings Per Share	\$ 3.03	\$ 2.89

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