UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2000

Commission File Number 1-7850

SOUTHWEST GAS CORPORATION
(Exact name of registrant as specified in its charter)

California **(State or other jurisdiction of incorporation or organization)**	**88-0085720** **(I.R.S. Employer Identification No.)**
5241 Spring Mountain Road **Post Office Box 98510** **Las Vegas, Nevada** **(Address of principal executive offices)**	**89193-8510** **(Zip Code)**

Registrant's telephone number, including area code: (702) 876-7237

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, $1 par value	New York Stock Exchange, Inc. Pacific Stock Exchange, Inc.
9.125% Trust Originated Preferred Securities	New York Stock Exchange, Inc. Pacific Stock Exchange, Inc.
Stock Purchase Rights	New York Stock Exchange, Inc. Pacific Stock Exchange, Inc.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. **Yes [X] No [ ]**

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [ ]

Aggregate market value of the voting stock held by nonaffiliates of the registrant:
$668,250,178 as of March 13, 2001

The number of shares outstanding of common stock:
Common Stock, $1 Par Value, 31,882,165 shares as of March 13, 2001

DOCUMENTS INCORPORATED BY REFERENCE

Description	Part Into Which Incorporated
Annual Report to Shareholders for the Year Ended December 31, 2000	Parts I, II, and IV
Proxy Statement dated March 31, 2001	Part III

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PART I

Item 1. BUSINESS

The registrant, Southwest Gas Corporation (the Company), is incorporated, effective March 1931, under the laws of the State of California. The executive offices of the Company are located at 5241 Spring Mountain Road, Las Vegas, Nevada.

The Company is comprised of two segments: natural gas operations (Southwest or the natural gas operations segment) and construction services. Southwest is engaged in the business of purchasing, transporting and distributing natural gas to residential, commercial, and industrial customers in geographically diverse portions of Arizona, Nevada, and California. Southwest is the largest distributor in Arizona, selling and transporting natural gas in most of southern, central and northwestern Arizona, including the Phoenix and Tucson metropolitan areas. Southwest is also the largest distributor and transporter of natural gas in Nevada, and serves the Las Vegas metropolitan area and northern Nevada. In addition, Southwest distributes and transports natural gas in portions of California, including the Lake Tahoe area in northern California and the high desert and mountain areas in San Bernardino County.

Northern Pipeline Construction Co. (Northern or the construction services segment), a wholly owned subsidiary, is a full-service underground piping contractor which provides utility companies with trenching and installation, replacement, and maintenance services for energy distribution systems.

Financial information with respect to industry segments is included in Note 11 of the Notes to Consolidated Financial Statements which is included in the 2000 Annual Report to Shareholders and is incorporated herein by reference.

NATURAL GAS OPERATIONS

General Description

Southwest is subject to regulation by the Arizona Corporation Commission (ACC), the Public Utilities Commission of Nevada (PUCN), and the California Public Utilities Commission (CPUC). These commissions regulate public utility rates, practices, facilities, and service territories in their respective states. The CPUC also regulates the issuance of all securities by the Company, with the exception of short-term borrowings. Certain accounting practices, transmission facilities, and rates are subject to regulation by the Federal Energy Regulatory Commission (FERC).

Southwest purchases, transports, and distributes natural gas to 1,337,000 residential, commercial, and industrial customers in geographically diverse portions of Arizona, Nevada, and California. There were 63,000 customers added to the system during 2000.

The table below lists the percentage of operating margin (operating revenues less net cost of gas) by major customer class for the years indicated:

For the Year Ended	Residential and Small Commercial	Other Sales Customers	Transportation
December 31, 2000	84%	3%	13%
December 31, 1999	83	4	13
December 31, 1998	84	5	11

Southwest is not dependent on any one or a few customers to the extent that the loss of any one or several would have a significant adverse impact on earnings.

Transportation of customer-secured gas to end-users accounted for 57 percent of total system throughput in 2000. Although the volumes were significant, these customers provide a much smaller proportionate share of operating margin. In 2000, customers who utilized this service transported 148 million dekatherms.

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The demand for natural gas is seasonal. Variability in weather from normal temperatures can materially impact results of operations. It is the opinion of management that comparisons of earnings for interim periods do not reliably reflect overall trends and changes in operations. Also, earnings for interim periods can be significantly affected by the timing of general rate relief.

Rates and Regulation

Rates that Southwest is authorized to charge its distribution system customers are determined by the ACC, PUCN, and CPUC in general rate cases and are derived using rate base, cost of service, and cost of capital experienced in a historical test year, as adjusted in Arizona and Nevada, and projected for a future test year in California. The FERC regulates the northern Nevada transmission and liquefied natural gas (LNG) storage facilities of Paiute Pipeline Company (Paiute), a wholly owned subsidiary, and the rates it charges for transportation of gas directly to certain end-users and to various local distribution companies (LDCs). The LDCs transporting on the Paiute system are: Sierra Pacific Power Company (serving Reno and Sparks, Nevada), Avista Utilities (serving South Lake Tahoe, California), and Southwest Gas Corporation (serving Truckee and North Lake Tahoe, California and various locations throughout northern Nevada).

Rates charged to customers vary according to customer class and rate jurisdiction and are set at levels allowing for the recovery of all prudently incurred costs, including a return on rate base sufficient to pay interest on debt, preferred securities distributions, and a reasonable return on common equity. Rate base consists generally of the original cost of utility plant in service, plus certain other assets such as working capital and inventories, less accumulated depreciation on utility plant in service, net deferred income tax liabilities, and certain other deductions. Rate schedules in all service areas contain purchased gas adjustment (PGA) clauses, which allow Southwest to file for rate adjustments as the cost of purchased gas changes. In Nevada, tariffs provide for annual adjustment dates for changes in purchased gas costs. In addition, Southwest may request to adjust rates more often, if conditions warrant. In Arizona, Southwest adjusts rates monthly for changes in purchased gas costs, within pre-established limits. In California, a monthly gas cost adjuster based on forecasted monthly prices became effective December 2000. PGA rate changes affect cash flows but have no direct impact on profit margin. Filings to change rates in accordance with PGA clauses are subject to audit by state regulatory commission staffs. Information with respect to recent general rate cases and PGA filings is included in the Rates and Regulatory Proceedings section of Management’s Discussion and Analysis (MD&A) in the 2000 Annual Report to Shareholders.

The table below lists the docketed general rate filings last initiated and/or completed within each ratemaking area:

Ratemaking Area	Type of Filing	Month Filed	Month Final Rates Effective
Arizona	General rate case	May 2000	Pending
California:			
Northern	Operational attrition	November 1997	January 1998
Southern	General rate case	January 1994	January 1995
Nevada:			
Northern and Southern	General rate case	December 1995	July 1996
FERC:			
Paiute	General rate case	July 1996	January 1997

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Recent Regulatory and Legislative Developments

Both the CPUC and the PUCN have started to develop new rules for further restructuring of the natural gas distribution industry to allow more competition. Recently, the development of new rules has slowed. Similar initiatives may also begin in Arizona. The following is a summary of significant activity to date.

Nevada

During 1998, the PUCN issued two natural gas-related restructuring orders. The orders identified several distinct components of natural gas service and established the procedures to make a determination that a component of service is potentially competitive. In 1999, the PUCN continued the restructuring effort by adopting regulations for licensing requirements and fees for alternate sellers. Large commercial and industrial customers who currently have competitive gas supply purchase options can continue to be served by nonutility gas suppliers if the suppliers obtain a license from the PUCN. To date, three such applications have been approved. Except for large customer gas suppliers mentioned above, no party is providing competitive natural gas services or has requested that any utility services currently provided by Southwest be declared potentially competitive. Further issues such as unbundling of rates, licensing of alternative sellers, and recovery of stranded costs have not yet been decided by the PUCN.

In October 2000, an Energy Policy Committee was formed by the Governor to recommend a long-term energy plan for Nevada. The 17-member committee, which included state government officials, utility company executives and other community and industry representatives, submitted their recommendations in January 2001. They submitted a series of policy proposals regarding conservation and alternative energy sources, but made it clear that given the current instability of the electric energy market, they did not support full deregulation in the immediate future. During the 2001 session of the Nevada State Legislature, several bills were introduced which would modify or repeal utility deregulation legislation previously passed. These proposals add further uncertainty to the likelihood of utility deregulation.

California

In November 2000, the CPUC issued a proposed decision in its investigation to further reform the California natural gas industry. The proposed decision would adopt an interim settlement that takes incremental steps to address customer concerns and promote gas commodity, transmission, storage and balancing services for customers of regulated natural gas utilities. The vote on this proposed decision remains deferred before the CPUC pending resolution of the current energy market issues facing the state. Under legislation adopted in 1999, the incumbent utility remains the provider of last resort and the provider of safety-related services under any restructuring that may be adopted.

Demand for Natural Gas

Deliveries of natural gas by Southwest are made under a priority system established by state regulatory commissions. The priority system is intended to ensure that the gas requirements of higher-priority customers, primarily residential customers and other customers who use 500 therms of gas per day or less, are fully satisfied on a daily basis before lower-priority customers, primarily electric utility and large industrial customers able to use alternative fuels, are provided any quantity of gas or capacity.

Demand for natural gas is greatly affected by temperature. On cold days, use of gas by residential and commercial customers may be as much as eight times greater than on warm days because of increased use of gas for space heating. To fully satisfy this increased high-priority demand, gas is withdrawn from storage, or peaking supplies are purchased from suppliers. If necessary, service to interruptible lower-priority customers may be curtailed to provide the needed delivery system capacity. No curtailment occurred during the latest peak heating season. Southwest maintains no backlog on its orders for gas service.

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Natural Gas Supply

Southwest is responsible for acquiring (purchasing) and arranging delivery of (transporting) natural gas to its system for all sales customers. Southwest believes that natural gas supplies and pipeline capacity for transportation will continue to be sufficient to meet market demands in its service territories.

The primary objective of Southwest with respect to gas supply is to ensure that adequate, as well as economical, supplies of natural gas are available from reliable sources. Gas is acquired from a wide variety of sources and a mix of purchase provisions, including spot market purchases and firm supplies with a variety of terms. During 2000, Southwest acquired gas supplies from approximately 60 suppliers. This practice mitigates the risk of nonperformance by any one supplier.

Balancing reliable supply assurances with the associated costs results in a continually changing mix of purchase provisions within the supply portfolios. To address the unique requirements of its various market areas, Southwest assembles and administers separate natural gas supply portfolios for each of its jurisdictional areas. Firm and spot market natural gas purchases are made in a competitive bid environment. California purchases are subject to both fixed-price and index-based pricing arrangements. For the Nevada and Arizona portfolios, the majority of purchases involve index-based firm pricing arrangements. However, a portion of the firm supplies is contracted on a fixed-price basis. This process allows Southwest to acquire gas at current market prices with mitigation of price volatility. In managing its gas supply portfolio, Southwest does not currently utilize stand-alone derivative financial instruments, but may do so in the future to hedge against possible price increases. Any such change would be undertaken only with regulatory commission authorization.

From the second through the fourth quarter of 2000, Southwest experienced unprecedented increases in natural gas prices. High natural gas prices are also expected for 2001. The recent increase is due to many factors and is a nationwide phenomenon affecting utilities and consumers throughout the United States. These increases escalated in December 2000 when the system-wide average cost of gas for Southwest exceeded $6.00 per dekatherm. Just one year prior, the same average was approximately $2.00 per dekatherm.

There are several factors affecting natural gas prices. Natural gas storage levels going into the winter heating season were low as gas normally earmarked for storage was used to meet customer needs. Prices for crude oil, which is a competitive energy source, reached 16-year highs. The demand for electricity resulting from growth in the national economy increased the demand for natural gas, as most new electric generating plants under construction or recently completed are fueled with natural gas. Consequently, electric utilities, natural gas utilities, and industrial and commercial users are competing for the same supplies of natural gas. The changing structure of the electric utility industry is causing both the price of the power sold and the price of the fuel to operate the natural gas generating plants to be extremely volatile. A depressed market price for natural gas in the mid-1990s caused exploration and drilling to decline. This trend has recently reversed due to increased market prices. The new supplies, however, will take 6 to 18 months to reach the market.

Gas supplies for the southern system of Southwest (Arizona, southern Nevada, and southern California properties) are primarily obtained from producing regions in Colorado and New Mexico (San Juan basin), Texas (Permian basin), and Rocky Mountain areas. For its northern system (northern Nevada and northern California properties), Southwest primarily obtains gas from Rocky Mountain producing areas and from Canada. Primarily as a result of established procurement programs, price increases did not affect the Company’s ability to obtain gas supplies during the recent winter heating season. Increased drilling activity is expected to positively impact future gas supplies.

Southwest arranges for transportation of gas to its Arizona, Nevada, and California service territories through the pipeline systems of El Paso Natural Gas Company (El Paso), Kern River Gas Transmission Company (Kern River), Transwestern Pipeline Company, Northwest Pipeline Corporation, Paiute, and Southern California Gas Company. Supply and pipeline capacity availability on both short- and long-term bases are continually monitored by Southwest to ensure the continued reliability of service to its customers. Southwest currently receives firm transportation service, both on a short- and long-term basis, for all of its service territories on the pipeline systems noted above, and has interruptible contracts in place that allow additional capacity to be acquired as needed.

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The current level of contracted firm interstate capacity is sufficient to serve each of the service territories. As the need arises to acquire additional capacity on one of the interstate pipeline transmission systems, primarily due to customer growth, Southwest considers available options to obtain the capacity, either through the use of firm contracts with a pipeline company or by purchasing capacity on the open market.

Southwest continues to evaluate natural gas storage as an option to enable it to take advantage of daily and seasonal natural gas price differentials and as a resource to help meet both projected and unanticipated peak-day requirements of its rapidly growing customer base.

Competition

Electric utilities are Southwest’s principal competitors for the residential and small commercial markets throughout its service areas. Competition for space heating, general household, and small commercial energy needs generally occurs at the initial installation phase when the customer/builder typically makes the decision as to which type of equipment to install and operate. The customer will generally continue to use the chosen energy source for the life of the equipment. As a result of its success in these markets, Southwest has experienced consistent growth among the residential and small commercial customer classes.

Unlike residential and small commercial customers, certain large commercial, industrial, and electric generation customers have the capability to switch to alternative energy sources. To date, Southwest has been successful in retaining most of these customers by setting rates at levels competitive with alternative energy sources such as electricity, fuel oils, and coal. However, increases in natural gas prices, if sustained for an extended period of time, may impact Southwest's ability to retain some of these customers. Overall, management does not anticipate any material adverse impact on operating margin from fuel switching.

Southwest continues to compete with interstate transmission pipeline companies, such as El Paso, Kern River, and Tuscarora Gas Transmission Company, to provide service to certain large end-users. End-use customers located in close proximity to these interstate pipelines pose a potential bypass threat and, therefore, require Southwest to closely monitor each customer situation and provide competitive service in order to retain the customer. Southwest has remained competitive through the use of negotiated transportation contract rates, special long-term contracts with electric generation and cogeneration customers, and new tariff programs. These competitive response initiatives have helped mitigate the financial impact from the threat of bypass and the potential loss of margin currently earned from large customers.

Environmental Matters

Federal, state, and local laws and regulations governing the discharge of materials into the environment have had little direct impact upon Southwest. Environmental efforts, with respect to matters such as protection of endangered species and archeological finds, have increased the complexity and time required to obtain pipeline rights-of-way and construction permits. However, increased environmental legislation and regulation are also beneficial to the natural gas industry. Because natural gas is one of the most environmentally safe fossil fuels currently available, its use helps energy users comply with stricter environmental standards.

Employees

At December 31, 2000, the natural gas operations segment had 2,491 regular full-time equivalent employees. Southwest believes it has a good relationship with its employees. In May 1999, non-exempt employees in the Central Arizona Division voted to have the International Brotherhood of Electrical Workers (IBEW) represent them in employee-related matters with Southwest. In July 2000, Southwest, the National Labor Relations Board (NLRB) and the IBEW entered into an NLRB Settlement Agreement whereby Southwest recognized the IBEW as the bargaining agent for these employees. As part of the settlement, the IBEW dropped all of its legal actions against Southwest and Southwest withdrew its complaint at the D.C. Circuit Court of Appeals challenging the legality of the union vote. No other natural gas operations segment employees are represented by a union. At December 31, 2000, there was not a contract in place with the IBEW related to the 508 non-exempt Central Arizona Division employees.

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CONSTRUCTION SERVICES

Northern Pipeline Construction Co. (Northern or the construction services segment) is a full-service underground piping contractor, which provides utility companies with trenching and installation, replacement, and maintenance services for energy distribution systems. Northern contracts primarily with LDCs to install, repair, and maintain energy distribution systems from the town border station to the end-user. The primary focus of business operations is main and service replacement as well as new business installations. Construction work varies from relatively small projects to the piping of entire communities. Construction activity is seasonal. Peak construction periods are the summer and fall months in colder climate areas, such as the midwest. In the warmer climate areas, such as the southwestern United States, construction continues year round.

Northern business activities are often concentrated in utility service territories where existing energy lines are scheduled for replacement. An LDC will typically contract with Northern to provide pipe replacement services and new line installations. Contract terms generally specify unit-price or fixed-price arrangements. Unit-price contracts establish prices for all of the various services to be performed during the contract period. These contracts often have annual pricing reviews. During 2000, approximately 96 percent of revenue was earned under unit-price contracts. As of December 31, 2000 no significant backlog existed with respect to outstanding construction contracts.

Competition within the industry has traditionally been limited to several regional competitors in what has been a largely fragmented industry. Recently, several national competitors have emerged through consolidation within the industry. Northern currently operates in approximately 16 major markets nationwide. Its customers are the primary LDCs in those markets. During 2000, Northern served 44 major customers, with Southwest accounting for approximately 34 percent of their revenues. No other customer had a relatively significant contribution to Northern’s revenues.

Employment fluctuates between seasonal construction periods, which are normally heaviest in the summer and fall months. At December 31, 2000, Northern had 1,739 regular full-time-equivalent employees. Employment peaked in November 2000 when there were 2,025 employees. The majority of the employees are represented by unions and are covered by collective bargaining agreements, which is typical of the utility construction industry.

Operations are conducted from 17 field locations with corporate headquarters located in Phoenix, Arizona. All buildings are leased from third parties. The lease terms are typically five years or less. Field location facilities consist of a small building for repairs and land to store equipment.

COMPANY RISK FACTORS

Described below are some of the identified risk factors of the Company that may have a negative impact on our future financial performance. Unless indicated otherwise, references below to “we”, “us” and “our” should be read to refer to Southwest Gas Corporation and its subsidiaries.

OUR LIQUIDITY, AND IN CERTAIN CIRCUMSTANCES, EARNINGS, COULD BE ADVERSELY AFFECTED BY THE COST OF PURCHASING NATURAL GAS DURING PERIODS IN WHICH NATURAL GAS PRICES ARE RISING SIGNIFICANTLY.

Rate schedules in each of our service territories contain purchased gas adjustment clauses which permit us to file for rate adjustments to recover increases in the cost of purchased gas. Increases in the cost of purchased gas have no direct impact on our profit margins, but do affect cash flows and can therefore impact the amount of our capital resources. Natural gas prices have recently risen sharply. We have used short-term borrowings to temporarily finance this increase in costs, and we expect to continue to do so during 2001.

We have recently filed, and expect to file in the future, requests for rate increases to cover the increases in the costs of purchased gas we have experienced. Due to the nature of the regulatory process, there is a risk of a disallowance of full recovery of these costs during any period in which there has been a substantial run-up of these costs. Any material disallowance of purchased gas costs could have a material impact on cash flow and earnings.

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SIGNIFICANT CUSTOMER GROWTH IN ARIZONA AND NEVADA COULD STRAIN OUR CAPITAL RESOURCES AND IMPACT EARNINGS.

We continue to experience significant population and customer growth throughout our service territories. During 2000 we added 63,000 customers, a five percent growth rate. It was the seventh consecutive year in which customer growth was at least five percent. This growth has required large amounts of capital to finance the investment in new transmission and distribution plant. In 2000, our natural gas construction expenditures totaled $205 million. Approximately 74 percent of these current-period expenditures represented new construction, and the balance represented costs associated with routine replacement of existing transmission, distribution and general plant.

Cash flows from operating activities (net of dividends) have been inadequate, and are expected to continue to be inadequate, to fund all necessary capital expenditures. We have been funding this shortfall through the issuance of additional debt and equity securities, and will continue to do so. Our ability to issue additional securities is dependent upon, among other things, conditions in the capital markets, regulatory authorizations and our level of earnings.

Our ability to earn the imputed rates of return authorized by the Arizona Corporation Commission and the Public Utilities Commission of Nevada is also adversely affected by significant customer growth, because the rates we charge our distribution customers in Arizona and Nevada are derived using rate base, cost of service and cost of capital experienced in an historical test year, as adjusted. This results in “regulatory lag” which delays our recovery of some of the costs of capital improvements and operating costs from customers in Arizona and Nevada.

OUR EARNINGS ARE GREATLY AFFECTED BY VARIATIONS IN TEMPERATURE DURING THE WINTER HEATING SEASON.

The demand for natural gas is seasonal and is greatly affected by temperature. Variability in weather from normal temperatures can materially impact results of operations. On cold days, use of gas by residential and commercial customers may be as much as eight times greater than on warm days because of the increased use of gas for space heating. Weather has been and will continue to be one of the dominant factors in our financial performance.

SIGNIFICANT CLAIMS HAVE BEEN ASSERTED AGAINST US IN CONNECTION WITH THE FAILED ACQUISITION OF US BY ONEOK, INC. AND THE REJECTION OF AN UNSOLICITED OFFER BY SOUTHERN UNION COMPANY.

After we rejected the unsolicited offer by Southern Union Company to acquire us, Southern Union filed a complaint that, as amended, alleges that we, certain of our senior officers and others acted in violation of state and federal criminal laws, including federal and Arizona racketeering statutes, in connection with our acceptance of the ONEOK offer and the rejection of the Southern Union offer. On December 15, 2000, the Arizona District Court granted our motion to dismiss federal racketeering claims against us. Southern Union has also alleged that the defendants (other than us and our Chairman of the Board) fraudulently induced Southern Union to enter into a confidentiality and standstill agreement, intentionally interfered with a business relationship between us and Southern Union, and tortiously interfered with contractual relations between us and Southern Union. Southern Union is seeking damages in an amount not less than $750 million, subject to being trebled for alleged violations of criminal laws, plus interest, and punitive damages. There is also an ongoing joint federal, state and county criminal investigation in Phoenix concerning activities surrounding the failed acquisition by ONEOK. We are cooperating fully with this investigation.

Arthur Klein has filed a purported class action complaint on behalf of himself and our shareholders, other than defendants and their affiliates and families. The complaint, as amended, alleges that our directors breached their duties of loyalty, due care, candor and good faith and fair dealing in connection with the approval of the ONEOK offers and the rejection of the Southern Union offer, and that there were misrepresentations and omissions in our proxy statement relating to our proposed acquisition by ONEOK and the rejection of the Southern Union offer. The amount of damages being sought is unspecified.

You may find additional information about these claims as well as claims we have filed against ONEOK and Southern Union under **Item 3. Legal Proceedings**.

UNCERTAIN ECONOMIC CONDITIONS MAY AFFECT OUR ABILITY TO FINANCE CAPITAL EXPENDITURES.

Our ability to finance capital expenditures and other matters will depend upon general economic conditions in the capital markets. The direction of interest rates is currently uncertain. Declining interest rates are generally believed to be favorable to utilities while rising interest rates are believed to be unfavorable because of the high capital costs of utilities. In addition, our authorized rate of return is based upon certain assumptions regarding interest rates. If interest rates are lower than assumed rates, our authorized rate of return could be reduced. If interest rates are higher than assumed rates, our ability to earn our authorized rate of return may be adversely impacted.

OUR ABILITY TO PAY DIVIDENDS, ALTHOUGH RESTRICTED BY CALIFORNIA CORPORATION LAW, IS LIKELY TO BE DEPENDENT UPON FUTURE EARNINGS.

We do not anticipate that restrictions imposed by California Corporation Law will impact our ability to pay dividends in the foreseeable future. During 1996 and 1997, the amount paid out in dividends exceeded earnings by an aggregate of $21 million. It is likely that the amount of dividends declared by our Board of Directors will depend to a substantial degree on the level of our future earnings.

Item 2. PROPERTIES

The plant investment of Southwest consists primarily of transmission and distribution mains, compressor stations, peak shaving/storage plants, service lines, meters, and regulators which comprise the pipeline systems and facilities located in and around the communities served. Southwest also includes other properties such as land, buildings, furnishings, work equipment, vehicles and software systems in plant investment. The northern Nevada and northern California properties of Southwest are referred to as the northern system; the Arizona, southern Nevada, and southern California properties are referred to as the southern system. Several properties are leased by Southwest, including an LNG storage plant on its northern Nevada system, a portion of the corporate headquarters office complex located in Las Vegas, Nevada, and the administrative offices in Phoenix, Arizona. Total gas plant, exclusive of leased property, at December 31, 2000 was $2.4 billion, including construction work in progress. It is the opinion of management that the properties of Southwest are suitable and adequate for its purposes.

Substantially all gas main and service lines are constructed across property owned by others under right-of-way grants obtained from the record owners thereof, on the streets and grounds of municipalities under authority conferred by franchises or otherwise, or on public highways or public lands under authority of various federal and state statutes. None of the numerous county and municipal franchises are exclusive, and some are of limited duration. These franchises are renewed regularly as they expire, and Southwest anticipates no serious difficulties in obtaining future renewals.

With respect to the right-of-way grants, Southwest has had continuous and uninterrupted possession and use of all such rights-of-way, and the associated gas mains and service lines, commencing with the initial stages of the construction of such facilities. Permits have been obtained from public authorities in certain instances to cross or to lay facilities along roads and highways. These permits typically are revocable at the election of the grantor and Southwest occasionally must relocate its facilities when requested to do so by the grantor. Permits have also been obtained from railroad companies to cross over or under railroad lands or rights-of-way, which in some instances require annual or other periodic payments and are revocable at the grantors' elections.

Southwest operates two primary pipeline transmission systems: (i) a system owned by Paiute, a wholly owned subsidiary, extending from the Idaho-Nevada border to the Reno, Sparks, and Carson City areas and communities in the Lake Tahoe area in both California and Nevada and other communities in northern and western Nevada; and (ii) a system extending from the Colorado River at the southern tip of Nevada to the Las Vegas distribution area.

The following map shows the locations of major Southwest facilities and transmission lines, and principal communities to which Southwest supplies gas either as a wholesaler or distributor. The map also shows major supplier transmission lines that are interconnected with the Southwest systems.

The information appearing in Part I, Item 1, page 6 with respect to the construction services segment is incorporated herein by reference.

[MAP]

[DESCRIPTION: Map of Arizona, Nevada, and California indicating the location of Southwest service areas. Service areas in Arizona include most of the central and southern areas of the state including Phoenix, Tucson, Yuma, and surrounding communities. Service areas in northern Nevada include Carson City, Yerington, Fallon, Lovelock, Winnemucca, and Elko. Service areas in southern Nevada include the Las Vegas valley (including Henderson and Boulder City) and Laughlin. Service areas in southern California include Barstow, Big Bear, Needles, and Victorville. Service areas in northern California include the north shore of Lake Tahoe and portions of Truckee. Companies providing gas transportation services for Southwest are indicated by showing the location of their pipelines. Major transporters include El Paso Natural Gas Company, Kern River Gas Transmission Company, Transwestern Pipeline Company, Northwest Pipeline Corporation, and Southern California Gas Company. The location of the Paiute Pipeline Company transmission pipeline (extending from the Idaho/Nevada border to the Reno/Tahoe area) and Southwest's pipeline (extending from Laughlin/Bullhead City to the Las Vegas valley) are indicated. The LNG facility is located near Lovelock, Nevada.]

Item 3. LEGAL PROCEEDINGS

Litigation is pending in California and Arizona relating to the now terminated acquisition of the Company by ONEOK, Inc. (ONEOK) and the Company's rejection of the unsolicited offers by Southern Union Company (Southern Union), which is described below.

California Litigation

On December 16, 1998, Arthur Klein filed a purported class action complaint on behalf of himself and shareholders of the Company (excluding defendants and their affiliates and families) in the Superior Court of the State of California in San Diego County (Case No. 726615) against the Company and its directors. The complaint has been amended three times. As amended, the complaint alleges breach of the duties of loyalty, due care, candor and good faith and fair dealing and sets forth claims relating to the Company's proxy statement for its annual meeting of shareholders in 1999, including allegations of misrepresentations or omissions relating to the proposed acquisition of the Company by ONEOK and the rejection of the Southern Union offers. The complaint, as amended, further seeks to implement an auction of the Company or similar process, unspecified damages, and a declaration that the action is properly maintainable as a class action on behalf of all shareholders.

The case has been removed from the California Superior Court in San Diego to the U.S. District Court for the Southern District of California (Case No. 99 cv 1891-L (JAH)). On October 6, 1999, GAMCO Investors, Inc. and Gabelli Funds LLC filed a notice of appearance in this matter.

Arizona Federal Court Litigation

On July 19, 1999, Southern Union filed a complaint in the United States District Court of Arizona (Civ '99 1294 PHX ROS), which was amended on October 11, 1999 and July 25, 2000. As amended, the complaint alleges that the Company, Michael O. Maffie, President and Chief Executive Officer of the Company, Thomas Y. Hartley, Chairman of the Board of the Company, and Edward S. Zub, Senior Vice President Regulation and Pricing of the Company, ONEOK, and other named individuals have conspired to block the Company's shareholders from voting upon Southern Union's offer and have acted to ensure that the Company's Board of Directors would approve and recommend the ONEOK offer to the Company's shareholders and to influence the vote of members of regulatory commissions required to approve the proposed acquisition of the Company by ONEOK in violation of state and federal criminal laws. The complaint, as amended, further alleges that the defendants fraudulently induced Southern Union to enter into the February 21, 1999 confidentiality and standstill agreement, Southwest breached the terms of that agreement and its covenant of good faith and fair dealing, and all defendants, other than Southwest, Mr. Hartley and Mr. Zub, intentionally interfered with a business relationship between the Company and Southern Union and tortiously interfered with contractual relations between the Company and Southern Union. The complaint, as amended, further alleges, that the defendants violated both the federal and Arizona racketeering statutes. On December 15, 2000, the United States District Court for the District of Arizona granted the Company's motion to dismiss Southern Union's federal racketeering claim.

Southern Union seeks damages in an amount not less than $750 million to be trebled for the alleged violations of state and federal criminal law, compensatory damages in an amount not less than $750 million, plus interest, rescission of the confidentiality and standstill agreement between the Company and Southern Union and punitive damages.

On January 21, 2000, ONEOK filed a complaint against the Company in the United States District Court for the Northern District of Oklahoma seeking a declaratory judgment that ONEOK properly terminated the merger agreement. On September 18, 2000, this action was transferred to the United States District Court for the District of Arizona.

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On April 30, 1999, the Company filed a complaint in the U.S. District Court, District of Nevada against Southern Union alleging breach of the confidentiality and standstill agreement between the Company and Southern Union, breach of the implied covenant of good faith and fair dealing, misappropriation of trade secrets, intentional interference with contract, intentional interference with prospective economic advantage, violation of Section 14(a) of the Securities Exchange Act of 1934 and other violations of California and Nevada law. This action was transferred to the U.S. District Court for the District of Arizona on March 8, 2000.

On January 24, 2000, the Company filed a complaint against ONEOK and Southern Union in the U.S. District Court for the District of Arizona (Case No. CIV'00, 0119 PHX ROS). The lawsuit seeks unspecified damages from ONEOK for breach of contract, breach of the implied covenant of good faith and fair dealing, fraud in the inducement, and fraud related to its actions connected to the Merger Agreement and its cancellation of the Merger Agreement.

The Company has also sued Southern Union seeking unspecified damages for breach of contract, breach of the implied covenant of good faith and fair dealing, interference with a contract and misappropriation of trade secrets, all related to Southern Union's attempts to block the proposed Southwest Gas-ONEOK combination after Southern Union's unsolicited offers were rejected by the Company.

There is also an ongoing joint federal, state and county criminal investigation in Phoenix, Arizona concerning activities surrounding the failed acquisition of the Company by ONEOK. The Company is cooperating fully with this investigation.

Other Proceedings

The Company has been named as defendant in various other legal proceedings. The ultimate dispositions of these proceedings are not presently determinable; however, it is the opinion of management that none of this litigation will have a material adverse impact on the Company's financial position or results of operations.

Item 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

PART II

Item 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

The principal markets on which the common stock of the Company is traded are the New York Stock Exchange and the Pacific Stock Exchange. At March 13, 2001, there were 24,060 holders of record of common stock, and the market price of the common stock was $20.96. The quarterly market price of and dividends on Company common stock required by this item are included in the 2000 Annual Report to Shareholders and are incorporated herein by reference.

Item 6. SELECTED FINANCIAL DATA

Information required by this item is included in the 2000 Annual Report to Shareholders and is incorporated herein by reference.

Item 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Information required by this item is included in the 2000 Annual Report to Shareholders and is incorporated herein by reference.

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Item 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Information responding to Item 7A appears in the 2000 Annual Report to Shareholders under the heading "Management's Discussion and Analysis" and under Notes 6 and 7 of the Notes to Consolidated Financial Statements. This information is incorporated herein by reference. Other risk information is included under the heading "Company Risk Factors" in **Item 1. Business** of this report.

Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The Consolidated Financial Statements of Southwest Gas Corporation and Notes thereto, together with the report of Arthur Andersen LLP, Independent Public Accountants, are included in the 2000 Annual Report to Shareholders and are incorporated herein by reference.

Item 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

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PART III

Item 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

(a) *Identification of Directors.* Information with respect to Directors is set forth under the heading "Election of Directors" in the definitive Proxy Statement dated March 31, 2001, which by this reference is incorporated herein.

(b) *Identification of Executive Officers.* The name, age, position and period position held during the last five years for each of the Executive Officers of the Company are as follows:

Name	Age	Position	Period Position Held
Michael O. Maffie	53	President and Chief Executive Officer	1996-Present
George C. Biehl	53	Executive Vice President/Chief Financial Officer and Corporate Secretary	2000-Present
		Senior Vice President/Chief Financial Officer and Corporate Secretary	1996-2000
		Senior Vice President and Chief Financial Officer	1996
James P. Kane	54	Executive Vice President/Operations	2000-Present
		Senior Vice President/Operations	1997-2000
		Vice President/Southern Arizona Division	1996-1997
Edward S. Zub	52	Executive Vice President/Consumer Resources and Energy Services	
		Senior Vice President/Regulation and Product Pricing	2000-Present
		Vice President/Rates & Regulation	1996-2000
			1996
James F. Lowman	54	Senior Vice President/Central Arizona Division	1996-Present
Jeffrey W. Shaw	42	Senior Vice President/Finance and Treasurer	2000-Present
		Vice President/Treasurer	1996-2000
Thomas R. Sheets	50	Senior Vice President/Legal Affairs and General Counsel	2000-Present
		Vice President/General Counsel	1996-2000
		Vice President/Assistant General Counsel	1996
		Assistant General Counsel	1996
Dudley J. Sondeno	48	Senior Vice President/Chief Knowledge and Technology Officer	1996-Present
Edward A. Janov	46	Vice President/Controller and Chief Accounting Officer	1996-2000
		Controller/Chief Accounting Officer	1996

(c) *Identification of Certain Significant Employees.* None.

(d) *Family Relationships.* No Directors or Executive Officers are related to any other either by blood, marriage, or adoption.

(e) *Business Experience.* Information with respect to Directors is set forth under the heading "Election of Directors" in the definitive Proxy Statement dated March 31, 2001, which by this reference is incorporated herein. All Executive Officers have held responsible positions with the Company for at least five years as described in (b) above.

(f) *Involvement in Certain Legal Proceedings.* None.

(g) *Promoters and Control Persons.* None.

Section 16(a) Beneficial Ownership Reporting Compliance. Section 16(a) of the Securities Exchange Act of 1934 requires officers and directors, and persons who own more than ten percent of a registered class of equity securities, to file reports of ownership and changes in ownership with the Securities and Exchange Commission (SEC) and the New York Stock Exchange. Officers, directors, and beneficial owners of more than ten percent of any class of equity securities are required by SEC regulation to furnish the Company with copies of all
Section 16(a) forms they file.

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The Company has adopted procedures to assist its directors and executive officers in complying with Section 16(a) of the Securities and Exchange Act of 1934, as amended, which includes assisting in the preparation of forms for filing. For 2000, all but two of the reports were timely filed. An acquisition of 1,000 shares of Company common stock in March 2000 by Thomas Hartley, Chairman of the Board of Directors, was not reported but was instead reported in Mr. Hartley's Form 5 for 2000. Also, an amended Form 4 was filed in January 2001 by James Lowman, an executive officer of the Company, showing an additional 31 shares of Company common stock (performance shares) acquired through the Management Incentive Plan.

Item 11. EXECUTIVE COMPENSATION

Information with respect to executive compensation is set forth under the heading "Executive Compensation and Benefits" in the definitive Proxy Statement dated March 31, 2001, which by this reference is incorporated herein.

Item 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

(a) *Security Ownership of Certain Beneficial Owners.* Information with respect to security ownership of certain beneficial owners is set forth under the heading "Securities Ownership by Nominees, Executive Officers, and Beneficial Owners" in the definitive Proxy Statement dated March 31, 2001, which by this reference is incorporated herein.

(b) *Security Ownership of Management.* Information with respect to security ownership of management is set forth under the heading "Securities Ownership by Nominees, Executive Officers, and Beneficial Owners" in the definitive Proxy Statement dated March 31, 2001, which by this reference is incorporated herein.

(c) *Changes in Control.* None.

Item 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

None.

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PART IV

Item 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

(a) The following documents are filed as part of this report on Form 10-K:

(1) The Consolidated Financial Statements of the Company (including the Report of Independent Public Accountants) required to be reported herein are incorporated by reference to the information reported in the 2000 Annual Report to Shareholders under the following captions:

Consolidated Balance Sheets	41
Consolidated Statements of Income	42
Consolidated Statements of Cash Flows	43
Consolidated Statements of Stockholders' Equity	44
Notes to Consolidated Financial Statements	45
Report of Independent Public Accountants	59

(2) All schedules have been omitted because the required information is either inapplicable or included in the Notes to Consolidated Financial Statements.

(3) See **LIST OF EXHIBITS**.

(b) Reports on Form 8-K.

The Company filed a Form 8-K, dated December 15, 2000 reporting that claims against Southwest Gas Corporation and ONEOK, Inc., asserted by Southern Union Company under the Federal Racketeer Influenced and Corrupt Organizations Act (RICO) were dismissed.

The Company filed a Form 8-K, dated February 13, 2001 with exhibits to Registration Statement No. 333-52224, including the Underwriting Agreement, Pricing Agreement, Third Supplemental Indenture, Form of 8.375% Note due 2011, and Opinion of O’Melveny & Myers LLP.

The Company filed a Form 8-K, dated February 26, 2001 reporting summary financial information for the quarter and year ended December 31, 2000.

(c) See **LIST OF EXHIBITS**.

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LIST OF EXHIBITS

Exhibit Number	Description of Document
3(i)(16)	Restated Articles of Incorporation, as amended.
3(ii)(20)	Amended Bylaws of Southwest Gas Corporation.
4.01(1)	Indenture between the Company and Bank of America National Trust and Savings Association, as successor by merger to Security Pacific National Bank, as Trustee, dated August 1, 1986.
4.02(6)	Sixth Supplemental Indenture of the Company to Bank of America National Trust and Savings Association, as successor by merger to Security Pacific National Bank, as Trustee, dated as of June 16, 1992, supplementing and amending the Indenture dated as of August 1, 1986, with respect to 9 3/4% Debentures, Series F, due 2002.
4.03(7)	Indenture between Clark County, Nevada, and Bank of America Nevada as Trustee, dated September 1, 1992, with respect to the issuance of $130,000,000 Industrial Development Revenue Bonds (Southwest Gas Corporation), $30,000,000 1992 Series A, due 2027, and $100,000,000 1992 Series B, due 2032.
4.04(8)	Indenture between Clark County, Nevada, and Harris Trust and Savings Bank as Trustee, dated December 1, 1993, with respect to the issuance of $75,000,000 Industrial Development Revenue Bonds (Southwest Gas Corporation), 1993 Series A, due 2033.
4.05(8)	Indenture between City of Big Bear Lake, California, and Harris Trust and Savings Bank as Trustee, dated December 1, 1993, with respect to the issuance of $50,000,000 Industrial Development Revenue Bonds (Southwest Gas Corporation Project), 1993 Series A, due 2028.
4.06(12)	Indenture between the Company and Harris Trust and Savings Bank dated July 15, 1996, with respect to Debt Securities.
4.07(13)	First Supplemental Indenture of the Company to Harris Trust and Savings Bank dated August 1, 1996, supplementing and amending the Indenture dated as of July 15, 1996, with respect to 7 1/2% and 8% Debentures, due 2006 and 2026, respectively.
4.08(15)	Second Supplemental Indenture of the Company to Harris Trust and Savings Bank dated December 30, 1996, supplementing and amending the Indenture dated as of July 15, 1996, with respect to Medium-Term Notes.
4.09(3)	Certificate of Trust of Southwest Gas Capital I.
4.10(10)	Amended and Restated Declaration of Trust of Southwest Gas Capital I.
4.11(10)	Form of Preferred Security (attached as Annex I to Exhibit A to the Amended and Restated Declaration of Trust of Southwest Gas Capital I included as Exhibit 4.10 hereto).
4.12(4)	Form of Guarantee with respect to Preferred Securities.
4.13(9)	Southwest Gas Capital I Preferred Securities Guarantee by the Company and Harris Trust and Savings Bank, dated as of October 31, 1995.
4.14(9)	Form of Subordinated Debt Security (included in the First Supplemental Indenture included as Exhibit 4.16 hereto).

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Exhibit Number	Description of Document
4.15(9)	Subordinated Debt Securities Indenture between the Company and Harris Trust and Savings Bank, dated as of October 31, 1995.
4.16(9)	First Supplemental Indenture between the Company and Harris Trust and Savings Bank, dated as of October 31, 1995, supplementing and amending the Indenture dated as of October 31, 1995, with respect to the 9.125% Subordinated Debt Securities.
4.17(2)	Form of Deposit Agreement.
4.18(2)	Form of Depositary Receipt (attached as Exhibit A to Deposit Agreement included as Exhibit 4.17 hereto).
4.19(20)	Amended and Restated Rights Agreement between the Company and Harris Trust Company, as Rights Agent, dated as of February 9, 1999.
4.20(22)	Indenture between Clark County, Nevada, and Harris Trust and Savings Bank as Trustee, dated as of October 1, 1999, with respect to the issuance of $35,000,000 Industrial Development Revenue Bonds (Southwest Gas Corporation), Series 1999A and Taxable Series 1999B or convertibles of Series B (Series C), due 2038.
4.21	The Company hereby agrees to furnish to the SEC, upon request, a copy of any instruments defining the rights of holders of long-term debt issued by Southwest Gas Corporation or its subsidiaries.
4.22(21)	Third Supplemental Indenture between the Company and the Bank of New York, dated as of February 13, 2001, supplementing and amending the Indenture dated as of December 30, 1996, with respect to the 8.375% Notes due 2011.
10.01(5)	Participation Agreement among the Company and General Electric Credit Corporation, Prudential Insurance Company of America, Aetna Life Insurance Company, Merrill Lynch Interfunding, Bank of America through purchase of Valley Bank of Nevada, Bankers Trust Company and First Interstate Bank of Nevada, dated as of July 1, 1982.
10.02(14)	Amended and Restated Lease Agreement between the Company and Spring Mountain Road Associates, dated as of July 1, 1996.
10.03(8)	Financing Agreement between the Company and Clark County, Nevada, dated September 1, 1992.
10.04(8)	Financing Agreement between the Company and Clark County, Nevada, dated as of December 1, 1993.
10.05(8)	Project Agreement between the Company and City of Big Bear Lake, California, dated as of December 1, 1993.
10.06(18)	Southwest Gas Corporation Management Incentive Plan, amended and restated January 1, 1995.
10.07(19)	Amended Form of Employment Agreement with Company Officers.
10.08(19)	Amended Form of Change in Control Agreement with Company Officers.
10.09(11)	Southwest Gas Corporation 1996 Stock Incentive Plan.
10.10(17)	$350 million Revolving Credit Agreement among the Company, Union Bank of Switzerland, et al., dated as of June 12, 1997.

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Exhibit Number	Description of Document
10.11(22)	Southwest Gas Corporation Supplemental Retirement Plan, amended and restated as of March 1, 1999.
10.12(22)	Southwest Gas Corporation Executive Deferral Plan, amended and restated as of March 1, 1999.
10.13(22)	Southwest Gas Corporation Directors Deferral Plan, amended and restated as of March 1, 1999.
10.14(22)	Southwest Gas Corporation Board of Directors Retirement Plan, amended and restated as of March 1, 1999.
10.15(22)	Financing Agreement between the Company and Clark County, Nevada, dated as of October 1, 1999.
12.01	Computation of Ratios of Earnings to Fixed Charges of Southwest Gas Corporation.
13.01	Portions of 2000 Annual Report incorporated by reference to the Form 10-K.
21.01	List of Subsidiaries of Southwest Gas Corporation.
23.01	Consent of Arthur Andersen LLP, Independent Public Accountants.

(1) Incorporated herein by reference to the Registration Statement on Form S-3, No. 33-7931.
(2) Incorporated herein by reference to the Registration Statement on Form S-3, No. 33-55621.
(3) Incorporated herein by reference to the Registration Statement on Form S-3, No. 33-62143.
(4) Incorporated herein by reference to Amendment No. 1 to Registration Statement on Form S-3, No. 33-62143.
(5) Incorporated herein by reference to the report on Form 10-K for the year ended December 31, 1982.
(6) Incorporated herein by reference to the report on Form 10-Q for the quarter ended June 30, 1992.

(7) Incorporated herein by reference to the report on Form 10-Q for the quarter ended September 30, 1992.
(8) Incorporated herein by reference to the report on Form 10-K for the year ended December 31, 1993.
(9) Incorporated herein by reference to the report on Form 10-Q for the quarter ended September 30, 1995.
(10) Incorporated herein by reference to the report on Form 8-K dated October 26, 1995.
(11) Incorporated herein by reference to the Proxy Statement dated May 30, 1996.
(12) Incorporated herein by reference to the report on Form 8-K dated July 26, 1996.
(13) Incorporated herein by reference to the report on Form 8-K dated July 31, 1996.
(14) Incorporated herein by reference to the report on Form 10-Q for the quarter ended September 30, 1996.
(15) Incorporated herein by reference to the report on Form 8-K dated December 30, 1996.
(16) Incorporated herein by reference to the report on Form 10-Q for the quarter ended March 31, 1997.
(17) Incorporated herein by reference to the report on Form 10-Q for the quarter ended June 30, 1997.

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(18) Incorporated herein by reference to the report on Form 10-K for the year ended December 31, 1997.
(19) Incorporated herein by reference to the reports on Form 10-Q for the quarters ended September 30, 1998 and September 30, 2000.
(20) Incorporated herein by reference to the report on Form 10-K for the year ended December 31, 1998.
(21) Incorporated herein by reference to the report on Form 8-K dated February 13, 2001.
(22) Incorporated herein by reference to the report on Form 10-K for the year ended December 31, 1999.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

SOUTHWEST GAS CORPORATION

Date: March 23, 2001 By /s/ MICHAEL O. MAFFIE

Michael O. Maffie,
President and Chief Executive Officer

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ GEORGE C. BIEHL (George C. Biehl)	Executive Vice President, Chief Financial Officer and Corporate Secretary	March 23, 2001
/s/ EDWARD A. JANOV (Edward A. Janov)	Vice President, Controller and Chief Accounting Officer	March 23, 2001

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ GEORGE C. BIEHL (George C. Biehl)	Director, Executive Vice President, Chief Financial Officer and Corporate Secretary	March 23, 2001
/s/ MANUEL J. CORTEZ (Manuel J. Cortez)	Director	March 23, 2001
/s/ MARK M. FELDMAN (Mark M. Feldman)	Director	March 23, 2001
/s/DAVID H. GUNNING (David H. Gunning)	Director	March 23, 2001
/s/ THOMAS Y. HARTLEY (Thomas Y. Hartley)	Chairman of the Board of Directors	March 23, 2001
/s/ MICHAEL B. JAGER (Michael B. Jager)	Director	March 23, 2001
/s/ LEONARD R. JUDD (Leonard R. Judd)	Director	March 23, 2001
/s/ JAMES J. KROPID (James J. Kropid)	Director	March 23, 2001
/s/ MICHAEL O. MAFFIE (Michael O. Maffie)	Director, President and Chief Executive Officer	March 23, 2001
/s/ CAROLYN M. SPARKS (Carolyn M. Sparks)	Director	March 23, 2001
/s/ TERRANCE L. WRIGHT (Terrance L. Wright)	Director	March 23, 2001

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EXHIBIT INDEX

Exhibit Number	Description of Document
12.01	Computation of Ratios of Earnings to Fixed Charges of Southwest Gas Corporation.
13.01	Portions of 2000 Annual Report to Shareholders incorporated by reference to Form 10-K.
21.01	List of Subsidiaries of Southwest Gas Corporation.
23.01	Consent of Arthur Andersen LLP, Independent Public Accountants.

EXHIBIT 12.01

SOUTHWEST GAS CORPORATION
COMPUTATION OF RATIOS OF EARNINGS TO FIXED CHARGES
(Thousands of dollars)

	For the Year Ended December 31,				
Continuing Operations	**2000**	**1999**	**1998**	**1997**	**1996**
1. Fixed charges:					
A) Interest expense	$ 70,659	$ 63,110	$ 63,416	$63,247	$54,674
B) Amortization	1,564	1,366	1,243	1,164	1,494
C) Interest portion of rentals	8,572	8,217	7,531	6,973	6,629
D) Preferred securities distributions	5,475	5,475	5,475	5,475	5,475
Total fixed charges	$ 86,270	$ 78,168	$ 77,665	$76,859	$68,272
2. Earnings (as defined):					
E) Pretax income from continuing operations	$ 51,939	$ 60,955	$ 83,951	$21,328	$10,448
Fixed Charges (1. above)	86,270	78,168	77,665	76,859	68,272
Total earnings as defined	$138,209	$139,123	$161,616	$98,187	$78,720
3. Ratio of earnings to fixed charges	1.60	1.78	2.08	1.28	1.15

EXHIBIT 13.01

CONSOLIDATED SELECTED FINANCIAL STATISTICS

YEAR ENDED DECEMBER 31,	2000	1999	1998	1997	1996
(Thousands of dollars, except per share amounts)					
Operating revenues	$1,034,087	$ 936,866	$ 917,309	$ 732,010	$ 644,061
Operating expenses	905,457	805,654	763,139	629,749	572,488
Operating income	$ 128,630	$ 131,212	$ 154,170	$ 102,261	$ 71,573
Net income	$ 38,311	$ 39,310	$ 47,537	$ 16,469	$ 6,574
Total assets at year end	$2,232,337	$1,923,442	$1,830,694	$1,769,059	$1,560,269
Capitalization at year end					
Common equity	$ 533,467	$ 505,425	$ 476,400	$ 385,979	$ 379,616
Trust originated preferred securities	60,000	60,000	60,000	60,000	60,000
Long-term debt	896,417	859,291	812,906	778,693	665,221
	$1,489,884	$1,424,716	$1,349,306	$1,224,672	$1,104,837
Common stock data					
Return on average common equity	7.4%	8.0%	11.0%	4.3%	1.8%
Earnings per share	$ 1.22	$ 1.28	$ 1.66	$ 0.61	$ 0.25
Diluted earnings per share	$ 1.21	$ 1.27	$ 1.65	$ 0.61	$ 0.25
Dividends paid per share	$ 0.82	$ 0.82	$ 0.82	$ 0.82	$ 0.82
Payout ratio	67%	64%	49%	N/A	N/A
Book value per share at year end	$ 16.82	$ 16.31	$ 15.67	$ 14.09	$ 14.20
Market value per share at year end	$ 21.88	$ 23.00	$ 26.63	$ 18.69	$ 19.25
Market value per share to book value per share	130%	141%	170%	133%	136%
Common shares outstanding at year end (000)	31,710	30,985	30,410	27,387	26,733
Number of common shareholders at year end	24,092	22,989	24,489	25,833	26,371
Ratio of earnings to fixed charges	1.60	1.78	2.08	1.28	1.15

NATURAL GAS OPERATIONS

YEAR ENDED DECEMBER 31,	2000	1999	1998	1997	1996
(Thousands of dollars)					
Sales	$ 816,358	$ 740,900	$ 753,338	$ 569,542	$ 506,200
Transportation	54,353	50,255	46,259	45,123	40,161
Operating revenue	870,711	791,155	799,597	614,665	546,361
Net cost of gas sold	394,711	330,031	329,849	209,338	187,580
Operating margin	476,000	461,124	469,748	405,327	358,781
Expenses					
Operations and maintenance	231,175	221,258	209,172	201,159	198,364
Depreciation and amortization	94,689	88,254	80,231	74,528	67,443
Other	29,819	27,610	31,646	29,393	28,156
Operating income	$ 120,317	$ 124,002	$ 148,699	$ 100,247	$ 64,818
Contribution to consolidated net income	$ 33,908	$ 35,473	$ 44,830	$ 15,825	$ 3,919
Total assets at year end	$2,154,641	$1,855,114	$1,772,418	$1,717,025	$1,498,099
Net gas plant at year end	$1,686,082	$1,581,102	$1,459,362	$1,360,294	$1,278,457
Construction expenditures and property additions	$ 205,161	$ 207,773	$ 179,361	$ 164,528	$ 210,743
Cash flow, net					
From operating activities	$ 109,872	$ 165,220	$ 189,465	$ 45,923	$ 47,931
From investing activities	(203,325)	(207,024)	(176,731)	(170,455)	(41,804)
From financing activities	95,481	40,674	(12,632)	132,349	(11,456)
Net change in cash	$ 2,028	$ (1,130)	$ 102	$ 7,817	$ (5,329)
Total throughput (thousands of therms)					
Sales	1,107,674	1,037,409	1,103,264	914,732	818,329
Transportation	1,482,700	1,186,859	1,001,372	1,030,857	968,208
Total throughput	2,590,374	2,224,268	2,104,636	1,945,589	1,786,537
Weighted average cost of gas purchased ($/therm)	$ 0.42	$ 0.28	$ 0.27	$ 0.35	$ 0.27
Customers at year end	1,337,000	1,274,000	1,209,000	1,151,000	1,092,000
Employees at year end	2,491	2,482	2,429	2,447	2,420
Degree days -- actual	1,938	1,928	2,321	1,976	1,896
Degree days -- ten-year average	1,991	2,031	2,043	2,022	2,033

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of Southwest Gas Corporation and subsidiaries (the Company) includes information related to regulated natural gas transmission and distribution activities and non-regulated activities.

The Company is principally engaged in the business of purchasing, transporting, and distributing natural gas (Southwest or natural gas operations segment). Southwest is the largest distributor in Arizona, selling and transporting natural gas in most of southern, central, and northwestern Arizona, including the Phoenix and Tucson metropolitan areas. Southwest is also the largest distributor and transporter of natural gas in Nevada, and serves the Las Vegas metropolitan area and northern Nevada. In addition, Southwest distributes and transports natural gas in portions of California, including the Lake Tahoe area in northern California and high desert and mountain areas in San Bernardino County.

As of December 31, 2000 Southwest had 1,337,000 residential, commercial, industrial, and other customers, of which 753,000 customers were located in Arizona, 459,000 in Nevada, and 125,000 in California. Residential and commercial customers represented over 99 percent of the total customer base. During 2000, Southwest added 63,000 customers, a five percent increase, of which 31,000 customers were added in Arizona, 28,000 in Nevada, and 4,000 in California. Customer growth over the past three years averaged over five percent annually. These additions are largely attributed to population growth in the service areas. Based on current commitments from builders, customer growth is expected to approximate five percent in 2001. During 2000, 56 percent of operating margin was earned in Arizona, 35 percent in Nevada, and 9 percent in California. During this same period, Southwest earned 84 percent of operating margin from residential and small commercial customers, 3 percent from other sales customers, and 13 percent from transportation customers. These patterns are similar to prior years and are expected to continue.

In April 1996, the Company acquired all of the outstanding stock of Northern Pipeline Construction Co. (Northern or construction services segment) pursuant to a definitive agreement dated November 1995. The Company issued approximately 1,439,000 shares of common stock valued at $24 million in connection with the acquisition. The acquisition was accounted for as a purchase. Goodwill in the amount of approximately $10 million was recorded by Northern and is being amortized over 25 years. Northern provides utility companies with trenching and installation, replacement, and maintenance services for energy distribution systems.

CAPITAL RESOURCES AND LIQUIDITY

The capital requirements and resources of the Company generally are determined independently for the natural gas operations and construction services segments. Each business activity is generally responsible for securing its own financing sources. The capital requirements and resources of the construction services segment are not material to the overall capital requirements and resources of the Company.

Southwest continues to experience significant population growth throughout its service territories. This growth has required large amounts of capital to finance the investment in infrastructure, in the form of new transmission and distribution plant, to satisfy consumer demand. For example, during the three-year period ended December 31, 2000, total gas plant increased from $1.9 billion to $2.4 billion, or at an annual rate of eight percent.

During 2000, capital expenditures for the gas operations segment were $205 million. Approximately 74 percent of these current-period expenditures represented new construction and the balance represented costs associated with routine replacement of existing transmission, distribution, and general plant. Cash flows from operating activities of Southwest (net of dividends) provided $84 million of the required capital resources pertaining to these construction expenditures. The remainder was provided from net external financing activities. Normally, internally generated funds provide a larger proportionate share of capital resources required for construction purposes. However, such cash flows were unfavorably impacted by unusually high working capital requirements resulting from gas costs that exceeded the amounts currently being recovered from customers.

Southwest estimates construction expenditures during the three-year period ending December 31, 2003 will be approximately $694 million. During the three-year period, cash flow from operating activities (net of dividends) is estimated to fund approximately 60 percent of the gas operations total construction expenditures. The remaining cash requirements are expected to be provided by external financing sources. The timing, types, and amounts of these additional external financings will be dependent on a number of factors, including conditions in the capital markets, timing and amounts of rate relief, and growth levels in Southwest service areas. These external financings may include the issuance of both debt and equity securities, bank and other short-term borrowings, and other forms of financing.

In February 2001, the Company issued $200 million in Notes, due 2011, bearing interest at 8.375%. The net proceeds from the sale of the Notes will be used to finance the construction, completion, extension or improvement of the pipeline systems and facilities located in and around the communities served by Southwest. Those capital expenditures were originally funded, in part, with short-term debt, which was repaid with the net proceeds of the Notes.

Liquidity refers to the ability of an enterprise to generate adequate amounts of cash to meet its cash requirements. General factors that could significantly affect capital resources and liquidity in future years include inflation, growth in the economy, changes in income tax laws, changes in the ratemaking policies of regulatory commissions, interest rates, and the level of natural gas prices. The most significant factor affecting liquidity in 2001 is the recent spike in natural gas prices.

From the second through the fourth quarter of 2000, Southwest experienced unprecedented increases in natural gas prices. High natural gas prices are also expected for 2001. The recent increase is due to many factors and is a nationwide phenomenon affecting utilities and consumers throughout the United States. These increases escalated in December 2000 when the system-wide average cost of gas for Southwest exceeded $6 per dekatherm. Just one year prior, the same average was approximately $2 per dekatherm.

There are several factors affecting natural gas prices. Natural gas storage levels going into the winter heating season were low as gas normally earmarked for storage was used to meet customer needs. Prices for crude oil, which is a competitive energy source, reached 16-year highs. The demand for electricity resulting from growth in the national economy increased the demand for natural gas, as most new electric generating plants under construction or recently completed are fueled with natural gas. Consequently, electric utilities, natural gas utilities, and industrial and commercial users are competing for the same supplies of natural gas. The changing structure of the electric utility industry is causing both the price of the power sold and the price of the fuel to operate the natural gas generating plants to be extremely volatile. A depressed market price for natural gas in the mid-1990s caused exploration and drilling to decline. This trend has recently reversed due to increased market prices. The new supplies, however, will take 6 to 18 months to reach the market.

The rate schedules in all of the service territories of Southwest contain purchased gas adjustment (PGA) clauses which permit adjustments to rates as the cost of purchased gas changes. The PGA mechanism allows Southwest to change the gas cost component of the rates charged to its customers to reflect increases or decreases in the price expected to be paid to its suppliers and companies providing interstate pipeline transportation service. In addition, Southwest uses this mechanism to either refund amounts over-collected or recoup amounts under-collected as compared to the price paid for natural gas during the period since the last PGA rate change went into effect. On an interim basis, over or under collections are generally deferred to a balance sheet account, referred to as a PGA account. At December 31, 2000, the combined balances in Southwest's PGA accounts were $92 million. The balances will increase until recovery rates are adjusted and amounts are recovered from customers, or prices paid for gas purchases decline below levels embedded in sales rates. Southwest utilizes short-term borrowings to temporarily finance PGA balances. In anticipation of rising PGA balances, Southwest increased its short-term borrowing capacity from $150 million to $225 million during the fourth quarter of 2000.

In Arizona, Southwest adjusts rates monthly for changes in purchased gas costs, within pre-established limits. In California, a monthly gas cost adjuster based on forecasted monthly prices became effective December 2000. Monthly adjustments are designed to provide a more timely recovery of gas costs. In Nevada, tariffs provide for annual adjustment dates for changes in purchased gas costs. In addition, Southwest may request to adjust rates more often, if conditions warrant. Requests are currently pending before the Public Utilities Commission of Nevada (PUCN) to increase rates for the recovery of higher gas costs. Filings to change rates in accordance with PGA clauses are subject to audit by state regulatory commission staffs. See RATES AND REGULATORY PROCEEDINGS for details of these filings.

PGA changes affect cash flows but have no direct impact on profit margin. In addition, since Southwest is permitted to accrue interest on PGA balances, the cost of incremental, PGA-related short-term borrowings will be offset, and there should be no material negative impact to earnings. However, gas cost deferrals and recoveries can impact comparisons between periods of individual income statement captions. These include Gas operating revenues, Net cost of gas sold, Net interest deductions and Other income (deductions).

The Company has a common stock dividend policy which states that common stock dividends will be paid at a prudent level that is within the normal dividend payout range for its respective businesses, and that the dividend will be established at a level considered sustainable in order to minimize business risk and maintain a strong capital structure throughout all economic cycles. The quarterly common stock dividend was 20.5 cents per share throughout 2000. A dividend of 20.5 cents per share has been paid quarterly since September 1994.

Securities ratings issued by nationally recognized ratings agencies provide a method for determining the credit worthiness of an issuer. Company debt ratings are important because long-term debt constitutes a significant portion of total capitalization. These debt ratings are a factor considered by lenders when determining the cost of debt for the Company (i.e., the better the rating, the lower the cost to borrow funds).

Since January 1997, Moody's Investors Service, Inc. (Moody's) has rated Company unsecured long-term debt at Baa2. Moody's debt ratings range from Aaa (best quality) to C (lowest quality). Moody's applies a Baa2 rating to obligations which are considered medium grade obligations (i.e., they are neither highly protected nor poorly secured).

The Company's unsecured long-term debt rating from Fitch, Inc. (Fitch) is BBB. Fitch debt ratings range from AAA (highest credit quality) to D (defaulted debt obligation). The Fitch rating of BBB indicates a credit quality that is considered prudent for investment.

The Company's unsecured long-term debt rating from Standard and Poor's Ratings Services (S&P) is BBB-. S&P debt ratings range from AAA (highest rating possible) to D (obligation is in default). The S&P rating of BBB- indicates the debt is regarded as having an adequate capacity to pay interest and repay principal.

A securities rating is not a recommendation to buy, sell, or hold a security and is subject to change or withdrawal at any time by the rating agency.

Results of operations are impacted by inflation. Natural gas, labor, and construction costs are the categories most significantly impacted by inflation. Changes to Company cost of gas are generally recovered through PGA mechanisms and do not significantly impact net earnings when approved as filed. Labor is a component of the cost of service, and construction costs are the primary component of rate base. In order to recover increased costs, and earn a fair return on rate base, general rate cases are filed by Southwest, when deemed necessary, for review and approval by regulatory authorities. Regulatory lag, that is, the time between the date increased costs are incurred and the time such increases are recovered through the ratemaking process, can impact earnings. See RATES AND REGULATORY PROCEEDINGS for discussion of recent rate case proceedings.

CONSOLIDATED RESULTS OF OPERATIONS

CONTRIBUTION TO NET INCOME YEAR ENDED DECEMBER 31,	2000	1999	1998
(Thousands of dollars)			
Natural gas operations	$33,908	$35,473	$44,830
Construction services	4,403	3,837	2,707
Net income	$38,311	$39,310	$47,537

2000 vs. 1999. Earnings per share for the year ended December 31, 2000 were $1.22, a $0.06 decrease from the per share earnings of $1.28 recorded for the year ended December 31, 1999. Results for 2000 included $6 million, or $0.19 per share, of income tax benefits associated with the favorable resolution of certain federal income tax issues and the statutory closure of open federal tax years. Natural gas operations contributed $1.08 per share in 2000, an $0.08 decrease from $1.16 per share in 1999. See separate discussion at RESULTS OF NATURAL GAS OPERATIONS. Construction services activities contributed per share earnings of $0.14 in 2000, a $0.02 per share improvement from $0.12 per share earned in 1999. Average shares outstanding increased by 681,000 shares between years, primarily resulting from continuing issuances under the Dividend Reinvestment and Stock Purchase Plan.

1999 vs. 1998. Earnings per share for the year ended December 31, 1999 were $1.28, a $0.38 decrease from per share earnings of $1.66 recorded for the year ended December 31, 1998. Natural gas operations contributed $1.16 per share in 1999, a $0.41 decrease from $1.57 per share in 1998. See separate discussion at RESULTS OF NATURAL GAS OPERATIONS. Construction services activities contributed per share earnings of $0.12 in 1999, an improvement of $0.03 per share when compared to the $0.09 per share contributed in 1998. Results for 1999 included merger-related costs of $2.5 million, net of tax, which reduced earnings per share by $0.08. Average shares outstanding increased by 2.1 million shares between years, primarily resulting from a 2.5 million share common stock issuance in August 1998.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS (Continued)

RESULTS OF NATURAL GAS OPERATIONS

YEAR ENDED DECEMBER 31,	2000	1999	1998
(Thousands of dollars)			
Gas operating revenues	$870,711	$791,155	$799,597
Net cost of gas sold	394,711	330,031	329,849
Operating margin	476,000	461,124	469,748
Operations and maintenance expense	231,175	221,258	209,172
Depreciation and amortization	94,689	88,254	80,231
Taxes other than income taxes	29,819	27,610	31,646
Operating income	120,317	124,002	148,699
Other income (expense)	(1,765)	(2,925)	(2,115)
Income before interest and income taxes	118,552	121,077	146,584
Net interest deductions	68,892	61,597	62,284
Preferred securities distributions	5,475	5,475	5,475
Income tax expense	10,277	18,532	33,995
Contribution to consolidated net income	$ 33,908	$ 35,473	$ 44,830

2000 vs. 1999. The gas segment contribution to consolidated net income for 2000 decreased $1.6 million from 1999. Growth in operating margin was more than offset by higher operating and financing costs.

Operating margin increased $14.9 million, or three percent, in 2000. The increase was primarily due to customer growth as the Company added 63,000, or five percent, more customers during the last 12 months. Differences in heating demand between periods partially offset the impact of customer growth, as both periods were moderately warmer than normal.

Operations and maintenance expense increased $9.9 million, or four percent, as a result of continued expansion and upgrading of the gas system to accommodate customer growth.

Depreciation expense and general taxes increased $8.6 million, or seven percent, as a result of construction activities. Average gas plant in service increased $173 million, or eight percent, compared to the prior year. This was attributed to the continued expansion and upgrading of the gas system to accommodate customer growth.

Net interest deductions increased $7.3 million, or 12 percent, over last year due to the financing of growth-related construction expenditures and higher interest rates on variable-rate debt instruments.

During 2000, Southwest recognized $6 million, or $0.19 per share, of income tax benefits associated with the favorable resolution of certain federal income tax issues and the statutory closure of open federal tax years. As a result, the effective income tax rate for the gas operations segment was 23 percent.

1999 vs. 1998. The gas segment contribution to consolidated net income for 1999 decreased $9.4 million from 1998. The decrease in earnings was attributed to a return to more normal weather conditions during 1999, compared to the colder-than-normal temperatures experienced in 1998.

Operating margin decreased $8.6 million, or two percent, in 1999. Differences in heating demand between periods caused a $23 million reduction in operating margin. Customer growth mitigated the impact of weather as Southwest added 65,000 customers during the year, a five percent increase, contributing $14 million in incremental margin. The 1999 customer additions were a record for the Company.

Operations and maintenance expense increased $12.1 million, or six percent, reflecting increases in labor and other costs, including the incremental expenses associated with meeting the needs of a growing customer base.

Depreciation expense increased $8 million, or ten percent, as a result of construction activities. Average gas plant in service increased $163 million, or eight percent, compared to the prior year. This was attributed to the upgrade of existing operating facilities and the expansion of the system to accommodate record customer growth.

General taxes decreased $4 million, or 13 percent, resulting from a negotiated reduction in the taxable property base in Arizona and Nevada and a reduced assessment rate.

Other income (expense) for 1999 included approximately $4.8 million (pretax) of costs associated with the now terminated merger agreement with ONEOK, Inc. (ONEOK). Southwest also recorded a $2 million expense in connection with the California Public Utilities Commission (CPUC) approval of the settlement agreement with the town of Truckee, California. Partially offsetting these expenses was a $1.6 million litigation settlement by a non-construction, non-utility subsidiary and $1.4 million from the increase in value of other investments. In 1998, other income (expense) included $1.1 million of pretax merger-related costs.

Net interest deductions decreased $687,000, or one percent. Strong cash flows related to the recovery of deferred purchased gas costs, particularly during the first half of 1999, reduced the need for new borrowings to finance construction.

RATES AND REGULATORY PROCEEDINGS

Arizona General Rate Case. In May 2000, Southwest filed a general rate application with the Arizona Corporation Commission (ACC) seeking approval to increase operating margin by $37.1 million, or nine percent, annually for its Arizona rate jurisdiction. Southwest sought rate relief for increased operating costs, changes in financing costs, declining average residential usage, and improvements and additions to the distribution system. Southwest has proposed shifting more day-to-day operating costs by increasing the residential basic service charge to ease the impact of weather on monthly bills.

In February 2001, Southwest entered into a negotiated settlement agreement (Settlement) with the ACC Staff and the Residential Utility Consumer Office. The Settlement, proposed to be effective during the second quarter of 2001, would result in an annual operating margin increase of approximately $22.8 million, which includes an increase in the residential basic service charge. In addition, the portion of customer rates related to the cost of natural gas would increase by almost $0.12 per therm, which would increase cash flows by approximately $56 million per year. The Settlement must be approved by the ACC.

Nevada General Rate Cases. In December 1995, Southwest filed general rate cases for its northern and southern Nevada jurisdictions. Increased rates went into effect in July 1996 as part of a settlement agreement. Southwest expects to file Nevada general rate cases during the second half of 2001.

California General Rate Cases. Southwest last filed general rate applications for its California jurisdictions with the CPUC in 1994. Increased rates went into effect in January 1995. In addition, annual operational attrition increases have been received in northern California through 1998. In March 2000, as part of a settlement agreement, Southwest agreed to keep margin rates at currently authorized levels in both California rate jurisdictions through December 2001. In August 2000, Southwest agreed to extend this date through December 2002.

FERC General Rate Case. In July 1996, Paiute Pipeline Company, a wholly owned subsidiary of the Company, filed its most recent general rate case with the Federal Energy Regulatory Commission

(FERC) to increase rates. The FERC authorized a general rate increase effective January 1997. No general rate case filing is planned during 2001.

PGA FILINGS

Arizona PGA Filings. In October 1998, the ACC approved a proposal by the ACC staff to modify the methodology used by Arizona natural gas utilities in calculating and revising customer rates to reflect changes in the cost of gas. The modifications, which became effective in June 1999, use a twelve-month rolling average of the commodity cost of gas and related transportation costs. The updated rates are reflected in customer bills each month. The changes are designed to reduce volatility on customer bills and in the PGA balance. Initially, there was a $0.07 per therm cap placed on the amount the rate (derived each month) could vary in comparison to the most recent twelve-month period. This cap was increased to $0.10 per therm effective November 2000. At December 31, 2000, the Arizona PGA balance was $31.7 million.

Nevada PGA Filings. In June 2000, Southwest submitted an annual PGA filing in compliance with the Nevada Gas Tariff. Effective December 2000, the PUCN approved the annual filing and granted annual increases of $13.9 million, or nine percent, in southern Nevada and $6 million, or 11 percent, in northern Nevada. In the annual filing, Southwest also requested to move from annual to monthly PGA filings. The proposal for a monthly mechanism was denied in November 2000.

In October 2000, Southwest submitted an out-of-cycle PGA filing to recover gas costs incurred through September 2000. This filing was approved effective January 2001 and resulted in annual revenue increases of $38.5 million, or 24 percent, in southern Nevada and $16.8 million, or 30 percent, in northern Nevada.

In January 2001, Southwest submitted an additional out-of-cycle PGA filing as a result of the run-up in natural gas prices experienced through December 2000. This filing would result in annual revenue increases of $59 million, or 28 percent, in southern Nevada, and $28.2 million, or 37 percent, in northern Nevada, if approved in full. PUCN hearings related to this filing are currently scheduled to begin in late March 2001. At December 31, 2000, the Nevada PGA balance was $46.6 million.

California PGA Filings. Effective December 2000, the CPUC authorized Southwest to change the cost of gas included in sales rates each month to reflect the projected cost of gas for the current month. The treatment of monthly over/under-recoveries of gas costs varies by magnitude. Small amounts may be included in the following month's estimated cost of gas for immediate recovery/refund. Large amounts may be deferred to the PGA account to be amortized over longer periods to avoid excessive fluctuation in prices. This mechanism allows the most timely recovery of gas costs within the three-state operating area. At December 31, 2000, the California PGA balance was $13.7 million.

RESULTS OF CONSTRUCTION SERVICES

YEAR ENDED DECEMBER 31,	2000	1999	1998
(Thousands of dollars)			
Construction revenues	$163,376	$145,711	$117,712
Cost of construction	150,678	134,790	108,911
Gross profit	12,698	10,921	8,801
General and administrative expenses	3,986	3,312	2,931
Income from operations	8,712	7,609	5,870
Other income (expense)	821	946	326
Income before interest and income taxes	9,533	8,555	6,196
Interest expense	1,779	1,605	1,070
Income tax expense	3,351	3,113	2,419
Contribution to consolidated net income	$ 4,403	$ 3,837	$ 2,707

2000 vs. 1999. The 2000 contribution to consolidated net income from construction services increased $566,000 from the prior year. The increase was principally due to additional revenues that resulted from obtaining several new contracts and favorable winter weather conditions. Revenues increased 12 percent, while the gross margin percentage remained relatively constant. Gross profit increased $1.8 million.

General and administrative expenses, as a percent of revenue, remained relatively constant as did interest expense.

1999 vs. 1998. The 1999 construction segment contribution to consolidated net income increased $1.1 million from the prior year. The improvement was due to additional revenues that resulted from obtaining several new contracts and favorable winter weather conditions. With revenues increasing approximately 24 percent, the gross margin percentage remained relatively constant, thus increasing gross profit $2.1 million.

General and administrative expenses, as a percent of revenue, remained relatively constant. Other income (expense) improved during 1999 due to increased gains from the sale of equipment. The majority of the increase in interest costs was due to an increase in the amount of financing for new equipment purchases that were necessary to accommodate the new work obtained during the year.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

Statement of Financial Accounting Standards (SFAS) No. 133 "Accounting for Derivative Instruments and Hedging Activities" became effective on January 1, 2001. The Company does not currently utilize stand-alone derivatives for speculative purposes or for hedging and does not have foreign currency exposure. The Company has fixed-price gas purchase contracts which qualify for the normal purchases and normal sales exclusion. None of the Company's long-term financial instruments or other contracts meet the definition of a derivative under the standard. The Company does not expect any significant impact to its financial position or results of operations as a result of SFAS No. 133.

In September 2000, the Financial Accounting Standards Board (FASB) issued SFAS No. 140 "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities." This statement replaces SFAS No. 125 "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities" and revises the standards of accounting and disclosures of securitizations and other transfers of financial assets and collateral and the settling of liabilities. SFAS No. 140 is effective for transfers and servicing of assets and extinguishments of liabilities occurring after March 31, 2001, and for disclosures relating to securitization transactions and collateral for fiscal years ending after December 15, 2000. The Company does not anticipate any significant impact to its financial position or results of operations as a result of SFAS No. 140.

MERGER LITIGATION

Litigation is pending in California and Arizona related to the proposed merger with ONEOK, which was terminated in January 2000. For additional information, see ITEM 3. LEGAL PROCEEDINGS, in the 2000 Form 10-K filed by the Company with the Securities and Exchange Commission.

In December 2000, a federal district court judge dismissed Federal Racketeer Influenced and Corrupt Organization Act claims filed against the Company by Southern Union Company (Southern Union). The claims originated as part of litigation filed by Southern Union in July 1999, which opposed the attempted acquisition of the Company by ONEOK. Also in 2000, the courts transferred all but one of the lawsuits related to the failed merger under the purview of one federal district court judge.

Management believes these recent events will expedite the resolution of the merger-related litigation and remains confident of the Company's strong legal position. Management is committed to see these matters through to a favorable resolution.

FORWARD-LOOKING STATEMENTS

This annual report contains 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, natural gas prices, the effects of regulation/deregulation, the timing and amount of rate relief, changes in capital requirements and funding, resolution of pending litigation, acquisitions and competition.

COMMON STOCK PRICE AND DIVIDEND INFORMATION

	2000		1999		DIVIDENDS PAID	
	HIGH	LOW	HIGH	LOW	2000	1999
First Quarter	$23	$17 1/16	$29	$25 1/4	$0.205	$0.205
Second Quarter	20 3/16	17 1/2	29 1/2	26 7/8	0.205	0.205
Third Quarter	21 1/4	16 7/8	29 1/8	26 7/8	0.205	0.205
Fourth Quarter	22 1/2	19 5/16	27 5/16	20 3/8	0.205	0.205
					$0.820	$0.820

The principal markets on which the common stock of the Company is traded are the New York Stock Exchange and the Pacific Stock Exchange. At March 13, 2001 there were 24,060 holders of record of common stock and the market price of the common stock was $20.96.

CONSOLIDATED BALANCE SHEETS
(Thousands of dollars, except par value)

	DECEMBER 31, 2000	1999
ASSETS		
Utility plant:		
Gas plant	$2,369,697	$2,203,223
Less: accumulated depreciation	(728,466)	(662,510)
Acquisition adjustments	3,124	3,503
Construction work in progress	41,727	36,886
Net utility plant (Note 2)	1,686,082	1,581,102
Other property and investments	91,685	84,850
Current assets:		
Cash and cash equivalents	19,955	17,126
Accounts receivable, net of allowances (Note 3)	135,609	88,476
Accrued utility revenue	57,873	56,373
Taxes receivable, net	13,394	--
Deferred income taxes (Note 10)	--	6,141
Deferred purchased gas costs (Note 4)	92,064	9,051
Prepaids and other current assets (Note 4)	84,334	31,971
Total current assets	403,229	209,138
Deferred charges and other assets (Note 4)	51,341	48,352
Total assets	$2,232,337	$1,923,442
CAPITALIZATION AND LIABILITIES		
Capitalization:		
Common stock, $1 par (authorized -- 45,000,000 shares; issued and outstanding -- 31,710,004 and 30,985,120 shares)	$ 33,340	$ 32,615
Additional paid-in capital	454,132	439,262
Retained earnings	45,995	33,548
Total common equity	533,467	505,425
Company-obligated mandatorily redeemable preferred securities of the Company's subsidiary, Southwest Gas Capital I, holding solely $61.8 million principal amount of 9.125% subordinated notes of the Company due 2025 (Note 5)	60,000	60,000
Long-term debt, less current maturities (Note 6)	896,417	859,291
Total capitalization	1,489,884	1,424,716
Commitments and contingencies (Note 8)		
Current liabilities:		
Current maturities of long-term debt (Note 6)	8,139	7,931
Short-term debt (Note 7)	131,000	61,000
Accounts payable	194,679	64,247
Customer deposits	29,039	27,408
Accrued taxes	--	40,611
Accrued interest	15,702	14,270
Deferred income taxes (Note 10)	48,965	--
Other current liabilities	54,006	49,423
Total current liabilities	481,530	264,890
Deferred income taxes and other credits:		
Deferred income taxes and investment tax credits (Note 10)	204,168	178,438
Other deferred credits (Note 4)	56,755	55,398
Total deferred income taxes and other credits	260,923	233,836
Total capitalization and liabilities	$2,232,337	$1,923,442

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENTS OF INCOME
(In thousands, except per share amounts)

	YEAR ENDED DECEMBER 31, 2000	1999	1998
Operating revenues:			
Gas operating revenues	$ 870,711	$791,155	$799,597
Construction revenues	163,376	145,711	117,712
Total operating revenues	1,034,087	936,866	917,309
Operating expenses:			
Net cost of gas sold	394,711	330,031	329,849
Operations and maintenance	231,175	221,258	209,172
Depreciation and amortization	106,640	98,525	88,804
Taxes other than income taxes	29,819	27,610	31,646
Construction expenses	143,112	128,230	103,668
Total operating expenses	905,457	805,654	763,139
Operating income	128,630	131,212	154,170
Other income and (expenses):			
Net interest deductions	(70,671)	(63,202)	(63,354)
Preferred securities distributions (Note 5)	(5,475)	(5,475)	(5,475)
Other income (deductions)	(545)	(1,580)	(1,390)
Total other income and (expenses)	(76,691)	(70,257)	(70,219)
Income before income taxes	51,939	60,955	83,951
Income tax expense (Note 10)	13,628	21,645	36,414
Net income	$ 38,311	$ 39,310	$ 47,537
Basic earnings per share (Note 12)	$ 1.22	$ 1.28	$ 1.66
Diluted earnings per share (Note 12)	$ 1.21	$ 1.27	$ 1.65
Average number of common shares outstanding	31,371	30,690	28,611
Average shares outstanding (assuming dilution)	31,575	30,965	28,815

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Thousands of dollars)

	YEAR ENDED DECEMBER 31, 2000	1999	1998
CASH FLOW FROM OPERATING ACTIVITIES:			
Net income	$ 38,311	$ 39,310	$ 47,537
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	106,640	98,525	88,804
Deferred income taxes	80,836	(19,996)	(152)
Changes in current assets and liabilities:			
Accounts receivable, net of allowances	(47,133)	(439)	(10,021)
Accrued utility revenue	(1,500)	500	(2,500)
Deferred purchased gas costs	(83,013)	48,544	29,357
Accounts payable	130,432	(48)	1,971
Accrued taxes	(54,005)	7,131	31,780
Other current assets and liabilities	(44,917)	2,737	15,763
Other	(344)	2,296	978
Net cash provided by operating activities	125,307	178,560	203,517
CASH FLOW FROM INVESTING ACTIVITIES:			
Construction expenditures and property additions	(223,240)	(229,503)	(194,621)
Other	3,923	3,521	4,327
Net cash used in investing activities	(219,317)	(225,982)	(190,294)
CASH FLOW FROM FINANCING ACTIVITIES:			
Issuance of common stock, net	15,595	14,997	67,180
Dividends paid	(25,715)	(25,164)	(23,676)
Issuance of long-term debt, net	45,101	53,348	40,864
Retirement of long-term debt, net	(8,142)	(6,168)	(6,623)
Change in short-term debt	70,000	9,000	(90,000)
Net cash provided by (used in) financing activities	96,839	46,013	(12,255)
Change in cash and cash equivalents	2,829	(1,409)	968
Cash at beginning of period	17,126	18,535	17,567
Cash at end of period	$ 19,955	$ 17,126	$ 18,535
Supplemental information:			
Interest paid, net of amounts capitalized	$ 67,638	$ 61,321	$ 61,164
Income taxes paid (received), net	$ (13,417)	$ 30,090	$ 4,968

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(In thousands, except per share amounts)

	COMMON STOCK SHARES	COMMON STOCK AMOUNT	ADDITIONAL PAID-IN CAPITAL	RETAINED EARNINGS	TOTAL
DECEMBER 31, 1997	27,387	$29,017	$360,683	$ (3,721)	$385,979
Common stock issuances	3,023	3,023	64,157		67,180
Net income				47,537	47,537
Dividends declared					
Common: $0.82 per share				(24,296)	(24,296)
DECEMBER 31, 1998	30,410	32,040	424,840	19,520	476,400
Common stock issuances	575	575	14,422		14,997
Net income				39,310	39,310
Dividends declared					
Common: $0.82 per share				(25,282)	(25,282)
DECEMBER 31, 1999	30,985	32,615	439,262	33,548	505,425
Common stock issuances	725	725	14,870		15,595
Net income				38,311	38,311
Dividends declared					
Common: $0.82 per share				(25,864)	(25,864)
DECEMBER 31, 2000	31,710*	$33,340	$454,132	$ 45,995	$533,467

* At December 31, 2000, 2.5 million common shares were registered and available for issuance under provisions of the Employee Investment Plan, the Stock Incentive Plan, the Management Incentive Plan, and the Dividend Reinvestment and Stock Purchase Plan.

The accompanying notes are an integral part of these statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations. Southwest Gas Corporation (the Company) is comprised of two segments: natural gas operations (Southwest or the natural gas operations segment) and construction services. Southwest purchases, transports, and distributes natural gas to customers in portions of Arizona, Nevada, and California. Southwest's public utility rates, practices, facilities, and service territories are subject to regulatory oversight. The timing and amount of rate relief can materially impact results of operations. Natural gas sales are seasonal, peaking during the winter months. Variability in weather from normal temperatures can materially impact results of operations. Natural gas purchases and the timing of related recoveries can materially impact liquidity. Northern Pipeline Construction Co. (Northern or the construction services segment), a wholly owned subsidiary, is a full-service underground piping contractor which provides utility companies with trenching and installation, replacement, and maintenance services for energy distribution systems.

Basis of Presentation. The Company follows generally accepted accounting principles (GAAP) in accounting for all of its businesses. Accounting for the natural gas utility operations conforms with GAAP as applied to regulated companies and as prescribed by federal agencies and the commissions of the various states in which the utility operates. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Consolidation. The accompanying financial statements are presented on a consolidated basis and include the accounts of Southwest Gas Corporation and all wholly owned subsidiaries. All significant intercompany balances and transactions have been eliminated with the exception of transactions between Southwest and Northern in accordance with Statement of Financial Accounting Standards (SFAS) No. 71, "Accounting for the Effects of Certain Types of Regulation."

Net Utility Plant. Net utility plant includes gas plant at original cost, less the accumulated provision for depreciation and amortization, plus the unamortized balance of acquisition adjustments. Original cost includes contracted services, material, payroll and related costs such as taxes and benefits, general and administrative expenses, and an allowance for funds used during construction less contributions in aid of construction.

Deferred Purchased Gas Costs. The various regulatory commissions have established procedures to enable Southwest to adjust its billing rates for changes in the cost of gas purchased. The difference between the current cost of gas purchased and the cost of gas recovered in billed rates is deferred. Generally, these deferred amounts are recovered or refunded within one year.

Income Taxes. The Company uses the asset and liability method of accounting for income taxes. Under the asset and liability method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the period that includes the enactment date.

For regulatory and financial reporting purposes, investment tax credits (ITC) related to gas utility operations are deferred and amortized over the life of related fixed assets.

Gas Operating Revenues. Revenues are recorded when customers are billed. Customer billings are based on monthly meter reads and are calculated in accordance with applicable tariffs. Southwest also recognizes accrued utility revenues for the estimated amount of services rendered between the meter-reading dates in a particular month and the end of such month.

Construction Revenues. The majority of the Northern contracts are performed under unit price contracts. These contracts state prices per unit of installation. Revenues are recorded as installations are completed. Fixed-price contracts use the percentage-of-completion method of accounting and, therefore, take into account the cost, estimated earnings, and revenue to date on contracts not yet completed. The amount of revenue recognized is based on costs expended to date relative to anticipated final contract costs. Revisions in estimates of costs and earnings during the course of the work are reflected in the accounting period in which the facts requiring revision become known. If a loss on a contract becomes known or is anticipated, the entire amount of the estimated ultimate loss is recognized at that time in the financial statements.

Depreciation and Amortization. Utility plant depreciation is computed on the straight-line remaining life method at composite rates considered sufficient to amortize costs over estimated service lives, including components which adjust for salvage value and removal costs, as approved by the appropriate regulatory agency. When plant is retired from service, the original cost of plant, including cost of removal, less salvage, is charged to the accumulated provision for depreciation. Acquisition adjustments are amortized, as ordered by regulators, over periods which approximate the remaining estimated life of the acquired properties. Costs related to refunding utility debt and debt issuance expenses are deferred and amortized over the weighted-average lives of the new issues. Other regulatory assets, when appropriate, are amortized over time periods authorized by regulators. Nonutility property and equipment are depreciated on a straight-line method based on the estimated useful lives of the related assets.

Allowance for Funds Used During Construction (AFUDC). AFUDC represents the cost of both debt and equity funds used to finance utility construction. AFUDC is capitalized as part of the cost of utility plant. The Company capitalized $1.6 million in 2000, $2.3 million in 1999, and $2.4 million in 1998 of AFUDC related to natural gas utility operations. The debt portion of AFUDC is reported in the consolidated statements of income as an offset to net interest deductions and the equity portion is reported as other income. Utility plant construction costs, including AFUDC, are recovered in authorized rates through depreciation when completed projects are placed into operation, and general rate relief is requested and granted.

Earnings Per Share. Basic earnings per share (EPS) are calculated by dividing net income by the weighted-average number of shares outstanding during the period. Diluted EPS includes additional weighted-average common stock equivalents (stock options and performance shares). Unless otherwise noted, the term "Earnings Per Share" refers to Basic EPS. A reconciliation of the shares used in the Basic and Diluted EPS calculations is shown in the following table. Net income was the same for Basic and Diluted EPS calculations.

(In thousands)	2000	1999	1998
Average basic shares	31,371	30,690	28,611
Effect of dilutive securities			
Stock options	85	176	108
Performance shares	119	99	96
Average diluted shares	31,575	30,965	28,815

Cash Flows. For purposes of reporting consolidated cash flows, cash and cash equivalents include cash on hand and financial instruments with a maturity of three months or less, but exclude funds held in trust from the issuance of industrial development revenue bonds (IDRB).

NOTE 2 -- UTILITY PLANT

Net utility plant as of December 31, 2000 and 1999 was as follows (thousands of dollars):

DECEMBER 31,	2000	1999
Gas plant:		
Storage	$ 3,927	$ 3,842
Transmission	183,842	174,563
Distribution	1,920,357	1,762,341
General	188,686	185,344
Other	72,885	77,133
	2,369,697	2,203,223
Less: accumulated depreciation	(728,466)	(662,510)
Acquisition adjustments, net	3,124	3,503
Construction work in progress	41,727	36,886
Net utility plant	$1,686,082	$1,581,102

Depreciation and amortization expense on gas plant was $92.4 million in 2000, $85.6 million in 1999, and $78.4 million in 1998.

Leases and Rentals. Southwest leases the liquefied natural gas (LNG) facilities on its northern Nevada system, a portion of its corporate headquarters office complex in Las Vegas, and its administrative offices in Phoenix. The leases provide for current terms which expire in 2003, 2017, and 2004, respectively, with optional renewal terms available at the expiration dates. The rental payments for the LNG facilities are $6.7 million annually and $16.7 million in the aggregate. The rental payments for the corporate headquarters office complex are $1.8 million in each of the years 2001 and 2002, $1.9 million in 2003, $2 million in each of the years 2004 and 2005, and $24.3 million cumulatively thereafter. The rental payments for the Phoenix administrative offices are $1.3 million for each of the years 2001 through 2003, and $1 million in the final year of the lease. In addition to the above, the Company leases certain office and construction equipment. The majority of these leases are short-term. These leases are accounted for as operating leases, and for the gas segment are treated as such for regulatory purposes. Rentals included in operating expenses for all operating leases were $25.7 million in 2000, $24.7 million in 1999, and $22.6 million in 1998. These amounts include Northern lease expenses of approximately $9.2 million in 2000, $8.4 million in 1999, and $7.6 million in 1998 for various short-term leases of equipment and temporary office sites.

The following is a schedule of future minimum lease payments for noncancellable operating leases (with initial or remaining terms in excess of one year) as of December 31, 2000 (thousands of dollars):

YEAR ENDING DECEMBER 31,	
2001	$11,341
2002	11,156
2003	7,003
2004	3,092
2005	2,046
Thereafter	24,297
Total minimum lease payments	$58,935

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE 3 -- RECEIVABLES AND RELATED ALLOWANCES

Business activity with respect to gas utility operations is conducted with customers located within the three-state region of Arizona, Nevada, and California. At December 31, 2000, gas utility customer accounts receivable were $109 million. Approximately 57 percent of the gas utility customers were in Arizona, 34 percent in Nevada, and 9 percent in California. Although the Company seeks to minimize its credit risk related to utility operations by requiring security deposits from new customers, imposing late fees, and actively pursuing collection on overdue accounts, some accounts are ultimately not collected. Provisions for uncollectible accounts are recorded monthly, as needed, and are included in the ratemaking process as a cost of service. Activity in the allowance for uncollectibles is summarized as follows (thousands of dollars):

	ALLOWANCE FOR UNCOLLECTIBLES
Balance, December 31, 1997	$ 1,578
Additions charged to expense	2,057
Accounts written off, less recoveries	(2,290)
Balance, December 31, 1998	1,345
Additions charged to expense	1,897
Accounts written off, less recoveries	(1,512)
Balance, December 31, 1999	1,730
Additions charged to expense	1,036
Accounts written off, less recoveries	(1,202)
Balance, December 31, 2000	$ 1,564

NOTE 4 -- REGULATORY ASSETS AND LIABILITIES

Natural gas operations are subject to the regulation of the Arizona Corporation Commission (ACC), the Public Utilities Commission of Nevada (PUCN), the California Public Utilities Commission (CPUC), and the Federal Energy Regulatory Commission (FERC). Company accounting policies conform to generally accepted accounting principles applicable to rate-regulated enterprises and reflect the effects of the ratemaking process. Such effects concern mainly the time at which various items enter into the determination of net income in accordance with the principle of matching costs with related revenues.

The following table represents existing regulatory assets and liabilities (thousands of dollars):

DECEMBER 31,	2000	1999
Regulatory assets:		
Deferred purchased gas costs	$ 92,064	$ 9,051
Accrued purchased gas costs*	56,400	--
SFAS No. 109 -- Income taxes, net	5,365	6,251
Unamortized premium on reacquired debt	14,516	15,347
Other	25,169	20,277
	193,514	50,926
Regulatory liabilities:		
Supplier and other rate refunds due customers	(29)	(29)
Other	(1,558)	(2,264)
Net regulatory assets	$191,927	$48,633

* Included in Prepaids and other current assets on the Consolidated Balance Sheet.

NOTE 5 -- PREFERRED SECURITIES

Preferred Securities of Southwest Gas Capital I. In October 1995, Southwest Gas Capital I (the Trust), a consolidated wholly owned subsidiary of the Company, issued $60 million of 9.125% Trust Originated Preferred Securities (the Preferred Securities). In connection with the Trust issuance of the Preferred Securities and the related purchase by the Company of all of the Trust common securities (the Common Securities), the Company issued to the Trust $61.8 million principal amount of its 9.125% Subordinated Deferrable Interest Notes, due 2025 (the Subordinated Notes). The sole assets of the Trust are and will be the Subordinated Notes. The interest and other payment dates on the Subordinated Notes correspond to the distribution and other payment dates on the Preferred Securities and Common Securities. Under certain circumstances, the Subordinated Notes may be distributed to the holders of the Preferred Securities and holders of the Common Securities in liquidation of the Trust. The Subordinated Notes became redeemable at the option of the Company on December 31, 2000, and may be redeemed at any time at a redemption price of $25 per Subordinated Note plus accrued and unpaid interest. In the event that the Subordinated Notes are repaid, the Preferred Securities and the Common Securities will be redeemed on a pro rata basis at $25 per Preferred Security and Common Security plus accumulated and unpaid distributions. Company obligations under the Subordinated Notes, the Declaration of Trust (the agreement under which the Trust was formed), the guarantee of payment of certain distributions, redemption payments and liquidation payments with respect to the Preferred Securities to the extent the Trust has funds available therefore and the indenture governing the Subordinated Notes, including the Company agreement pursuant to such indenture to pay all fees and expenses of the Trust, other than with respect to the Preferred Securities and Common Securities, taken together, constitute a full and unconditional guarantee on a subordinated basis by the Company of payments due on the Preferred Securities. As of December 31, 2000, 2.4 million Preferred Securities were outstanding.

The Company has the right to defer payments of interest on the Subordinated Notes by extending the interest payment period at any time for up to 20 consecutive quarters (each, an Extension Period). If interest payments are so deferred, distributions will also be deferred. During such Extension Period, distributions will continue to accrue with interest thereon (to the extent permitted by applicable law) at an annual rate of 9.125% per annum compounded quarterly. There could be multiple Extension Periods of varying lengths throughout the term of the Subordinated Notes. If the Company exercises the right to extend an interest payment period, the Company shall not during such Extension Period (i) declare or pay dividends on, or make a distribution with respect to, or redeem, purchase or acquire or make a liquidation payment with respect to, any of its capital stock, or (ii) make any payment of interest, principal or premium, if any, on or repay, repurchase, or redeem any debt securities issued by the Company that rank equal with or junior to the Subordinated Notes; provided, however, that restriction (i) above does not apply to any stock dividends paid by the Company where the dividend stock is the same as that on which the dividend is being paid. The Company has no present intention of exercising its right to extend the interest payment period.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

NOTE 6 -- LONG-TERM DEBT

DECEMBER 31,	2000		1999	
	CARRYING AMOUNT	MARKET VALUE	CARRYING AMOUNT	MARKET VALUE
(Thousands of dollars)				
Debentures:				
9 3/4% Series F, due 2002	$100,000	$103,855	$100,000	$105,114
7 1/2% Series, due 2006	75,000	76,939	75,000	73,845
8% Series, due 2026	75,000	74,139	75,000	73,339
Medium-term notes, 7.59% series, due 2017	25,000	24,263	25,000	23,964
Medium-term notes, 7.75% series, due 2005	25,000	25,607	--	--
Medium-term notes, 7.78% series, due 2022	25,000	23,793	25,000	24,032
Medium-term notes, 7.92% series, due 2027	25,000	23,945	25,000	24,212
Medium-term notes, 6.89% series, due 2007	17,500	17,006	17,500	16,547
Medium-term notes, 6.76% series, due 2027	7,500	6,254	7,500	6,316
Medium-term notes, 6.27% series, due 2008	25,000	23,318	25,000	22,520
Unamortized discount	(2,872)	--	(3,119)	--
	397,128		371,881	
Revolving credit facility	200,000	200,000	200,000	200,000
Industrial development revenue bonds:				
Variable-rate bonds:				
Tax-exempt Series A, due 2028	50,000	50,000	50,000	50,000
Taxable Series B, due 2038	8,270	8,270	22,590	22,590
Less: funds held in trust	(3,645)	--	(12,768)	--
	54,625		59,822	
Fixed-rate bonds:				
7.30% 1992 Series A, due 2027	30,000	31,116	30,000	31,203
7.50% 1992 Series B, due 2032	100,000	103,861	100,000	104,518
6.50% 1993 Series A, due 2033	75,000	73,988	75,000	71,082
6.10% 1999 Series A, due 2038	12,410	13,270	12,410	12,139
5.95% 1999 Series C, due 2038	14,320	14,985	--	--
Unamortized discount	(3,384)	--	(3,490)	--
	228,346		213,920	
Other	24,457	--	21,599	--
	904,556		867,222	
Less: current maturities	(8,139)		(7,931)	
Long-term debt, less current maturities	$896,417		$859,291	

The Company has a $350 million revolving credit agreement, which bears interest at either the London Interbank Offering Rate (LIBOR) plus or minus a competitive margin, or the greater of the prime rate or one half of one percent plus the Federal Funds rate. Any amounts borrowed under the revolving credit agreement become payable in June 2002. The Company has designated $200 million of the total facility as long-term debt and uses the remaining $150 million for working capital purposes and has designated the related outstanding amounts as short-term debt.

The interest rate on the taxable variable-rate IDRBs averaged 7.01 percent in 2000 and 6.13 percent in 1999. The interest rate on the tax-exempt variable-rate IDRBs averaged 4.66 percent in 2000 and 3.74 percent in 1999 and 1998. The rates for the variable-rate IDRBs are established on a weekly basis. The Company has the option to convert from the current weekly rates to daily rates, term rates, or variable-term rates.

The fair value of the revolving credit facility approximates carrying value. Market values for the debentures and fixed-rate IDRBs were determined based on dealer quotes using trading records for December 31, 2000 and 1999, as applicable, and other secondary sources which are customarily consulted for data of this kind. The carrying values of variable-rate IDRBs were used as estimates of fair value based upon the variable interest rates of the bonds.

Estimated maturities of long-term debt for the next five years are $8.1 million, $308 million, $5.5 million, $2.8 million, and $0, respectively.

NOTE 7 -- SHORT-TERM DEBT

As discussed in Note 6, a portion of the $350 million revolving credit facility is designated as short-term debt. Short-term borrowings were $131 million and $61 million at December 31, 2000 and 1999, respectively. The weighted-average interest rates on these borrowings were 7.12 percent for 2000 and 8.10 percent for 1999.

In November 2000, the Company obtained another $75 million revolving credit facility, which bears interest at either the LIBOR plus or minus a competitive margin, or the greater of the prime rate or one half of one percent plus the Federal Funds rate. Any amounts borrowed under the revolving credit agreement become payable in November 2001. There were no short-term borrowings on this credit facility at December 31, 2000.

NOTE 8 -- COMMITMENTS AND CONTINGENCIES

Legal Proceedings. In connection with an attempted merger and subsequent termination, the Company is a party to various legal proceedings. The Company has also been named as defendant in other miscellaneous legal proceedings. The ultimate dispositions of these proceedings are not presently determinable; however, it is the opinion of management that no litigation to which the Company is subject will have a material adverse impact on its financial position or results of operations.

NOTE 9 -- EMPLOYEE BENEFITS

Southwest has a noncontributory qualified retirement plan with defined benefits covering substantially all employees. Southwest also provides postretirement benefits other than pensions (PBOP) to its qualified retirees for health care, dental, and life insurance benefits.

The following tables set forth the qualified retirement plan and PBOP funded status and amounts recognized on the Consolidated Balance Sheets and Statements of Income.

	QUALIFIED RETIREMENT PLAN		PBOP	
	2000	1999	2000	1999
(Thousands of dollars)				
CHANGE IN BENEFIT OBLIGATIONS				
Benefit obligation for service rendered to date at beginning of year (PBO/APBO)	$236,618	$222,832	$ 24,882	$ 23,977
Service cost	10,455	9,976	558	572
Interest cost	16,919	15,406	1,762	1,643
Actuarial loss (gain)	5,489	(6,096)	193	(300)
Benefits paid	(6,500)	(5,500)	(1,150)	(1,010)
Benefit obligation at end of year (PBO/APBO)	$262,981	$236,618	$ 26,245	$ 24,882
CHANGE IN PLAN ASSETS				
Market value of plan assets at beginning of year	$271,880	$255,685	$ 8,946	$ 6,679
Actual return on plan assets	15,900	21,695	559	543
Employer contributions	--	--	1,453	1,724
Benefits paid	(6,500)	(5,500)	--	--
Market value of plan assets at end of year	$281,280	$271,880	$ 10,958	$ 8,946
Funded status	$ 18,299	$ 35,262	$(15,287)	$(15,936)
Unrecognized net actuarial loss (gain)	(39,029)	(51,992)	513	(210)
Unrecognized transition obligation (2004/2012)	2,469	3,305	10,404	11,270
Unrecognized prior service cost	180	237	--	--
Prepaid (accrued) benefit cost	$(18,081)	$(13,188)	$ (4,370)	$ (4,876)
WEIGHTED-AVERAGE ASSUMPTIONS AS OF DECEMBER 31,				
Discount rate	7.25%	7.25%	7.25%	7.25%
Expected return on plan assets	9.00%	9.00%	9.00%	9.00%
Rate of compensation increase	4.75%	4.75%	4.75%	4.75%

For PBOP measurement purposes, a six percent annual rate of increase in the per capita cost of covered health care benefits is assumed for 2001. The rate is assumed to decrease one-half of one percent per year until 2003, at which time the average annual increase is projected to be five percent. The Company makes fixed contributions for health care benefits of employees who retire after 1988, but pays up to 100 percent of covered health care costs for employees who retired prior to 1989. The assumed annual rate of increase noted above applies to the benefit obligations of pre-1989 retirees only.

COMPONENTS OF NET PERIODIC BENEFIT COST:

	QUALIFIED RETIREMENT PLAN			PBOP		
	2000	1999	1998	2000	1999	1998
(Thousands of dollars)						
Service cost	$ 10,455	$ 9,976	$ 9,130	$ 558	$ 572	$ 504
Interest cost	16,919	15,406	14,092	1,762	1,643	1,591
Expected return on plan assets	(22,681)	(20,266)	(18,199)	(858)	(664)	(349)
Amortization of prior service costs	57	58	57	--	--	--
Amortization of unrecognized transition obligation	837	837	837	867	867	867
Amortization of net (gain) loss	(694)	--	(32)	--	--	--
Net periodic benefit cost	$ 4,893	$ 6,011	$ 5,885	$2,329	$2,418	$2,613

In addition to the qualified retirement plan, Southwest has a separate unfunded supplemental retirement plan which is limited to officers. The plan is noncontributory with defined benefits. Plan costs were $2.2 million in 2000, and $2 million in each of the years 1999 and 1998. The accumulated benefit obligation of the plan was $19.5 million at December 31, 2000.

The Employees' Investment Plan provides for purchases of Company common stock or certain other investments by eligible Southwest employees through deductions of up to 16 percent of base compensation, subject to IRS limitations. Southwest matches one-half of amounts deferred. The maximum Company contribution is three percent of an employee's annual compensation. The cost of the plan was $3 million in 2000, $2.8 million in 1999, and $2.6 million in 1998. Northern has a separate plan, the cost and liability for which are not significant.

Southwest has a deferred compensation plan for all officers and members of the Board of Directors. The plan provides the opportunity to defer up to 100 percent of annual cash compensation. Southwest matches one-half of amounts deferred by officers. The maximum Company contribution is three percent of an officer's annual salary. Payments of compensation deferred, plus interest, are made in equal monthly installments over 5, 10, 15, or 20 years, as elected by the participant. Deferred compensation earns interest at a rate determined each January. The interest rate represents 150 percent of Moody's Seasoned Corporate Bond Index.

At December 31, 2000, the Company had two stock-based compensation plans. These plans are accounted for in accordance with Accounting Principles Board (APB) Opinion No. 25 "Accounting for Stock Issued to Employees." In connection with the stock-based compensation plans, the Company recognized compensation expense of $970,000 in 2000, $2.2 million in 1999, and $2.1 million in 1998. Had compensation cost been determined based on the fair value of the awards at the grant dates, net income and earnings per share would have reflected the pro forma amounts indicated below (thousands of dollars, except per share amounts):

		2000	1999	1998
Net income	As reported	$38,311	$39,310	$47,537
	Pro forma	37,959	38,995	47,869
Basic earnings per share	As reported	1.22	1.28	1.66
	Pro forma	1.21	1.27	1.67

With respect to the first plan, the Company may grant options to purchase shares of common stock to key employees and outside directors. Each option has an exercise price equal to the market price of Company common stock on the date of grant and a maximum term of ten years. The options vest 40 percent at the end of year one and 30 percent at the end of years two and three. The grant date fair value of the options was estimated using the extended binomial option pricing model. The following assumptions were used in the valuation calculation:

	2000	1999	1998
Dividend yield	3.90%	4.62%	3.15%
Risk-free interest rate range	4.74 to 4.86%	4.91 to 5.76%	5.36 to 5.63%
Expected volatility range	25 to 30%	22 to 28%	22 to 25%
Expected life	1 to 3 years	1 to 3 years	1 to 3 years

The following tables summarize Company stock option plan activity and related information (thousands of options):

	2000		1999		1998	
	NUMBER OF OPTIONS	WEIGHTED-AVERAGE EXERCISE PRICE	NUMBER OF OPTIONS	WEIGHTED-AVERAGE EXERCISE PRICE	NUMBER OF OPTIONS	WEIGHTED-AVERAGE EXERCISE PRICE
Outstanding at the beginning of the year	704	$19.32	587	$17.38	472	$15.96
Granted during the year	297	17.96	118	28.91	118	23.04
Exercised during the year	(7)	15.80	(1)	15.00	--	--
Forfeited during the year	(4)	17.94	--	--	(3)	15.80
Expired during the year	--	--	--	--	--	--
Outstanding at year end	990	$18.94	704	$19.32	587	$17.38
Exercisable at year end	591	$24.18	481	$17.77	295	$16.19

The weighted-average grant-date fair value of options granted was $2.51 for 2000, $4.34 for 1999, and $2.68 for 1998. The exercise prices for the options outstanding range from $15.00 to $28.94. On December 31, 2000, the options outstanding had a weighted-average remaining contractual life of approximately 7.4 years.

In addition to the option plan, the Company may issue restricted stock in the form of performance shares to encourage key employees to remain in its employment to achieve short-term and long-term performance goals. Plan participants are eligible to receive a cash bonus (i.e., short-term incentive) and performances shares (i.e., long-term incentive). The performance shares vest after three years from issuance and are subject to a final adjustment as determined by the Board of Directors. The following table summarizes the activity of this plan (thousands of shares):

YEAR ENDED DECEMBER 31,	2000	1999	1998
Nonvested performance shares at beginning of year	193	172	126
Performance shares granted	111	83	67
Performance shares forfeited	(6)	(1)	--
Shares vested and issued	(61)	(61)	(21)
Nonvested performance shares at end of year	237	193	172
Grant date fair value of award	$21.63	$26.63	$18.69

NOTE 10 -- INCOME TAXES

Income tax expense (benefit) consists of the following (thousands of dollars):

YEAR ENDED DECEMBER 31,	2000	1999	1998
Current:			
Federal	$(60,628)	$ 33,152	$ 32,267
State	(7,465)	6,736	2,519
	(68,093)	39,888	34,786
Deferred:			
Federal	76,334	(15,126)	(268)
State	5,387	(3,117)	1,896
	81,721	(18,243)	1,628
Total income tax expense	$ 13,628	$ 21,645	$ 36,414

Deferred income tax expense consists of the following significant components (thousands of dollars):

YEAR ENDED DECEMBER 31,	2000	1999	1998
Deferred federal and state:			
Property-related items	$28,184	$ 11,405	$ 15,586
Purchased gas cost adjustments	56,321	(19,201)	(10,344)
Employee benefits	(3,687)	(5,816)	(2,320)
Merger costs	1,822	(1,822)	--
All other deferred	(51)	(1,941)	(426)
Total deferred federal and state	82,589	(17,375)	2,496
Deferred investment tax credit, net	(868)	(868)	(868)
Total deferred income tax expense	$81,721	$(18,243)	$ 1,628

The consolidated effective income tax rate for the period ended December 31, 2000 and the two prior periods differs from the federal statutory income tax rate. The sources of these differences and the effect of each are summarized as follows:

YEAR ENDED DECEMBER 31,	2000	1999	1998
Federal statutory income tax rate	35.0%	35.0%	35.0%
Net state tax liability	2.9	3.0	5.5
Property-related items	1.7	1.4	1.3
Effect of closed tax years and resolved issues	(11.6)	(1.8)	--
Tax credits	(1.7)	(1.4)	(1.0)
Tax exempt interest	(0.3)	(0.3)	(0.3)
Corporate owned life insurance	(0.8)	(1.0)	1.0
All other differences	1.0	0.6	1.9
Consolidated effective income tax rate	26.2%	35.5%	43.4%

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Deferred tax assets and liabilities consist of the following (thousands of dollars):

DECEMBER 31,	2000	1999
Deferred tax assets:		
Deferred income taxes for future amortization of ITC	$ 9,826	$ 10,372
Employee benefits	21,093	15,595
Merger costs	--	1,822
Other	5,115	8,438
Valuation allowance	--	--
	36,034	36,227
Deferred tax liabilities:		
Property-related items, including accelerated depreciation	188,725	160,541
Regulatory balancing accounts	60,411	4,090
Property-related items previously flowed through	15,192	16,622
Unamortized ITC	15,536	16,403
Debt-related costs	5,104	5,397
Other	4,199	5,471
	289,167	208,524
Net deferred tax liabilities	$253,133	$172,297
Current	$ 48,965	$ (6,141)
Noncurrent	204,168	178,438
Net deferred tax liabilities	$253,133	$172,297

NOTE 11 -- SEGMENT INFORMATION

Company operating segments are determined based on the nature of their activities. The natural gas operations segment is engaged in the business of purchasing, transporting, and distributing natural gas. Revenues are generated from the sale and transportation of natural gas. The construction services segment is engaged in the business of providing utility companies with trenching and installation, replacement, and maintenance services for energy distribution systems.

The accounting policies of the reported segments are the same as those described within Note 1 -- Summary of Significant Accounting Policies. Northern accounts for the services provided to Southwest at contractual (market) prices. At December 31, 2000 and 1999, consolidated accounts receivable included $5.2 million and $4.4 million, respectively, which were not eliminated during consolidation.

The financial information pertaining to the natural gas operations and construction services segments for each of the three years in the period ended December 31, 2000, is as follows (thousands of dollars):

2000	GAS OPERATIONS	CONSTRUCTION SERVICES	ADJUSTMENTS	TOTAL
Revenues from unaffiliated customers	$ 870,711	$107,686		$ 978,397
Intersegment sales	--	55,690		55,690
Total	$ 870,711	$163,376		$1,034,087
Interest expense	$ 68,892	$ 1,779		$ 70,671
Depreciation and amortization	$ 94,689	$ 11,951		$ 106,640
Income tax expense	$ 10,277	$ 3,351		$ 13,628
Segment income	$ 33,908	$ 4,403		$ 38,311
Segment assets	$2,154,641	$ 79,790	$(2,094)	$2,232,337
Capital expenditures	$ 205,161	$ 18,079		$ 223,240

1999	GAS OPERATIONS	CONSTRUCTION SERVICES	ADJUSTMENTS	TOTAL
Revenues from unaffiliated customers	$ 791,155	$ 95,744		$ 886,899
Intersegment sales	--	49,967		49,967
Total	$ 791,155	$145,711		$ 936,866
Interest expense	$ 61,597	$ 1,605		$ 63,202
Depreciation and amortization	$ 88,254	$ 10,271		$ 98,525
Income tax expense	$ 18,532	$ 3,113		$ 21,645
Segment income	$ 35,473	$ 3,837		$ 39,310
Segment assets	$1,855,114	$ 68,630	$ (302)	$1,923,442
Capital expenditures	$ 207,773	$ 21,730		$ 229,503

1998	GAS OPERATIONS	CONSTRUCTION SERVICES	ADJUSTMENTS	TOTAL
Revenues from unaffiliated customers	$ 799,597	$ 79,736		$ 879,333
Intersegment sales	--	37,976		37,976
Total	$ 799,597	$117,712		$ 917,309
Interest expense	$ 62,284	$ 1,070		$ 63,354
Depreciation and amortization	$ 80,231	$ 8,573		$ 88,804
Income tax expense	$ 33,995	$ 2,419		$ 36,414

Segment income	$ 44,830	$ 2,707		$ 47,537
Segment assets	$1,772,418	$ 59,285	$(1,009)	$1,830,694
Capital expenditures	$ 179,361	$ 15,260		$ 194,621

Construction services segment assets include an income tax receivable of $302,000 in 1999 which was netted against gas operations segment accrued taxes during consolidation. Construction services segment assets include deferred tax assets of $2.1 million in 2000 and $1 million in 1998, which were netted against gas operations segment deferred tax liabilities during consolidation.

NOTE 12 -- QUARTERLY FINANCIAL DATA (UNAUDITED)

QUARTER ENDED	MARCH 31	JUNE 30	SEPTEMBER 30	DECEMBER 31
(Thousands of dollars, except per share amounts)				
2000				
Operating revenues	$296,815	$197,634	$198,962	$340,676
Operating income (loss)	56,619	2,583	(4,197)	73,625
Net income (loss)	25,198	(9,729)	(9,680)	32,522
Basic earnings (loss) per common share*	0.81	(0.31)	(0.31)	1.03
Diluted earnings (loss) per common share*	0.80	(0.31)	(0.31)	1.02
1999				
Operating revenues	$308,025	$200,292	$166,289	$262,260
Operating income (loss)	62,725	11,530	(2,904)	59,861
Net income (loss)	28,266	(3,596)	(14,188)	28,828
Basic earnings (loss) per common share*	0.93	(0.12)	(0.46)	0.93
Diluted earnings (loss) per common share*	0.92	(0.12)	(0.46)	0.93
1998				
Operating revenues	$292,601	$192,897	$162,508	$269,303
Operating income (loss)	75,502	12,951	(529)	66,246
Net income (loss)	35,953	(2,514)	(10,945)	25,043
Basic earnings (loss) per common share*	1.31	(0.09)	(0.38)	0.83
Diluted earnings (loss) per common share*	1.30	(0.09)	(0.38)	0.82

* The sum of quarterly earnings (loss) per average common share may not equal the annual earnings (loss) per share due to the ongoing change in the weighted average number of common shares outstanding.

The demand for natural gas is seasonal, and it is the opinion of management that comparisons of earnings for the interim periods do not reliably reflect overall trends and changes in the operations of the Company. Also, the timing of general rate relief can have a significant impact on earnings for interim periods. See Management's Discussion and Analysis for additional discussion of operating results.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

TO THE SHAREHOLDERS,
SOUTHWEST GAS CORPORATION:

We have audited the accompanying consolidated balance sheets of Southwest Gas Corporation (a California corporation, hereinafter referred to as the Company) and subsidiaries as of December 31, 2000 and 1999, and the related consolidated statements of income, stockholders' equity and cash flows for each of the three years in the period ended December 31, 2000. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company and its subsidiaries as of December 31, 2000 and 1999, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2000 in conformity with accounting principles generally accepted in the United States.

ARTHUR ANDERSEN LLP

Las Vegas, Nevada
February 9, 2001

SOUTHWEST GAS CORPORATION
LIST OF SUBSIDIARIES OF THE REGISTRANT
AT DECEMBER 31, 2000

SUBSIDIARY NAME	STATE OF INCORPORATION OR ORGANIZATION TYPE
LNG Energy, Inc.	Nevada
Paiute Pipeline Company	Nevada
Northern Pipeline Construction Co.	Nevada
Southwest Gas Transmission Company	Partnership between Southwest Gas Corporation and Utility Financial Corp.
Southwest Gas Capital I	Delaware
Utility Financial Corp.	Nevada

EXHIBIT 23.01

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation of our report dated February 9, 2001, incorporated by reference in this Form 10-K, into Southwest Gas Corporation's previously filed registration statements on Form S-3 (File No. 333-52224), Form S-8 (File No. 333-35556), and Form S-3 (File No. 333-35558).

ARTHUR ANDERSEN LLP

Las Vegas, Nevada
March 23, 2001