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

Form 10-Q

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

For the quarterly period ended March 31, 1999

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

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 the number of shares outstanding of each of the issuer's classes of common stock as of the latest practicable date.

Common Stock, $1 Par Value, 30,587,896 shares as of May 4, 1999.

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

SOUTHWEST GAS CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Thousands of dollars, except par value)

ASSETS	MARCH 31, 1999 (Unaudited)	DECEMBER 31, 1998
Utility plant:		
Gas plant	$ 2,061,817	$ 2,020,139
Less: accumulated depreciation	(627,650)	(612,138)
Acquisition adjustments	3,786	3,881
Construction work in progress	44,527	47,480
Net utility plant	1,482,480	1,459,362
Other property and investments	72,695	73,926
Current assets:		
Cash and cash equivalents	14,183	18,535
Accounts receivable, net of allowances	83,424	88,037
Accrued utility revenue	33,000	56,873

Deferred purchased gas costs	23,068	57,595
Prepaids and other current assets	28,270	26,346
Total current assets	181,945	247,386
Deferred charges and other assets	49,199	50,020
Total assets	$ 1,786,319	$ 1,830,694

CAPITALIZATION AND LIABILITIES

Capitalization:		
Common stock, $1 par (authorized - 45,000,000 shares; issued and outstanding - 30,554,952 and 30,409,616 shares)	$ 32,185	$ 32,040
Additional paid-in capital	427,541	424,840
Retained earnings	41,505	19,520
Total common equity	501,231	476,400
Redeemable preferred securities of Southwest Gas Capital I	60,000	60,000
Long-term debt, less current maturities	779,599	812,906
Total capitalization	1,340,830	1,349,306
Current liabilities:		
Current maturities of long-term debt	5,049	5,270
Short-term debt	720	52,000
Accounts payable	55,591	64,295
Customer deposits	24,981	24,333
Accrued taxes	66,774	33,480
Accrued interest	14,034	13,872
Deferred taxes	5,414	12,627
Other current liabilities	44,177	44,917
Total current liabilities	216,740	250,794
Deferred income taxes and other credits:		
Deferred income taxes and investment tax credits	176,503	179,666
Other deferred credits	52,246	50,928
Total deferred income taxes and other credits	228,749	230,594
Total capitalization and liabilities	$ 1,786,319	$ 1,830,694

The accompanying notes are an integral part of these statements.

SOUTHWEST GAS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(In thousands, except per share amounts)
(Unaudited)

	THREE MONTHS ENDED March 31,		TWELVE MONTHS ENDED March 31,	
	1999	1998	1999	1998
Operating revenues:				
Gas operating revenues	$ 279,110	$ 274,363	$ 804,344	$ 677,464
Construction revenues	28,915	18,238	128,389	111,916
Total operating revenues	308,025	292,601	932,733	789,380
Operating expenses:				
Net cost of gas sold	135,886	120,987	344,748	245,726
Operations and maintenance	53,566	50,850	211,888	203,561
Depreciation and amortization	24,167	21,384	91,587	85,414
Taxes other than income taxes	7,212	7,972	30,886	29,711
Construction expenses	24,469	15,906	112,231	98,720
Total operating expenses	245,300	217,099	791,340	663,132
Operating income	62,725	75,502	141,393	126,248
Other income and (expenses):				
Net interest deductions	(14,870)	(16,280)	(61,944)	(64,866)
Preferred securities distributions	(1,369)	(1,369)	(5,475)	(5,475)
Other income (deductions)	277	602	(1,715)	(11,267)
Total other income and (expenses)	(15,962)	(17,047)	(69,134)	(81,608)
Income before income taxes	46,763	58,455	72,259	44,640
Income tax expense	18,497	22,502	32,409	13,786
Net income	$ 28,266	$ 35,953	$ 39,850	$ 30,854
Basic earnings per share	$ 0.93	$ 1.31	$ 1.36	$ 1.13
Diluted earnings per share	$ 0.92	$ 1.30	$ 1.35	$ 1.13
Dividends paid per share	$ 0.205	$ 0.205	$ 0.82	$ 0.82
Average number of common shares outstanding	30,497	27,447	29,363	27,225
Average shares outstanding (assuming dilution)	30,753	27,605	29,591	27,358

The accompanying notes are an integral part of these statements.

SOUTHWEST GAS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Thousands of dollars)
(Unaudited)

	THREE MONTHS ENDED MARCH 31, 1999	THREE MONTHS ENDED MARCH 31, 1998	TWELVE MONTHS ENDED MARCH 31, 1999	TWELVE MONTHS ENDED MARCH 31, 1998
CASH FLOW FROM OPERATING ACTIVITIES:				
Net income	$ 28,266	$ 35,953	$ 39,850	$ 30,854
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	24,167	21,384	91,587	85,414
Deferred income taxes	(10,376)	3,426	(13,954)	23,983
Changes in current assets and liabilities:				
Accounts receivable, net of allowances	4,613	(857)	(4,551)	(6,194)
Accrued utility revenue	23,873	20,873	500	(5,230)
Deferred purchased gas costs	34,527	601	63,283	(26,235)
Accounts payable	(8,704)	(4,821)	(1,912)	13,974
Accrued taxes	33,294	29,533	35,541	19,396
Other current assets and liabilities	(2,231)	2,438	11,094	2,919
Other	287	32	1,233	13,542
Net cash provided by operating activities	127,716	108,562	222,671	152,423
CASH FLOW FROM INVESTING ACTIVITIES:				
Construction expenditures and property additions	(45,682)	(37,212)	(203,091)	(167,080)
Other	1,766	(3,310)	9,403	(3,304)
Net cash used in investing activities	(43,916)	(40,522)	(193,688)	(170,384)
CASH FLOW FROM FINANCING ACTIVITIES:				
Issuance of common stock, net	2,846	2,342	67,684	11,397
Dividends paid	(6,252)	(5,623)	(24,305)	(22,309)
Issuance of long-term debt, net	1,000	1,300	40,564	54,562
Retirement of long-term debt, net	(34,466)	(1,776)	(39,313)	(7,426)
Repayment of short-term debt	(51,280)	(64,000)	(77,280)	(8,000)
Net cash provided by (used in) financing activities	(88,152)	(67,757)	(32,650)	28,224
Change in cash and temporary cash investments	(4,352)	283	(3,667)	10,263
Cash at beginning of period	18,535	17,567	17,850	7,587
Cash at end of period	$ 14,183	$ 17,850	$ 14,183	$ 17,850
Supplemental information:				
Interest paid, net of amounts capitalized	$ 14,218	$ 15,291	$ 60,091	$ 58,596
Income taxes paid (received), net	$ 4,209	$ (599)	$ 9,776	$ (34,640)

The accompanying notes are an integral part of these 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. 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 consolidated financial statements included herein have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations. The preparation of the consolidated financial statements 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 revenue and expenses during the reporting period. Actual results could differ from those estimates. In the opinion of management, all adjustments, consisting of normal recurring items and estimates necessary for a fair presentation of the results for the interim periods, have been made. It is suggested that these consolidated financial statements be read in conjunction with the financial statements and the notes thereto included in the Company's 1998 Annual Report to Shareholders, which is incorporated by reference into the Form 10-K.

INTERCOMPANY TRANSACTIONS. The construction services segment recognizes revenues generated from contracts with Southwest (see Note 2 below). Accounts receivable for these services were $6.2 million at March 31, 1999 and $5 million at December 31, 1998. The accounts receivable balance, revenues, and associated profits are included in the consolidated financial statements of the Company and were not eliminated during consolidation. Statement of Financial Accounting Standards (SFAS) No. 71, "Accounting for the Effects of Certain Types of Regulation," provides that intercompany profits on sales to regulated affiliates should not be eliminated in consolidation if the sales price is reasonable and if future revenues approximately equal to the sales price will result from the rate-making process. Management believes these two criteria are being met.

NOTE 2 - SEGMENT INFORMATION

The following tables list revenues from external customers, intersegment revenues, and segment income (thousands of dollars):

	Natural Gas Operations	Construction Services	Total
THREE MONTHS ENDED MARCH 31, 1999			
Revenues from external customers	$ 279,110	$ 17,219	$ 296,329
Intersegment revenues	--	11,696	11,696
Total	$ 279,110	$ 28,915	$ 308,025
Segment income	$ 27,065	$ 1,201	$ 28,266
THREE MONTHS ENDED MARCH 31, 1998			
Revenues from external customers	$ 274,363	$ 9,131	$ 283,494
Intersegment revenues	--	9,107	9,107
Total	$ 274,363	$ 18,238	$ 292,601
Segment income	$ 35,657	$ 296	$ 35,953

NOTE 3 - MERGER AGREEMENT WITH ONEOK, INC.

In December 1998, the Boards of Directors of the Company and ONEOK, Inc. (ONEOK), headquartered in Tulsa, Oklahoma, announced an agreement for the Company to be merged into ONEOK. The agreement called for ONEOK to pay $28.50 in cash for each share of Company common stock outstanding. In April 1999, the agreement was amended to reflect, among other things, a revised cash purchase price of $30 per share. The transaction is subject to customary conditions, including approvals from shareholders of the Company and state regulators in Arizona, California, and Nevada.

In February 1999, the Company announced that it had received an unsolicited proposal from Southern Union Company (Southern Union), headquartered in Austin, Texas, offering to acquire the Company for $32.00 per share in cash. Under the terms of the original agreement with ONEOK, and as a result of certain preliminary determinations made by the Board of Directors of the Company, the Board of Directors authorized management to commence substantive discussions with Southern Union regarding its proposal. In April 1999, the Board of Directors approved the amendment to the agreement with ONEOK and rejected the unsolicited bid by Southern Union. Southern Union revised its offer to $33.50 per share in late April 1999. In May 1999, the Board of Directors rejected the revised bid.

The merger agreement, as amended, with ONEOK remains in full force and effect.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The Company is principally engaged in the business of purchasing, transporting, and distributing natural gas. 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.

Southwest purchases, transports, and distributes natural gas to approximately 1,225,000 residential, commercial, industrial and other customers, of which 57 percent are located in Arizona, 33 percent are in Nevada, and 10 percent are in California. During the twelve months ended March 31, 1999, Southwest earned 57 percent of operating margin in Arizona, 33 percent in Nevada, and 10 percent in California. During this same period, Southwest earned 83 percent of operating margin from residential and small commercial customers, 5 percent from other sales customers, and 12 percent from transportation customers. These patterns are similar to prior years and are expected to continue.

Northern is a full-service underground piping contractor, which 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 the twelve months ended March 31, 1999, natural gas construction expenditures totaled $186 million. Approximately 75 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) were $188 million for the twelve months ended March 31, 1999. Operating cash flows exceeded expected levels due to higher earnings and deferred purchased gas cost recoveries.

Southwest estimates construction expenditures during the three-year period ending December 31, 2001 will be approximately $580 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. A portion of the construction expenditure funding will be provided by $20 million of funds held in trust, at December 31, 1998, from the issuance of industrial development revenue bonds (IDRB). 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, growth factors in Southwest service areas, and merger-related developments (see Note 3). These external financings may include the issuance of both debt and equity securities, bank and other short-term borrowings, and other forms of financing. Under the agreement with ONEOK, common stock issuances are currently limited to those necessary under employee benefit and dividend reinvestment plans.

RESULTS OF CONSOLIDATED OPERATIONS

Quarterly Analysis

	Contribution to Net Income Three Months Ended March 31, (Thousands of dollars) 1999	1998
Natural gas operations	$ 27,065	$ 35,657
Construction services	1,201	296
Net income	$ 28,266	$ 35,953

Net income for the quarter ended March 31, 1999 was $0.93 per share, compared to $1.31 per share recorded during the corresponding quarter of the prior year. Earnings from natural gas operations decreased $0.41 per share. See separate discussion at Results of Natural Gas Operations for changes as they relate to gas operations. Construction services contributed per share earnings of $0.04 during the current quarter, a $0.03 per share increase from the corresponding quarter of the prior year. The improvement is attributed to the continuance of a high volume of work that carried over from the prior quarter resulting from unseasonably warm, dry weather conditions in several cold-climate operating areas. Average shares outstanding increased 3.1 million shares between periods primarily due to a 2.5 million share issuance of common stock in August 1998 and continuing issuances under the Dividend Reinvestment and Stock Purchase Plan.

Twelve-Month Analysis

	Contribution to Net Income Twelve Months Ended March 31, (Thousands of dollars) 1999	1998
Natural gas operations	$ 36,238	$ 28,946
Construction services	3,612	1,908
Net income	$ 39,850	$ 30,854

Earnings per share for the twelve months ended March 31, 1999 were $1.36, a $0.23 increase from per share earnings of $1.13 recorded during the prior twelve-month period. Earnings contributed from natural gas operations increased $0.18 per share. Prior-period results included the impact of several nonrecurring events recorded during the fourth quarter of 1997, which reduced earnings per share by $0.15. See separate discussion at Results of Natural Gas Operations for changes as they relate to gas operations. Construction services activities contributed per share earnings of $0.12, a $0.05 per share improvement over the prior twelve-month period. The improvement is attributed to obtaining new work, eliminating less profitable contracts, implementing cost containment measures, and better-than-expected weather conditions in several cold-climate operating areas which prevented the normal slow down in work during the fourth quarter of 1998 and the first quarter of 1999. Average shares outstanding increased 2.1 million shares between periods primarily due to a 2.5 million share issuance of common stock in August 1998 and continuing issuances under the Dividend Reinvestment and Stock Purchase Plan.

The following table sets forth the ratios of earnings to fixed charges for the Company:

	For the Twelve Months Ended March 31, 1999	December 31, 1998

Ratios of earnings to fixed charges	1.94	2.08

Earnings are defined as the sum of pretax income plus fixed charges. Fixed charges consist of all interest expense including capitalized interest, one-third of rent expense (which approximates the interest component of such expense), preferred securities distributions, and amortized debt costs.

RESULTS OF NATURAL GAS OPERATIONS

Quarterly Analysis

	Three Months Ended March 31, (Thousands of dollars) 1999	1998
Gas operating revenues	$ 279,110	$ 274,363
Net cost of gas sold	135,886	120,987
Operating margin	143,224	153,376
Operations and maintenance expense	53,566	50,850
Depreciation and amortization	21,911	19,302
Taxes other than income taxes	7,212	7,972
Operating income	60,535	75,252
Other income	117	11
Income before interest and income taxes	60,652	75,263
Net interest deductions	14,632	16,025
Preferred securities distributions	1,369	1,369
Income tax expense	17,586	22,212
Contribution to consolidated net income	$ 27,065	$ 35,657

Contribution from natural gas operations declined approximately $8.6 million compared to the first quarter of 1998. The decline was principally the result of lower operating margin and higher operating expenses incurred as a result of the expansion and upgrading of the gas system to accommodate continued customer growth, partially offset by reduced financing costs.

Operating margin decreased $10.2 million, or seven percent, in the first quarter of 1999 compared to the same period a year ago. Differences in heating demand caused by weather variations between periods resulted in a $13 million decrease, much of which was attributed to colder-than-normal temperatures during the prior period. Partially offsetting the weather-related impacts was an increase of approximately $3 million in operating margin due to customer growth, as Southwest served 60,000, or five percent, more customers than a year ago.

Operations and maintenance expenses increased $2.7 million, or five percent, reflecting general increases in labor and maintenance costs along with incremental operating expenses associated with providing service to a steadily growing customer base.

Depreciation expense and general taxes increased a net $1.8 million, or seven percent, as a result of construction activities. Average gas plant in service increased $156 million, or eight percent, as compared to the first quarter of 1998. The increase reflects ongoing capital expenditures for the upgrade of existing operating facilities and the expansion of the system to accommodate continued customer growth.

Net interest deductions decreased $1.4 million, or nine percent, resulting primarily from lower average short-term debt balances. Strong cash flows coupled with a 2.5 million share common stock offering during the third quarter of 1998 were the primary reasons for the reduction.

Twelve-Month Analysis

	Twelve Months Ended March 31, (Thousands of dollars) 1999	1998
Gas operating revenues	$ 804,344	$ 677,464
Net cost of gas sold	344,748	245,726
Operating margin	459,596	431,738
Operations and maintenance expense	211,888	203,561
Depreciation and amortization	82,840	75,872
Taxes other than income taxes	30,886	29,711
Operating income	133,982	122,594
Other income (expense)	(2,009)	(12,363)
Income before interest and income taxes	131,973	110,231
Net interest deductions	60,891	63,515
Preferred securities distributions	5,475	5,475
Income tax expense	29,369	12,295
Contribution to consolidated net income	$ 36,238	$ 28,946

Contribution to consolidated net income increased $7.3 million compared to the corresponding twelve-month period ended March 1998. The increase was the result of improvements in operating margin, partially offset by higher operating expenses. Prior-period results included the effects of several nonrecurring events recorded during the fourth quarter of 1997.

Operating margin increased $27.9 million, or six percent, due to rate relief and customer growth. Rate relief received effective September 1997 contributed $15 million towards the increase and customer growth accounted for the remainder. Both periods experienced weather that was moderately colder than normal. Consequently, there was not a significant weather-related operating margin variance between periods.

Operations and maintenance expenses increased $8.3 million, or four percent, reflecting general increases in labor and maintenance costs along with incremental operating expenses associated with providing service to a steadily growing customer base.

Depreciation expense and general taxes increased $8.1 million, or eight percent, as a result of additional plant in service. Average gas plant in service for the current twelve-month period increased $141 million, or eight percent, compared to the corresponding period a year ago. This was attributable to the upgrade of existing operating facilities and the expansion of the system to accommodate new customers being added to the system.

Net interest deductions decreased $2.6 million, or four percent, during the twelve months ended March 1999 compared to the corresponding prior twelve-month period. Strong cash flows, coupled with a 2.5 million share common stock offering during the third quarter of 1998, reduced the need for new borrowings and also reduced the average amount of short-term debt outstanding.

Other income (expense) improved $10.4 million. During the fourth quarter of 1997, Southwest recognized nonrecurring charges to income related to cost overruns on two separate construction projects. These charges are reflected in Other income (expense). An $8 million pretax charge resulted from cost overruns experienced during expansion of the northern California service territory. See Rates and Regulatory Proceedings herein. A second pretax charge, for $5 million, related to cost overruns on a nonutility construction project. See Note 11 of the Notes to Consolidated Financial Statements in the 1998 Annual Report to Shareholders for additional disclosures related to this charge. Partially offsetting these charges was the recognition of a $3.4 million income tax benefit related to the successful settlement in November 1997 of open tax issues dating back as far as 1988. The combined impact of these three events was a

$4.1 million, or $0.15 per share, after-tax reduction to earnings. In connection with the proposed merger into ONEOK, Southwest incurred approximately $1.5 million (pretax) of financial advisor, legal, and other costs, which are included in Other income (expense) for the twelve-month period ended March 31, 1999.

RATES AND REGULATORY PROCEEDINGS

Northern California Expansion Project. In 1995, Southwest initiated a multi-year, three-phase construction project to expand its northern California service territory and extend service into Truckee, California. The California Public Utilities Commission (CPUC) established a $29.1 million cost cap for the project. Cost overruns experienced during the construction of Phase II of the project have led Southwest to pursue regulatory and legal avenues aimed at minimizing its regulatory disallowance exposure. See Note 11 of the Notes to Consolidated Financial Statements in the 1998 Annual Report to Shareholders for additional background information.

Beginning in November 1998, Southwest, together with representatives from the town of Truckee, met before a federal mediator to reconcile disputes and claims against each other related to the expansion project cost overruns. In April 1999, as a result of the mediation, Southwest and the Truckee Town Council negotiated a Settlement Agreement and Mutual Release (Agreement). The Agreement addresses the civil suit against the town of Truckee, the remaining project scope, recovery of project costs, and the timing of the next California general rate case, among other items.

In May 1999, Southwest will include the Agreement as part of a new application it plans to file with the CPUC to modify the certificate of public convenience and necessity granted in 1995.

Management believes there is a reasonable possibility the CPUC will approve the planned new application and Agreement. If approved, Southwest would reduce its regulatory disallowance exposure from approximately $24 million to approximately $2 million, pretax, based on current estimates to complete the project. If not approved, Southwest will continue to pursue regulatory and legal proceedings with the intent of reversing or mitigating the effects of the July 1998 CPUC order to complete the project under its original terms and scope. As a result, Southwest has not recorded any additional write-offs for this project beyond an $8 million charge recognized in the fourth quarter of 1997.

YEAR 2000 READINESS DISCLOSURE

Most companies have computer systems that use two digits to identify a year in the date field (e.g. "98" for 1998). These systems must be modified to handle turn-of-the-century calculations. If not corrected, system failures or miscalculations could occur, potentially causing disruptions of operations, including, among other things the inability to process transactions, send invoices, or engage in other normal business activities. The Year 2000 issue also threatens disruptions in government services, telecommunications, and other essential industries. This creates potential risk for all companies, even if their own computer systems are Year 2000 compliant.

In 1994, the Company initiated a comprehensive review of its computer systems to identify processes that could be adversely affected by Year 2000 issues. By early 1995, the Company identified computer application systems that required modification or replacement. Since that time, the Company has focused on converting all business-critical systems to be Year 2000 compliant.

In addition to the evaluation and remediation of computer application systems and components, the Company has also developed a comprehensive Year 2000 compliance plan. As part of this plan, the Company has formed a Year 2000 project team with the mission of ensuring that all critical systems, facilities, and processes are identified and analyzed for Year 2000 compliance. The project team consists of representatives from several strategic departments of the Company.

The Year 2000 plan includes specific timetables for categories of tasks for each department as follows:

(1) Assess Year 2000 issues - complete;
(2) Analyze, prioritize, and catalog Year 2000 issues - complete;
(3) Create action plans - complete;
(4) Implement plans and validate compliance - in process and due by the third quarter of 1999.

The Company's top priority is to ensure that natural gas can be received from suppliers and delivered to customers. To accomplish this, the Company has sent inquiries to its five major providers of interstate natural gas transportation service. All of these providers have responded to the inquiries indicating that they intend to be Year 2000 compliant before the end of 1999. The Company has also evaluated its gas pipeline delivery systems, which are the systems used to distribute natural gas from the interstate pipelines to the customer. These systems utilize an extensive network of hardware and software devices that schedule, regulate, measure, or otherwise facilitate the flow of natural gas. Of these devices, approximately 80 percent are Year 2000 compliant, while approximately 20 percent are in the process of being replaced or remediated. Remediation or replacement of the noncompliant devices is expected to be completed by the middle of 1999.

Many of the Company's business-critical computer systems are Year 2000 compliant. For example, the customer service system which supports customer billing, accounts receivable, and other customer service functions is Year 2000 compliant. The general ledger accounting system of the Company is also Year 2000 compliant. Year 2000 compliance work on other systems, such as accounts payable, purchasing, human resources, and payroll, is in process. In total, approximately 90 percent (including work-in-progress) of the Company's computer applications are currently Year 2000 compliant. The Company has also assessed its other computer components, such as computer equipment and software, and determined that approximately 90 percent of these components are Year 2000 compliant. The Company projects that both the computer application systems and the other computer components will be Year 2000 compliant by the third quarter of 1999.

The Company has initiated communications with suppliers and vendors to determine the extent to which those companies are addressing Year 2000 compliance issues. The Company is requiring business-critical suppliers and vendors to certify compliance in order to continue doing business with the Company. In addition, the Company is identifying and contacting alternate suppliers and vendors as part of a Year 2000 contingency plan. All of the companies contacted have responded that efforts are underway to become compliant.

The Company is also assessing and remediating Year 2000 issues related to embedded system devices (such as microcontrollers used in equipment and machinery), data exchange functions, networks, telecommunications, security access and building control systems, forms, reports, and other business processes and activities. The Company expects these areas to be Year 2000 compliant by the third quarter of 1999.

The Company is in the process of developing contingency scenarios for each district and division. These scenarios will consider the systems, operations, and devices that have been identified as at risk for failure. These scenarios will attempt to forecast what failures might occur, where the failures might occur, as well as the impact of the failures on dependent systems, operations, and devices. As part of this process, the Company will identify the most reasonably likely worst case Year 2000 scenario. The Company will then prepare for this scenario by developing contingency plans for all "high risk" systems, operations, and devices. This process will culminate in the development of a "Contingency Plan Operations Guide." This guide will document specific items associated with the Company's Year 2000 contingency plans including personnel-related items, non-labor resources required by the plan, command and decision authority roles, and location and function of a contingency command center. The Contingency Plan Operations Guide is scheduled for completion during the third quarter of 1999.

The Company estimates that the cost of remediation will be approximately $2 million. Expenditures of approximately $1 million have already been incurred in connection with systems that have been converted. The remediation costs include internal labor costs, as well as fees and expenses paid to outside contractors specifically associated with reprogramming or replacing noncompliant components. At the present time, the Company does not expect that such expenditures will have a material impact on results of operations or financial condition.

The Company's Year 2000 plans, including costs and completion schedules, are based on management's best estimates. These estimates were derived using numerous assumptions of future events including, but not limited to, third party modification plans, availability of qualified personnel, support of software vendors, and other factors. The Company is also relying on the representations made by significant third party suppliers and vendors.

FORWARD-LOOKING STATEMENTS

This 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 of rate relief, the outcome of Southwest's challenges to regulatory actions, changes in capital requirements and funding, Year 2000 remediation efforts, acquisitions, competition, and merger-related developments (see Note 3).

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The Company has been named as defendant in various 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.

On December 16, 1998, Arthur Klein filed a Complaint in the Superior Court of the State of California in San Diego County (Case No. 726615) against the Company and its directors alleging one cause of action for breach of fiduciary duty. The plaintiff alleged that the consideration for the proposed Merger with ONEOK is unfair and inadequate because the Company's Board of Directors approved the Merger Agreement with ONEOK without conducting any auction or using another "market check" mechanism. Plaintiff is proposing to represent a class of all shareholders of the Company (excluding defendants and their affiliates and families). On March 22, 1999, the plaintiff filed an Amended Complaint in which he alleges causes of action for breach of fiduciary duty, duty of loyalty and due care and breach of duty of candor. The Complaint was further amended on May 5, 1999 in which he alleges causes of action for breach of the duties of loyalty, due care, candor and good faith and fair dealing. By his Amended Complaint, plaintiff seeks

- to enjoin the Merger with ONEOK;
- to rescind the Merger Agreement with ONEOK, or portions thereof;
- to implement an auction of the Company or similar process;
- to void the $30 million termination fee in the Merger Agreement with ONEOK; and
- unspecified damages.

In addition, plaintiff seeks a declaration that the action is properly maintainable as a class action on behalf of all shareholders. On March 31, 1999, the Court allowed John Mauricio to file a complaint in intervention, which is substantially identical to Arthur Klein's first Amended Complaint.

The Court has set a preliminary injunction schedule, which, if followed, would result in a ruling on plaintiffs' motion for a preliminary injunction in June 1999.

The Company believes that it has valid defenses to plaintiffs' claims.

On May 4, 1999, Southern Union filed a motion to intervene in the proceedings. This motion was granted. In addition, Southern Union filed a complaint against the Company seeking a declaration from the Court that it is entitled to directly solicit the Company's shareholders to oppose the Merger and to seek approval of a proposed merger with Southern Union, rescinding portions of the confidentiality agreement between Southern Union and the Company and a temporary restraining order and a preliminary injunction to maintain the status quo during the course of the litigation. In addition, Southern Union is seeking damages and punitive damages.

On April 30, 1999, the Company filed a complaint in the U.S. District Court, District of Nevada (Case No. CV-99-0530-JBR-LRL) alleging breach of the confidentiality 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 and other violations of California and Nevada law.

ITEMS 2-5. None

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

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

Exhibit 12.1 - Computation of Ratios of Earnings to Fixed Charges and Ratios of Earnings to Combined Fixed Charges and Preferred Stock Dividends.
Exhibit 27.1 - Financial Data Schedule (filed electronically only).

(b) Reports on Form 8-K

The Company filed a Form 8-K, containing Amendment No. 1, dated as of April 25, 1999, to the Agreement and Plan of Merger, dated as of December 14, 1998, by and among ONEOK, Inc., Oasis Acquisition Corporation, and Southwest Gas Corporation.

The Company filed a Form 8-K, dated May 4, 1999, reporting summary financial information for the quarter ended March 31, 1999.

Pursuant to the requirements 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

(Registrant)

Date: May 12, 1999

/s/ Edward A. Janov

Edward A. Janov
Vice President/Controller and Chief Accounting Officer

EXHIBIT 12.1

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

	For the Twelve Months Ended					
	March 31,	December 31,				
Continuing operations	1999	1998	1997	1996	1995	1994
1. Fixed charges:						
A) Interest expense	$ 62,030	$ 63,416	$ 63,247	$ 54,674	$ 52,844	$ 48,688
B) Amortization	1,272	1,243	1,164	1,494	1,569	1,426
C) Interest portion of rentals	7,835	7,531	6,973	6,629	4,435	4,743
D) Preferred securities distributions	5,475	5,475	5,475	5,475	913	-
Total fixed charges	$ 76,612	$ 77,665	$ 76,859	$ 68,272	$ 59,761	$ 54,857
2. Earnings (as defined):						
E) Pretax income from continuing operations	$ 72,259	$ 83,951	$ 21,328	$ 10,448	$ 3,493	$ 38,119
Fixed Charges (1. above)	76,612	77,665	76,859	68,272	59,761	54,857
Total earnings as defined	$ 148,871	$ 161,616	$ 98,187	$ 78,720	$ 63,254	$ 92,976
	1.94	2.08	1.28	1.15	1.06	1.69

	For the Twelve Months Ended					
Adjusted for interest allocated to	March 31,	December 31,				
discontinued operations	1999	1998	1997	1996	1995	1994
1. Fixed charges:						
A) Interest expense	$ 62,030	$ 63,416	$ 63,247	$ 54,674	$ 52,844	$ 48,688
B) Amortization	1,272	1,243	1,164	1,494	1,569	1,426
C) Interest portion of rentals	7,835	7,531	6,973	6,629	4,435	4,743
D) Preferred securities distributions	5,475	5,475	5,475	5,475	913	-
E) Allocated interest [1]	-	-	-	-	9,636	7,874
Total fixed charges	$ 76,612	$ 77,665	$ 76,859	$ 68,272	$ 69,397	$ 62,731
2. Earnings (as defined):						
F) Pretax income from continuing operations	$ 72,259	$ 83,951	$ 21,328	$ 10,448	$ 3,493	$ 38,119
Fixed Charges (1. above)	76,612	77,665	76,859	68,272	69,397	62,731
Total earnings as defined	$ 148,871	$ 161,616	$ 98,187	$ 78,720	$ 72,890	$ 100,850
3. Ratio of earnings to fixed charges	1.94	2.08	1.28	1.15	1.05	1.61

[1] Represents allocated interest through the period ended December 31, 1995. Carrying costs for the period subsequent to year end through the disposition of the discontinued operations were accrued and recorded as disposal costs.

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

	For the Twelve Months Ended	
	March 31,	December 31,

Continuing operations	1999	1998	1997	1996	1995	1994
1. Combined fixed charges:						
A) Total fixed charges	$ 76,612	$ 77,665	$ 76,859	$ 68,272	$ 59,761	$ 54,857
B) Preferred dividends [1]	-	-	-	-	404	826
Total fixed charges and preferred dividends	$ 76,612	$ 77,665	$ 76,859	$ 68,272	$ 60,165	$ 55,683
2. Earnings	$ 148,871	$ 161,616	$ 98,187	$ 78,720	$ 63,254	$ 92,976
3. Ratio of earnings to fixed charges and preferred dividends	1.94	2.08	1.28	1.15	1.05	1.67

	For the Twelve Months Ended					
Adjusted for interest allocated to	March 31,	December 31,				
discontinued operations	1999	1998	1997	1996	1995	1994
1. Combined fixed charges:						
A) Total fixed charges	$ 76,612	$ 77,665	$ 76,859	$ 68,272	$ 69,397	$ 62,731
B) Preferred dividends [1]	-	-	-	-	404	826
Total fixed charges and preferred dividends	$ 76,612	$ 77,665	$ 76,859	$ 68,272	$ 69,801	$ 63,557
2. Earnings	$ 148,871	$ 161,616	$ 98,187	$ 78,720	$ 72,890	$ 100,850
3. Ratio of earnings to fixed charges and preferred dividends	1.94	2.08	1.28	1.15	1.04	1.59

[1] Preferred and preference dividends have been adjusted to represent the pretax earnings necessary to cover such dividend requirements.

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This schedule contains summary financial information
extracted from Southwest Gas Corporation's Form 10-Q for the
quarter ended March 31, 1999 and is qualified in its entirety by reference
to such financial statements.

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3-MOS
DEC-31-1999
MAR-31-1999
PER-BOOK
1,482,480
72,695
181,945
0
49,199
1,786,319
32,185
427,541
41,505
501,231
0
0
779,599
720
0
0
5,049
0
0
0
499,720
1,786,319
308,025
18,497
245,300
245,300
62,725
(1,092)
61,633
14,870
28,266
0
28,266
6,252
0
127,716
0.93
0.92

Includes: trust originated preferred securities of $60,000, current liabilities, net of current long-term debt maturities and short-term debt, of $210,971 and deferred income taxes and other credits of $228,749
Includes distributions related to trust originated preferred securities of $1,369