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To: Docket Control

Re: Southwest Gas Corporation / Rates
Volumes I through VI (CONCLUDED)
October 3 through 11, 2005

STATUS OF ORIGINAL EXHIBITS

FILED WITH DOCKET CONTROL
10-12-2005

STAFF

1 through 23, 26, and 27

SOUTHWEST GAS

1 through 49, and 51

RUCO

1 through 12

ARIZONA COMMUNITY ACTION AGENCY (ACAA)

1

AUIA

1 and 2

SWEEP

1 and 2

DEPARTMENT OF DEFENSE (DOD)

1

EXHIBIT NUMBERS NOT UTILIZED
Numbers skipped or exhibit not used

STAFF

24 and 25

ORIGINAL EXHIBITS RETURNED TO PARTIES

SOUTHWEST GAS

50 Pending

Copy to:

Dwight D. Nodes, ACALJ (letter only)
Staff, Jason Gellman, Esq.
Southwest Gas Corp., Andy Bettwy, Esq.
RUCO, Scott Wakefield, Esq.

EXHIBIT
A-2
Admitted

SOUTHWEST GAS CORPORATION

Docket No. G-01551A-04-0876

2004
ARIZONA
GENERAL RATE CASE

SUPPORTING SCHEDULES
ARIZONA

Volume II

A

SOUTHWEST GAS CORPORATION
ARIZONA
INCREASE IN GROSS REVENUE REQUIREMENT
FOR THE TWELVE MONTHS ENDED AUGUST 31, 2004

Line No.	Description (a)	Reference (b)	Original Cost (c)	Reconstruction Cost New Depreciated (d)	50% Original Cost 50% RCND Fair Value (e)	Line No.
1	Adjusted Rate Base	B-1	$ 925,212,447	$ 1,417,642,156	$ 1,171,427,301	1
2	Adjusted Operating Income	C-1	$ 44,233,345	$ 44,233,345	$ 44,233,345	2
3	Current Rate of Return		4.78%	3.12%	3.78%	3
4	Required Operating Income		$ 86,957,942	$ 86,957,942	$ 86,957,942	4
5	Required Rate of Return	D-1	9.40%	6.13%	7.42%	5
6	Operating Income Deficiency (Ln 4 - Ln 2)				$ 42,724,598	6
7	Gross Revenue Conversion Factor	C-3			1.6573	7
8	Increase in Gross Revenue Requirements				$ 70,809,128	8

SOUTHWEST GAS CORPORATION
ARIZONA
SUMMARY OF THE OVERALL RESULTS OF OPERATIONS
FOR THE TWELVE MONTHS ENDED AUGUST 31, 2004

Line No.	Description (a)	Recorded at 08/31/04 (b)	Adjustments (c)	Adjusted Amounts (d)	Deficiency (e)	Adjusted for Deficiency (f)	Line No.
1	Operating Revenue	$ 647,277,066	$ (324,411,088)	$ 322,865,978	$ 70,809,128	$ 393,675,106	1
2	Gas Cost	327,132,801	(327,132,801)	0	0	0	2
3	Operating Margin	$ 320,144,265	$ 2,721,713	$ 322,865,978	$ 70,809,128	$ 393,675,106	3
	Operating Expenses						
4	Other Gas Supply	$ 720,807	$ 19,584	$ 740,391	$ 0	$ 740,391	4
5	Distribution	75,753,130	2,827,336	78,580,466	0	78,580,466	5
6	Customer Accounts	33,133,096	870,183	34,003,279	155,858	34,159,137	6
7	Customer Service & Information	596,225	(47,730)	548,496	0	548,496	7
8	Sales	512,205	(512,205)	0	0	0	8
	Administrative and General						
9	Direct	6,967,455	25,845	6,993,300	0	6,993,300	9
10	System Allocable	41,676,104	3,811,798	45,487,902	0	45,487,902	10
	Depreciation and Amortization						
11	Direct	64,380,219	2,958,642	67,338,861	0	67,338,861	11
12	System Allocable	8,194,311	(1,131,728)	7,062,583	0	7,062,583	12
13	Regulatory Amortizations	887,124	661,080	1,548,204	0	1,548,204	13
14	Taxes Other Than Income	29,122,261	4,332,862	33,455,124	0	33,455,124	14
15	Interest on Customer Deposits	1,404,209	(686,844)	717,364	0	717,364	15
16	Income Taxes	6,290,071	(4,133,407)	2,156,664	27,928,672	30,085,336	16
17	Total Operating Expenses	$ 269,637,217	$ 8,995,416	$ 278,632,633	$ 28,084,530	$ 306,717,164	17
18	Net Operating Income	$ 50,507,047	$ (6,273,703)	$ 44,233,345	$ 42,724,598	$ 86,957,942	18
	Rate Base						
	Gas Plant in Service						
19	Direct	$ 1,597,681,797	$ (323,685)	$ 1,597,358,112		$ 1,597,358,112	19
20	System Allocable	87,176,689	969,345	88,146,033		88,146,033	20
21	Total Gross Plant	$ 1,684,858,486	$ 645,659	$ 1,685,504,145		$ 1,685,504,145	21
	Accumulated Provision for Depreciation and Amortization						
22	Direct	$ 546,303,859	$ (318,494)	$ 545,985,365		$ 545,985,365	22
23	System Allocable	47,556,640	0	47,556,640		47,556,640	23
24	Total Accumulated Provision for Depreciation and Amortization	$ 593,860,500	$ (318,494)	$ 593,542,006		$ 593,542,006	24
25	Net Plant in Service	$ 1,090,997,986	$ 964,153	$ 1,091,962,139		$ 1,091,962,139	25
	Other Rate Base Items						
26	Working Capital	$ 881,148	$ 0	$ 881,148		$ 881,148	26
27	Customer Advances	(7,027,372)	0	(7,027,372)		(7,027,372)	27
28	Customer Deposits	(23,912,141)	0	(23,912,141)		(23,912,141)	28
29	Deferred Taxes	(136,856,969)	165,641	(136,691,328)		(136,691,328)	29
30	Total Other Rate Base Items	$ (166,915,334)	$ 165,641	$ (166,749,693)		$ (166,749,693)	30
31	Total Rate Base	$ 924,082,652	$ 1,129,794	$ 925,212,447		$ 925,212,447	31
32	Rate of Return	5.47%		4.78%		9.40%	32

SOUTHWEST GAS CORPORATION
ARIZONA DIVISION
SPREAD OF REVENUE INCREASE BY CUSTOMER CLASS
FOR THE TWELVE MONTHS ENDED AUGUST 31, 2004

Line No.	Description	Proposed Schedule Number	Increase/(Decrease) [1] Dollars	Percent	Line No.
	(a)	(b)	(c)	(d)	
	Sales Service				
1	Residential Gas Service	G-5	$ 50,863,570	15.46%	1
2	Low Income Residential Gas Service [3]	G-5	438,114	4.32%	2
3	Multi-Family Residential Gas Service	G-6	3,060,045	15.04%	3
4	Low Income Multi-Family Residential [3]	G-6	45,587	3.30%	4
5	Master Metered Mobile Home Park Gas Service	G-20	134,393	6.12%	5
	General Gas Service	G-25			
6	Small		2,152,189	28.93%	6
7	Medium		3,745,616	8.64%	7
8	Large		5,248,248	4.30%	8
9	Transporation Eligible		1,577,631	2.56%	9
10	Optional Gas Service	G-30	66,740	0.11%	10
11	Air Conditioning Gas Service	G-40	29,983	2.61%	11
12	Street Lighting Gas Service	G-45	6,988	6.92%	12
	Gas Service for Compression on Customer's Premises	G-55			
13	Small		1,983	1.56%	13
14	Large		65,232	4.93%	14
15	Residential		5,570	8.74%	15
16	Electric Generation Gas Service	G-60	215,137	2.70%	16
17	Small Essential Agriculture User Gas Service	G-75	112,672	5.17%	17
18	Natural Gas Engine Gas Service	G-80	(85)	(0.00%)	18
19	Total Sales and Full Margin Transportation		$ 67,769,613	21.87%	19
20	Special Contract Service	B-1	0	0.00%	20
21	Other Operating Revenue		1,250,597	12.28%	21
22	Plus Low Income Benefit		1,788,022	12.28%	22
23	Total Arizona Revenue		$ 70,808,232	10.40%	23

[1] Schedule H-1, Sheet 1.

SOUTHWEST GAS CORPORATION
ARIZONA
SUMMARY OF RESULTS OF OPERATIONS

Line No.	Description	Prior Years		Test Year		Projected Year		Line No.
		Year Ending 2002 [1]	Year Ending 2003 [1]	Actual 8/31/04 [2]	Adjusted 8/31/04 [2]	Present Rates 8/31/05 [3]	Proposed Rates 8/31/05 [3]	
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	
1	Operating Revenues	$ 652,504,295	$ 593,690,708	$ 320,144,265	$ 322,865,978	$ 323,345,708	$ 397,611,857	1
2	Operating Expenses and Taxes	251,716,903	256,669,683	269,637,217	278,632,633	283,152,150	312,603,213	2
3	Net Operating Income	$ 400,787,392	$ 337,021,025	$ 50,507,047	$ 44,233,345	$ 40,193,557	$ 85,008,644	3
4	Other Income and Deductions	0	0	0	0	0	0	4
5	Interest Expense	38,803,204	41,108,025	40,472,048	40,521,530	40,521,530	40,521,530	5
6	Net Income	$ 361,984,188	$ 295,913,000	$ 10,035,000	$ 3,711,815	$ (327,972)	$ 44,487,114	6

[1] Supporting Schedule E-2.
[2] Supporting Schedule C-1.
[3] Supporting Schedule F-1.
NOTE: Operating revenue and expenses reflected on a margin basis in columns (d), (e), (f), and (g).

SOUTHWEST GAS CORPORATION
TOTAL SYSTEM
SUMMARY RESULTS OF OPERATIONS [1]

Line No.	Description	Prior Years Year Ended 2002	Prior Years Year Ended 2003	Test Year 12 Months Ended 8/31/04	Line No.
	(a)	(b)	(c)	(d)	
1	Gross Revenues	$ 1,099,250,200	$ 1,021,747,900	$ 1,140,678,129	1
2	Revenue Deductions & Operating Expenses	982,736,543	911,849,697	1,022,058,924	2
3	Operating Income	$ 116,513,657	$ 109,898,203	$ 118,619,205	3
4	Other Income and (Deductions)	11,433,318	11,776,605	12,691,677	4
5	Income Before Interest Deductions	$ 127,946,975	$ 121,674,808	$ 131,310,882	5
6	Interest Expense	$ 85,871,787	$ 84,637,059	$ 84,320,115	6
7	Allowance for Debt Funds Used During Construction	1,889,720	1,463,996	1,055,527	7
8	Net Interest Expense	$ 83,982,067	$ 83,173,063	$ 83,264,588	8
9	Net Income	$ 43,964,908	$ 38,501,745	$ 48,046,294	9
10	Preferred and Preference Dividend Requirements	-	-	-	10
11	Net Income Applicable to Common Stock	$ 43,964,908	$ 38,501,745	$ 48,046,294	11
12	Weighted Average Shares of Common Stock Outstanding	32,593,192	33,759,895	34,517,648	12
13	Earnings per Common Share	$ 1.35	$ 1.14	$ 1.39	13
14	Dividends paid per Common Share	$ 0.82	$ 0.82	$ 0.82	14
15	Dividend Pay-out Ratio	61%	72%	59%	15
16	Return on Average Invested Capital	6.88%	5.98%	7.43%	16
17	Return on Year End Invested Capital	6.70%	6.11%	7.25%	17
18	Return on Average Common Equity	7.60%	6.28%	7.43%	18
19	Return on year End Common Equity	7.37%	6.11%	7.25%	19
20	Times Bond Interest Earned- Before Income Taxes	1.79	1.70	1.92	20
21	Times Total Interest and Preferred Dividend Earned - After Income Taxes	1.52	1.46	1.58	21

[1] In this proceeding, the Company is requesting rate relief for the Arizona rate jurisdiction of its system only. Projections for the total Company's financial position are not compiled or available.

SOUTHWEST GAS CORPORATION
TOTAL SYSTEM
SUMMARY OF CAPITAL STRUCTURE [1]

Line No.	Description (a)	Prior Years At 12/31/02 (b)	Prior Years At 12/31/03 (c)	At 8/31/04 (d)	Projected At 8/31/05 [2] (e)	Line No.
	Capital Amounts					
1	Short-Term Debt	$ 53,000,000	$ 52,000,000	$ 27,000,000	$ 47,700,000	1
2	Long-Term Debt	1,080,296,691	1,117,056,568	1,181,436,630	1,232,254,958	2
3	Total Debt	1,133,296,691	1,169,056,568	1,208,436,630	1,279,954,958	3
4	Preferred Equity	60,000,000	100,000,000	100,000,000	100,000,000	4
5	Common Equity	596,166,851	630,467,408	662,978,685	732,096,000	5
6	Total Capital	$ 1,789,463,542	$ 1,899,523,976	$ 1,971,415,315	$ 2,112,050,958	6
	Capitalization Ratios					
7	Short-Term Debt	2.96%	2.74%	1.37%	2.26%	7
8	Long-Term Debt	60.37%	58.81%	59.93%	58.34%	8
9	Total Debt					9
10	Preferred Equity	3.35%	5.26%	5.07%	4.73%	10
11	Common Equity	33.32%	33.19%	33.63%	34.66%	11
12	Total	100.00%	100.00%	100.00%	100.00%	12
	Weighted Cost of Capital					
13	Short-Term Debt	0.12%	0.09%	0.14%	0.10%	13
14	Long-Term Debt	4.38%	3.92%	4.00%	3.91%	14
15	Preferred Equity	0.32%	0.43%	0.42%	0.39%	15
16	Common Equity	3.98%	3.97%	4.02%	4.14%	16
17	Total Weighted Cost of Capital	8.79%	8.41%	8.57%	8.54%	17

[1] Based on the equity method of accounting
[2] Estimated

SOUTHWEST GAS CORPORATION
ARIZONA
CONSTRUCTION EXPENDITURES, PLANT PLACED IN SERVICE, AND GROSS PLANT
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2003,
THE TEST YEAR ENDED AUGUST 31, 2004
AND PROJECTED YEARS ENDING AUGUST 31, 2005, 2006 AND 2007

		Actual			Projected			
Line No.	Description	Year Ended 2002	Year Ended 2003	Test Year Ended 8/31/04	Year Ending 8/31/05	Year Ending 8/31/06	Year Ending 8/31/07	Line No.
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	
	Construction Expenditures							
1	Arizona Direct	$ 119,162,793	$ 105,512,194	$ 184,282,181	$ 124,380,422	$ 93,605,255	$ 73,905,730	1
2	System Allocable [1]	11,355,537	5,147,182	7,366,285	7,844,123	10,452,127	7,757,381	2
3	Total Construction Expenditures	$ 130,518,330	$ 110,659,376	$ 191,648,466	$ 132,224,545	$ 104,057,382	$ 81,663,111	3
	Net Plant Placed in Service							
4	Arizona Direct [1]	$ 104,143,667	$ 119,971,510	$ 139,021,712	$ 114,000,000	$ 82,000,000	$ 64,000,000	4
5	System Allocable [2]	3,935,236	18,660,126	2,699,058	6,679,250	9,788,556	6,909,569	5
6	Total Net Plant Placed in Service	$ 108,078,903	$ 138,631,636	$ 141,720,770	$ 120,679,250	$ 91,788,556	$ 70,909,569	6
	Gross Utility Plant in Service							
7	Arizona Direct	$ 1,396,818,551	$ 1,516,790,061	$ 1,597,681,797	$ 1,711,681,797	$ 1,793,681,797	$ 1,857,681,797	7
8	System Allocable [2]	66,221,396	84,881,522	87,176,689	93,855,939	103,644,495	110,554,064	8
9	Total Gross Utility Plant in Service	$ 1,463,039,947	$ 1,601,671,583	$ 1,684,858,486	$ 1,805,537,736	$ 1,897,326,292	$ 1,968,235,861	9

[1] The 2003 and Test Year 2004 Net Plant Placed in Service includes $23,974,224 for the Black Mountain Gas acquisition.
[2] Allocation based on the 4-Factor (57.58%)

SOUTHWEST GAS CORPORATION
TOTAL SYSTEM
SUMMARY STATEMENT OF CASH FLOWS [1]

Line No.	Description	Prior Years Year Ended 2002	Prior Years Year Ended 2003	Test Year 12 Months Ended 8/31/04	Line No.
	(a)	(b)	(c)	(d)	
1	Cash Flows from Operating Activities	$ 279,500,529	$ 151,759,633	$ 96,253,132	1
2	Cash Flows from Financing Activities	(239,904,161)	(211,928,184)	(235,138,929)	2
3	Cash Flows from Investing Activities	(50,886,754)	58,914,876	73,676,671	3
4	Increase (Decrease) in Cash and Cash Equivalents	$ (11,290,386)	$ (1,253,675)	$ (65,209,126)	4

[1] Supporting Schedule E-3.

B

SOUTHWEST GAS CORPORATION
ARIZONA
ADJUSTED ORIGINAL COST AND RCND RATE BASE
FOR THE TWELVE MONTHS ENDED AUGUST 31, 2004

Line No.	Description (a)	Schedule Reference (b)	Adjusted Original Cost Rate Base (c)	RCND (d)	Fair Value [1] (e)	Line No.
1	Gas Plant in Service	B-2 & B-3	$ 1,685,504,145	$ 2,441,205,028	$ 2,063,354,587	1
2	Accumulated Depreciation and Amortization	B-2 & B-3	593,542,006	856,813,179	725,177,592	2
3	Net Gas Plant in Service		$ 1,091,962,139	$ 1,584,391,849	$ 1,338,176,994	3
	Additions					
4	Working Capital	B-5	$ 881,148	$ 881,148	$ 881,148	4
5	Total Additions		$ 881,148	$ 881,148	$ 881,148	5
	Deductions					
6	Customer Advances for Construction	B-6	$ (7,027,372)	$ (7,027,372)	$ (7,027,372)	6
7	Customer Deposits	B-6	(23,912,141)	(23,912,141)	(23,912,141)	7
8	Deferred Income Taxes	B-6	(136,691,328)	(136,691,328)	(136,691,328)	8
9	Total Deductions		$ (167,630,841)	$ (167,630,841)	$ (167,630,841)	9
10	Total Rate Base		$ 925,212,447	$ 1,417,642,156	$ 1,171,427,301	10

[1] 50/50 weighting to Original Cost and Reconstructed Cost.

SOUTHWEST GAS CORPORATION
ARIZONA
RECORDED RATE BASE, AS ADJUSTED
FOR THE TWELVE MONTHS ENDED AUGUST 31, 2004

Line No.	Description (a)	Recorded at 08/31/04 (b)	Adjustments (c)	Adjusted at 08/31/04 (d)	Line No.
	Rate Base				
	Gas Plant in Service				
1	Direct	$ 1,597,681,797	$ (323,685)	$ 1,597,358,112	1
2	System Allocable	87,176,689	969,345	88,146,033	2
3	Total Gross Plant	$ 1,684,858,486	$ 645,659	$ 1,685,504,145	3
	Accumulated Provision for Depreciation and Amortization				
4	Direct	$ 546,303,859	$ (318,494)	$ 545,985,365	4
5	System Allocable	47,556,640	0	47,556,640	5
6	Total Accumulated Provision for Depreciation and Amortization	$ 593,860,500	$ (318,494)	$ 593,542,006	6
7	Net Plant in Service [1]	$ 1,090,997,986	$ 964,153	$ 1,091,962,139	7
	Other Rate Base Items				
8	Working Capital [2]	$ 881,148	$ 0	$ 881,148	8
9	Customer Advances [3]	(7,027,372)	0	(7,027,372)	9
10	Customer Deposits [3]	(23,912,141)	0	(23,912,141)	10
11	Deferred Taxes [3]	(136,856,969)	165,641	(136,691,328)	11
12	Total Other Rate Base Items	$ (166,915,334)	$ 165,641	$ (166,749,693)	12
13	Total Rate Base	$ 924,082,652	$ 1,129,794	$ 925,212,447	13

[1] Supporting Workpaper B-2
[2] Supporitng Schedule B-5
[3] Supporitng Schedule B-6

SOUTHWEST GAS CORPORATION
ARIZONA
SUMMARY COST OF GAS PLANT
AT AUGUST 31, 2004

Line No.	Description (a)	Account Number (b)	Balance at 08/31/04 (c) WP B-2	Adjustments (d) WP B-2	Adjusted Balance (e) WP B-2	Allocation Of System Allocable Amounts [1] (f)	Test Year Balance As Allocated at 08/31/04 (g)	Line No.
	Direct Gas Plant in Service							
1	Intangible Plant		$ 3,271,603	$ 431,082	$ 3,702,685	$ 61,170,431	$ 64,873,117	1
2	Distribution Plant		1,503,887,463	(998,279)	1,502,889,184	0	1,502,889,184	2
3	General Plant		90,522,731	243,512	90,766,242	26,975,602	117,741,844	3
4	Total Gas Plant in Service	101	$ 1,597,681,797	$ (323,685)	$ 1,597,358,112	$ 88,146,033	$ 1,685,504,145	4
	Accumulated Provision for Depreciation and Amortization							
5	Intangible Plant		$ 2,196,699	$ 0	$ 2,196,699	$ 34,769,569	$ 36,966,268	5
6	Distribution Plant		527,966,923	(318,494)	527,648,429	0	527,648,429	6
7	General Plant		16,140,237	0	16,140,237	12,787,072	28,927,309	7
8	Total Accumulated Depreciation and Amortization	108 & 111	$ 546,303,859	$ (318,494)	$ 545,985,365	$ 47,556,640	$ 593,542,006	8
9	Total Net Gas Plant In Service		$ 1,051,377,938	$ (5,191)	$ 1,051,372,747	$ 40,589,393	$ 1,091,962,139	9
	System Allocable Gas Plant in Service							
10	Intangible Plant		$ 104,762,572	$ 1,473,459	$ 106,236,031			10
11	General Plant		46,639,097	210,023	46,849,120			11
12	Total System Allocable Gas Plant	101	$ 151,401,669	$ 1,683,482	$ 153,085,151			12
	Accumulated Provision For Depreciation and Amortization							
13	Intangible Plant		$ 60,385,073	$ 0	$ 60,385,073			13
14	General Plant		22,207,588	0	22,207,588			14
15	Total System Allocable Accumulated Depreciation and Amortization	108 & 111	$ 82,592,661	$ 0	$ 82,592,661			15
16	System Allocable Net Gas Plant In Service		$ 68,809,008	$ 1,683,482	$ 70,492,490			16

[1] Allocated based on the 4-Factor. Supporting Schedule C-1, Sh 18

SOUTHWEST GAS CORPORATION
ARIZONA
COMPLETED CONSTRUCTION NOT CLASSIFIED
ADJUSTMENT NO. 20

Line No.	Description	Account		Completed Cost of Plant [1]	Line No.
	(a)	(b)		(c)	
	Intangible Plant				
1	Franchise & Consents	302.0	$	431,082	1
2	Total Intangible Plant		$	431,082	2
	Distribution Plant				
3	Mains	376.0	$	1,145,356	3
4	Total Distribution Plant		$	1,145,356	4
	General Plant				
5	Structures	390.1	$	6,938	5
6	Computer Equipment	391.1		188,528	6
7	Tools, Shop, & Garage Equipment	394.0		22,979	7
8	Communication Equipment	397.0		5,251	8
9	Telemetering Equipment	397.2		5,834	9
10	Miscellaneous Equipment	398.0		13,982	10
11	Total General Plant		$	243,512	11
12	Total Arizona		$	1,819,949	12

Explanation - To record direct Arizona non-revenue producing plant completed but not yet classified to plant-in-service accounts.

[1] Supporting Workpapers B-2, Adj. 20

SOUTHWEST GAS CORPORATION
SYSTEM ALLOCABLE
COMPLETED CONSTRUCTION NOT CLASSIFIED
ADJUSTMENT NO. 20

Line No.	Description (a)	Account (b)	Completed Cost of Plant (c)	Line No.
	Intangible Plant			
1	Miscellaneous Intangible [1]	303.0	$ 1,473,459	1
2	Total Intangible Plant		$ 1,473,459	2
	General Plant [2]			
3	Office Furniture & Equipment	391.0	$ 12,307	3
4	Computer Equipment	391.1	128,028	4
5	Transportation Equipment	392.1	50,507	5
6	Tools, Shop, & Garage Equipment	394.0	16,720	6
7	Miscellaneous Equipment	398.0	2,462	7
8	Total General Plant		$ 210,023	8
9	Total System Allocable		$ 1,683,482	9
10	Arizona 4-Factor [3]		57.58%	10
11	Amount Allocated to Arizona		$ 969,345	11

Explanation - To record System Allocable plant completed but not yet classified to plant-in-service accounts.

[1] Adjustment to Miscellaneous Intangible Plant detailed on WP C-2, Adj. 17
[2] Supporting Workpapers B-2, Adj. 20
[3] Supporting Schedule C-1, Sh 18

SOUTHWEST GAS CORPORATION
ARIZONA
LIGHT RAIL PROJECT
ADJUSTMENT NO. 21

Line No.	Work Order Number (a)	Account (b)	Gross Plant (c)	Accum. Depreciation (d)	Line No.
1	0042-C3646797	376	$ 180,780	$ 5,179	1
2	0042-C3625522	376	109,345	4,177	2
3	0042-C2603463	376	481,489	13,795	3
4	Total		$ 771,614	$ 23,151	4

Explanation
To remove plant related to the Light Rail Project from the cost of service.

Source: Company Records

SOUTHWEST GAS CORPORATION
ARIZONA
RCND GAS PLANT IN SERVICE
AT AUGUST 31, 2004

Line No.	Description (a)	Reference (b)	Balance at 08/31/04 (c)	Allocation Of System Allocable Amounts [1] (d)	Test Year Balance As Allocated at 08/31/04 (e)	Line No.
	Gas Plant in Service					
1	Intangible Plant	B-2, Sh 1	$ 3,271,604	$ 60,322,017	$ 63,593,621	1
2	Distribution Plant	B-4	2,236,345,320	0	2,236,345,320	2
3	General Plant	B-4	109,432,123	31,833,964	141,266,087	3
4	Total Gas Plant in Service		$ 2,349,049,047	$ 92,155,981	$ 2,441,205,028	4
	Accumulated Provision for Depreciation and Amortization					
5	Intangible Plant	B-2, Sh 1	$ 2,196,699	$ 34,769,569	$ 36,966,268	5
6	Distribution Plant	[2]	785,179,009	0	785,179,009	6
7	General Plant	[2]	19,509,899	15,158,003	34,667,902	7
8	Total Accumulated Depreciation and Amortization		$ 806,885,607	$ 49,927,572	$ 856,813,179	8
9	Total Net Gas Plant In Service		$ 1,542,163,440	$ 42,228,409	$ 1,584,391,849	9
	System Allocable Gas Plant in Service					
10	Intangible Plant	B-2, Sh 1	$ 106,236,031			10
11	General Plant	B-4	55,286,744			11
12	Total System Allocable Gas Plant		$ 161,522,775			12
	Accumulated Provision For Depreciation and Amortization					
13	Intangible Plant	B-2, Sh 1	$ 60,385,073			13
14	General Plant	[2]	26,325,236			14
15	Total System Allocable Accumulated Depreciation and Amortization		$ 86,710,309			15
16	System Allocable Net Gas Plant In Service		$ 74,812,466			16

[1] Amounts are allocated to Arizona using the 4-Factor of 57.58% as calculated in Sch C-1, Sh 18.
[2] RCND accumulated provision for depreciation and amortization reflected as a percent of RCND gas plant in the same ratio as adjusted accumulated provision for depreciation and amortization as a percent of adjusted gas plant.

SOUTHWEST GAS CORPORATION
TOTAL ARIZONA
RCN COST OF GAS PLANT IN SERVICE AS OF AUGUST 31, 2004

Account 374.1 & 374.2 - Land and Land Rights

Line No.	Year Installed (a)	Original Cost Total Arizona (b)	H - W Index (c)	Ratio To Current Index (d)	RCN Total Arizona (e)	Line No.
1	1930	$ 0	1	1.00	$ 0	1
2	1931	0	1	1.00	0	2
3	1932	0	1	1.00	0	3
4	1933	0	1	1.00	0	4
5	1934	0	1	1.00	0	5
6	1935	0	1	1.00	0	6
7	1936	0	1	1.00	0	7
8	1937	0	1	1.00	0	8
9	1938	0	1	1.00	0	9
10	1939	0	1	1.00	0	10
11	1940	112	1	1.00	112	11
12	1941	14	1	1.00	14	12
13	1942	0	1	1.00	0	13
14	1943	160	1	1.00	160	14
15	1944	0	1	1.00	0	15
16	1945	2	1	1.00	2	16
17	1946	0	1	1.00	0	17
18	1947	0	1	1.00	0	18
19	1948	952	1	1.00	952	19
20	1949	139	1	1.00	139	20
21	1950	101	1	1.00	101	21
22	1951	667	1	1.00	667	22
23	1952	183	1	1.00	183	23
24	1953	124	1	1.00	124	24
25	1954	104	1	1.00	104	25
26	1955	121	1	1.00	121	26
27	1956	116	1	1.00	116	27
28	1957	138	1	1.00	138	28
29	1958	9,892	1	1.00	9,892	29
30	1959	75	1	1.00	75	30
31	1960	164	1	1.00	164	31
32	1961	178	1	1.00	178	32
33	1962	896	1	1.00	896	33
34	1963	2,944	1	1.00	2,944	34
35	1964	2,322	1	1.00	2,322	35
36	1965	849	1	1.00	849	36
37	1966	1,145	1	1.00	1,145	37
38	1967	664	1	1.00	664	38
39	1968	896	1	1.00	896	39
40	1969	4,059	1	1.00	4,059	40
41	1970	20,184	1	1.00	20,184	41
42	1971	18,376	1	1.00	18,376	42
43	1972	11,259	1	1.00	11,259	43
44	1973	16,606	1	1.00	16,606	44
45	1974	29,634	1	1.00	29,634	45
46	1975	8,619	1	1.00	8,619	46
47	1976	15,469	1	1.00	15,469	47
48	1977	13,306	1	1.00	13,306	48
49	1978	12,233	1	1.00	12,233	49
50	1979	5,998	1	1.00	5,998	50
51	1980	3,835	1	1.00	3,835	51
52	1981	69,501	1	1.00	69,501	52
53	1982	21,828	1	1.00	21,828	53
54	1983	13,467	1	1.00	13,467	54
55	1984	5,304	1	1.00	5,304	55
56	1985	387,575	1	1.00	387,575	56
57	1986	20,552	1	1.00	20,552	57
58	1987	8,770	1	1.00	8,770	58
59	1988	3,206	1	1.00	3,206	59
60	1989	3,127	1	1.00	3,127	60
61	1990	0	1	1.00	0	61
62	1991	0	1	1.00	0	62
63	1992	0	1	1.00	0	63
64	1993	4,750	1	1.00	4,750	64
65	1994	6,025	1	1.00	6,025	65
66	1995	0	1	1.00	0	66
67	1996	0	1	1.00	0	67
68	1997	130,099	1	1.00	130,099	68
69	1998	1,767	1	1.00	1,767	69
70	1999	0	1	1.00	0	70
71	2000	39,620	1	1.00	39,620	71
72	2001	15,864	1	1.00	15,864	72
73	2002	36,423	1	1.00	36,423	73
74	2003	18,148	1	1.00	18,148	74
75	2004	104,102	1	1.00	104,102	75
76	Total	$ 1,072,664			$ 1,072,664	76

SOUTHWEST GAS CORPORATION
TOTAL ARIZONA
RCN COST OF GAS PLANT IN SERVICE AS OF AUGUST 31, 2004

Account 375 - Structures and Improvements

Line No.	Year Installed	Original Cost Total Arizona	H - W Index	Ratio To Current Index	RCN Total Arizona	Line No.
	(a)	(b)	(c)	(d)	(e)	
1	1930	$ 0	19	17.74	$ 0	1
2	1931	0	17	19.82	0	2
3	1932	0	16	21.06	0	3
4	1933	0	17	19.82	0	4
5	1934	0	19	17.74	0	5
6	1935	0	18	18.72	0	6
7	1936	0	19	17.74	0	7
8	1937	196	20	16.85	3,303	8
9	1938	94	20	16.85	1,584	9
10	1939	1,659	20	16.85	27,954	10
11	1940	373	20	16.85	6,285	11
12	1941	2,797	22	15.32	42,850	12
13	1942	0	23	14.65	0	13
14	1943	0	23	14.65	0	14
15	1944	0	24	14.04	0	15
16	1945	5,437	24	14.04	76,335	16
17	1946	2,032	27	12.48	25,359	17
18	1947	895	32	10.53	9,424	18
19	1948	4,989	36	9.36	46,697	19
20	1949	6,441	37	9.11	58,678	20
21	1950	8,724	39	8.64	75,375	21
22	1951	21,212	42	8.02	170,120	22
23	1952	1,568	44	7.66	12,011	23
24	1953	4,318	44	7.66	33,076	24
25	1954	2,625	46	7.33	19,241	25
26	1955	959	48	7.02	6,732	26
27	1956	4,816	52	6.48	31,208	27
28	1957	0	55	6.13	0	28
29	1958	0	57	5.91	0	29
30	1959	0	58	5.81	0	30
31	1960	0	59	5.71	0	31
32	1961	0	58	5.81	0	32
33	1962	0	59	5.71	0	33
34	1963	0	60	5.62	0	34
35	1964	0	61	5.52	0	35
36	1965	394	64	5.27	2,076	36
37	1966	0	65	5.18	0	37
38	1967	0	67	5.03	0	38
39	1968	0	71	4.75	0	39
40	1969	0	75	4.49	0	40
41	1970	0	79	4.27	0	41
42	1971	0	87	3.87	0	42
43	1972	0	93	3.62	0	43
44	1973	23,733	100	3.37	79,980	44
45	1974	8,122	118	2.86	23,229	45
46	1975	0	133	2.53	0	46
47	1976	0	138	2.44	0	47
48	1977	437	148	2.28	996	48
49	1978	674	161	2.09	1,409	49
50	1979	0	177	1.90	0	50
51	1980	0	194	1.74	0	51
52	1981	0	204	1.65	0	52
53	1982	0	207	1.63	0	53
54	1983	0	215	1.57	0	54
55	1984	0	224	1.50	0	55
56	1985	0	226	1.49	0	56
57	1986	0	231	1.46	0	57
58	1987	0	232	1.45	0	58
59	1988	0	232	1.45	0	59
60	1989	0	232	1.45	0	60
61	1990	2,068	236	1.43	2,958	61
62	1991	2,033	233	1.45	2,948	62
63	1992	0	238	1.42	0	63
64	1993	0	251	1.34	0	64
65	1994	0	261	1.29	0	65
66	1995	3,960	265	1.27	5,029	66
67	1996	0	278	1.21	0	67
68	1997	0	282	1.20	0	68
69	1998	0	285	1.18	0	69
70	1999	0	287	1.17	0	70
71	2000	0	295	1.14	0	71
72	2001	0	303	1.11	0	72
73	2002	0	310	1.09	0	73
74	2003	0	320	1.05	0	74
75	2004	0	337	1.00	0	75
76	Total	$ 110,556			$ 764,857	76

SOUTHWEST GAS CORPORATION
TOTAL ARIZONA
RCN COST OF GAS PLANT IN SERVICE AS OF AUGUST 31, 2004

Account 376 - Mains - Steel

Line No.	Year Installed (a)	Original Cost Total Arizona (b)	H - W Index (c)	Ratio To Current Index (d)	RCN Total Arizona (e)	Line No.
1	1930	$ 117,275	19	22.47	$ 2,635,169	1
2	1931	2,569	18	23.72	60,937	2
3	1932	0	18	23.72	0	3
4	1933	0	17	25.12	0	4
5	1934	2,743	18	23.72	65,064	5
6	1935	8,484	19	22.47	190,635	6
7	1936	25	18	23.72	593	7
8	1937	18,672	20	21.35	398,647	8
9	1938	21,117	20	21.35	450,848	9
10	1939	255	20	21.35	5,444	10
11	1940	418	20	21.35	8,924	11
12	1941	65,273	20	21.35	1,393,579	12
13	1942	42,600	21	20.33	866,058	13
14	1943	37,505	21	20.33	762,477	14
15	1944	20,119	21	20.33	409,019	15
16	1945	77,207	22	19.41	1,498,588	16
17	1946	2,783	24	17.79	49,510	17
18	1947	349,659	27	15.81	5,528,109	18
19	1948	965,557	31	13.77	13,295,720	19
20	1949	615,778	33	12.94	7,968,167	20
21	1950	983,011	35	12.20	11,992,734	21
22	1951	819,317	37	11.54	9,454,918	22
23	1952	868,550	39	10.95	9,510,623	23
24	1953	622,311	41	10.41	6,478,258	24
25	1954	733,095	44	9.70	7,111,022	25
26	1955	2,987,039	46	9.28	27,719,722	26
27	1956	1,358,492	48	8.90	12,090,579	27
28	1957	1,355,291	52	8.21	11,126,939	28
29	1958	2,253,918	54	7.91	17,828,491	29
30	1959	2,428,840	57	7.49	18,192,012	30
31	1960	2,091,235	58	7.36	15,391,490	31
32	1961	2,217,240	61	7.00	15,520,680	32
33	1962	2,029,158	63	6.78	13,757,691	33
34	1963	1,669,397	64	6.67	11,134,878	34
35	1964	2,160,965	66	6.47	13,981,444	35
36	1965	2,070,053	68	6.28	12,999,933	36
37	1966	1,746,834	69	6.19	10,812,902	37
38	1967	1,174,609	73	5.85	6,871,463	38
39	1968	810,518	75	5.69	4,611,847	39
40	1969	1,655,573	80	5.34	8,840,760	40
41	1970	1,039,026	84	5.08	5,278,252	41
42	1971	2,152,650	90	4.74	10,203,561	42
43	1972	3,460,424	96	4.45	15,398,887	43
44	1973	2,700,135	100	4.27	11,529,576	44
45	1974	3,016,532	117	3.65	11,010,342	45
46	1975	1,365,502	133	3.21	4,383,261	46
47	1976	707,618	142	3.01	2,129,930	47
48	1977	1,264,722	155	2.75	3,477,986	48
49	1978	1,467,530	171	2.50	3,668,825	49
50	1979	1,054,551	187	2.28	2,404,376	50
51	1980	1,612,117	200	2.14	3,449,930	51
52	1981	3,147,108	219	1.95	6,136,861	52
53	1982	1,680,558	239	1.79	3,008,199	53
54	1983	2,568,650	246	1.74	4,469,451	54
55	1984	3,698,764	251	1.70	6,287,899	55
56	1985	2,236,015	245	1.74	3,890,666	56
57	1986	2,964,734	233	1.83	5,425,463	57
58	1987	3,410,542	241	1.77	6,036,659	58
59	1988	2,496,848	257	1.66	4,144,768	59
60	1989	3,792,176	269	1.59	6,029,560	60
61	1990	3,325,826	276	1.55	5,155,030	61
62	1991	4,718,810	282	1.51	7,125,403	62
63	1992	5,798,269	286	1.49	8,639,421	63
64	1993	5,239,513	297	1.44	7,544,899	64
65	1994	6,798,125	316	1.35	9,177,469	65
66	1995	8,733,487	316	1.35	11,790,207	66
67	1996	7,150,333	318	1.34	9,581,446	67
68	1997	7,154,527	327	1.31	9,372,430	68
69	1998	7,087,418	330	1.29	9,142,769	69
70	1999	7,186,705	341	1.25	8,983,381	70
71	2000	9,828,095	356	1.20	11,793,714	71
72	2001	13,013,848	362	1.18	15,356,341	72
73	2002	14,418,547	367	1.16	16,725,515	73
74	2003	13,293,401	385	1.11	14,755,675	74
75	2004	8,792,154	427	1.00	8,792,154	75
76	Total	$ 202,758,745			$ 553,316,180	76

SOUTHWEST GAS CORPORATION
TOTAL ARIZONA
RCN COST OF GAS PLANT IN SERVICE AS OF AUGUST 31, 2004

Account 376 - Mains - Plastic

Line No.	Year Installed	Original Cost Total Arizona	H - W Index	Ratio To Current Index	RCN Total Arizona	Line No.
	(a)	(b)	(c)	(d)	(e)	
1	1930	$ 0	0	0.00	$ 0	1
2	1931	0	0	0.00	0	2
3	1932	0	0	0.00	0	3
4	1933	0	0	0.00	0	4
5	1934	0	0	0.00	0	5
6	1935	0	0	0.00	0	6
7	1936	0	0	0.00	0	7
8	1937	0	0	0.00	0	8
9	1938	0	0	0.00	0	9
10	1939	0	0	0.00	0	10
11	1940	0	0	0.00	0	11
12	1941	0	0	0.00	0	12
13	1942	0	0	0.00	0	13
14	1943	0	0	0.00	0	14
15	1944	0	0	0.00	0	15
16	1945	0	0	0.00	0	16
17	1946	0	0	0.00	0	17
18	1947	0	0	0.00	0	18
19	1948	0	0	0.00	0	19
20	1949	0	0	0.00	0	20
21	1950	0	0	0.00	0	21
22	1951	0	0	0.00	0	22
23	1952	0	0	0.00	0	23
24	1953	0	0	0.00	0	24
25	1954	0	0	0.00	0	25
26	1955	1,049	0	0.00	0	26
27	1956	18,161	0	0.00	0	27
28	1957	30,964	0	0.00	0	28
29	1958	62,319	0	0.00	0	29
30	1959	44,373	0	0.00	0	30
31	1960	68,299	0	0.00	0	31
32	1961	141,576	0	0.00	0	32
33	1962	377,958	71	5.10	1,927,586	33
34	1963	428,972	72	5.03	2,157,729	34
35	1964	476,461	73	4.96	2,363,247	35
36	1965	309,410	74	4.89	1,513,015	36
37	1966	932,243	76	4.76	4,437,477	37
38	1967	1,075,038	79	4.58	4,923,674	38
39	1968	630,800	81	4.47	2,819,676	39
40	1969	1,237,196	84	4.31	5,332,315	40
41	1970	675,549	87	4.16	2,810,284	41
42	1971	1,463,260	92	3.93	5,750,612	42
43	1972	2,115,632	96	3.77	7,975,933	43
44	1973	1,993,868	100	3.62	7,217,802	44
45	1974	2,080,342	112	3.23	6,719,505	45
46	1975	1,624,281	130	2.78	4,515,501	46
47	1976	537,223	137	2.64	1,418,269	47
48	1977	1,097,706	147	2.46	2,700,357	48
49	1978	605,402	158	2.29	1,386,371	49
50	1979	2,470,744	174	2.08	5,139,148	50
51	1980	3,367,009	193	1.88	6,329,977	51
52	1981	4,176,519	209	1.73	7,225,378	52
53	1982	2,715,390	224	1.62	4,398,932	53
54	1983	4,510,350	232	1.56	7,036,146	54
55	1984	6,558,126	236	1.53	10,033,933	55
56	1985	5,459,273	235	1.54	8,407,280	56
57	1986	17,455,876	238	1.52	26,532,932	57
58	1987	18,095,930	245	1.48	26,781,976	58
59	1988	21,130,170	257	1.41	29,793,540	59
60	1989	16,451,667	272	1.33	21,880,717	60
61	1990	21,790,283	281	1.29	28,109,465	61
62	1991	6,737,210	287	1.26	8,488,885	62
63	1992	9,808,411	290	1.25	12,260,514	63
64	1993	22,176,738	297	1.22	27,055,620	64
65	1994	27,142,347	302	1.20	32,570,816	65
66	1995	33,750,929	305	1.19	40,163,606	66
67	1996	32,125,532	312	1.16	37,265,617	67
68	1997	28,232,716	319	1.13	31,902,969	68
69	1998	32,057,600	324	1.12	35,904,512	69
70	1999	42,115,089	329	1.10	46,326,598	70
71	2000	42,256,050	336	1.08	45,636,534	71
72	2001	45,185,173	344	1.05	47,444,432	72
73	2002	47,315,893	350	1.03	48,735,370	73
74	2003	38,318,664	357	1.01	38,701,851	74
75	2004	37,253,875	362	1.00	37,253,875	75
76	Total	$ 586,685,646			$ 737,349,976	76

SOUTHWEST GAS CORPORATION
TOTAL ARIZONA
RCN COST OF GAS PLANT IN SERVICE AS OF AUGUST 31, 2004

Account 378 - Measuring and Regulating Equipment - Gen.

Line No.	Year Installed (a)	Original Cost Total Arizona (b)	H - W Index (c)	Ratio To Current Index (d)	RCN Total Arizona (e)	Line No.
1	1930	$ 0	24	16.38	$ 0	1
2	1931	0	24	16.38	0	2
3	1932	0	23	17.09	0	3
4	1933	0	22	17.86	0	4
5	1934	0	22	17.86	0	5
6	1935	0	22	17.86	0	6
7	1936	9	22	17.86	163	7
8	1937	0	24	16.38	0	8
9	1938	0	24	16.38	0	9
10	1939	0	24	16.38	0	10
11	1940	0	26	15.12	0	11
12	1941	0	26	15.12	0	12
13	1942	0	26	15.12	0	13
14	1943	0	26	15.12	0	14
15	1944	0	26	15.12	0	15
16	1945	0	26	15.12	0	16
17	1946	257	29	13.55	3,487	17
18	1947	0	34	11.56	0	18
19	1948	0	37	10.62	0	19
20	1949	0	39	10.08	0	20
21	1950	0	40	9.83	0	21
22	1951	0	44	8.93	0	22
23	1952	0	45	8.73	0	23
24	1953	0	46	8.54	0	24
25	1954	206	47	8.36	1,722	25
26	1955	350	49	8.02	2,807	26
27	1956	2,201	54	7.28	16,023	27
28	1957	862	57	6.89	5,939	28
29	1958	4,597	60	6.55	30,110	29
30	1959	9,479	62	6.34	60,097	30
31	1960	990	64	6.14	6,079	31
32	1961	2,924	64	6.14	17,953	32
33	1962	2,126	66	5.95	12,650	33
34	1963	2,126	67	5.87	12,480	34
35	1964	3,760	68	5.78	21,733	35
36	1965	11,106	68	5.78	64,193	36
37	1966	18,449	70	5.61	103,499	37
38	1967	1,213	72	5.46	6,623	38
39	1968	6,213	73	5.38	33,426	39
40	1969	11,938	76	5.17	61,719	40
41	1970	7,092	83	4.73	33,545	41
42	1971	29,221	90	4.37	127,696	42
43	1972	123,201	97	4.05	498,964	43
44	1973	7,125	100	3.93	28,001	44
45	1974	26,280	116	3.39	89,089	45
46	1975	10,207	135	2.91	29,702	46
47	1976	21,645	148	2.66	57,576	47
48	1977	51,354	158	2.49	127,871	48
49	1978	48,042	173	2.27	109,055	49
50	1979	19,178	187	2.10	40,274	50
51	1980	39,406	203	1.94	76,448	51
52	1981	14,510	224	1.75	25,393	52
53	1982	123,813	249	1.58	195,625	53
54	1983	195,817	249	1.58	309,391	54
55	1984	226,472	247	1.59	360,090	55
56	1985	36,610	242	1.62	59,308	56
57	1986	248,816	242	1.62	403,082	57
58	1987	85,410	250	1.57	134,094	58
59	1988	159,597	266	1.48	236,204	59
60	1989	89,064	277	1.42	126,471	60
61	1990	178,679	277	1.42	253,724	61
62	1991	166,568	278	1.41	234,861	62
63	1992	684,597	288	1.36	931,052	63
64	1993	920,473	299	1.31	1,205,820	64
65	1994	1,241,248	311	1.26	1,563,972	65
66	1995	1,686,936	314	1.25	2,108,670	66
67	1996	1,419,417	327	1.20	1,703,300	67
68	1997	855,913	331	1.19	1,018,536	68
69	1998	2,163,602	335	1.17	2,531,414	69
70	1999	4,537,208	342	1.15	5,217,789	70
71	2000	1,033,395	352	1.12	1,157,402	71
72	2001	2,040,048	358	1.10	2,244,053	72
73	2002	3,173,344	363	1.08	3,427,212	73
74	2003	1,849,010	365	1.08	1,996,931	74
75	2004	862,886	393	1.00	862,886	75
76	Total	$ 24,454,990			$ 29,986,204	76

SOUTHWEST GAS CORPORATION
TOTAL ARIZONA
RCN COST OF GAS PLANT IN SERVICE AS OF AUGUST 31, 2004

Account 380 - Services - Steel

Line No.	Year Installed (a)	Original Cost Total Arizona (b)	H - W Index (c)	Ratio To Current Index (d)	RCN Total Arizona (e)	Line No.
1	1930	$ 8,202	16	22.81	$ 187,088	1
2	1931	0	15	24.33	0	2
3	1932	89	15	24.33	2,165	3
4	1933	0	14	26.07	0	4
5	1934	18	15	24.33	438	5
6	1935	0	15	24.33	0	6
7	1936	27	16	22.81	616	7
8	1937	0	17	21.47	0	8
9	1938	57	17	21.47	1,224	9
10	1939	2,685	17	21.47	57,647	10
11	1940	91	18	20.28	1,845	11
12	1941	6,353	18	20.28	128,839	12
13	1942	14,258	19	19.21	273,896	13
14	1943	1,116	19	19.21	21,438	14
15	1944	18,959	19	19.21	364,202	15
16	1945	44,298	19	19.21	850,965	16
17	1946	102,820	22	16.59	1,705,784	17
18	1947	171,752	25	14.60	2,507,579	18
19	1948	282,168	28	13.04	3,679,471	19
20	1949	194,453	30	12.17	2,366,493	20
21	1950	373,967	32	11.41	4,266,963	21
22	1951	469,036	33	11.06	5,187,538	22
23	1952	544,923	35	10.43	5,683,547	23
24	1953	444,529	37	9.86	4,383,056	24
25	1954	431,300	39	9.36	4,036,968	25
26	1955	1,071,441	41	8.90	9,535,825	26
27	1956	660,181	45	8.11	5,354,068	27
28	1957	714,097	48	7.60	5,427,137	28
29	1958	726,449	50	7.30	5,303,078	29
30	1959	364,421	53	6.89	2,510,861	30
31	1960	47,065	54	6.76	318,159	31
32	1961	58,694	58	6.29	369,185	32
33	1962	40,866	60	6.08	248,465	33
34	1963	37,668	60	6.08	229,021	34
35	1964	12,971	63	5.79	75,102	35
36	1965	54,015	64	5.70	307,886	36
37	1966	31,700	66	5.53	175,301	37
38	1967	23,002	69	5.29	121,681	38
39	1968	7,560	72	5.07	38,329	39
40	1969	1,610	77	4.74	7,631	40
41	1970	8,414	84	4.35	36,601	41
42	1971	21,229	90	4.06	86,190	42
43	1972	57,097	95	3.84	219,252	43
44	1973	49,367	100	3.65	180,190	44
45	1974	88,620	113	3.23	286,243	45
46	1975	18,595	129	2.83	52,624	46
47	1976	29,598	138	2.64	78,139	47
48	1977	24,701	149	2.45	60,517	48
49	1978	2,967	161	2.27	6,735	49
50	1979	158,247	176	2.07	327,571	50
51	1980	288,903	192	1.90	548,916	51
52	1981	280,946	208	1.75	491,656	52
53	1982	59,119	226	1.62	95,773	53
54	1983	516,248	232	1.57	810,509	54
55	1984	256,584	237	1.54	395,139	55
56	1985	42,553	234	1.56	66,383	56
57	1986	32,002	233	1.57	50,243	57
58	1987	15,631	241	1.51	23,603	58
59	1988	38,681	246	1.48	57,248	59
60	1989	18,337	251	1.45	26,589	60
61	1990	262,837	262	1.39	365,343	61
62	1991	123,872	271	1.35	167,227	62
63	1992	304,939	277	1.32	402,519	63
64	1993	1,200,106	287	1.27	1,524,135	64
65	1994	616,047	295	1.24	763,898	65
66	1995	884,333	292	1.25	1,105,416	66
67	1996	496,781	295	1.24	616,008	67
68	1997	642,315	301	1.21	777,201	68
69	1998	772,840	306	1.19	919,680	69
70	1999	478,953	313	1.17	560,375	70
71	2000	436,127	323	1.13	492,824	71
72	2001	536,174	331	1.10	589,791	72
73	2002	482,449	338	1.08	521,045	73
74	2003	425,327	347	1.05	446,593	74
75	2004	300,767	365	1.00	300,767	75
76	Total	$ 16,934,547			$ 79,182,434	76

SOUTHWEST GAS CORPORATION
TOTAL ARIZONA
RCN COST OF GAS PLANT IN SERVICE AS OF AUGUST 31, 2004

Account 380 - Services - Plastic

Line No.	Year Installed (a)	Original Cost Total Arizona (b)	H - W Index (c)	Ratio To Current Index (d)	RCN Total Arizona (e)	Line No.
1	1930	$ 0	0	0.00	$ 0	1
2	1931	0	0	0.00	0	2
3	1932	0	0	0.00	0	3
4	1933	0	0	0.00	0	4
5	1934	0	0	0.00	0	5
6	1935	0	0	0.00	0	6
7	1936	0	0	0.00	0	7
8	1937	0	0	0.00	0	8
9	1938	0	0	0.00	0	9
10	1939	0	0	0.00	0	10
11	1940	0	0	0.00	0	11
12	1941	0	0	0.00	0	12
13	1942	0	0	0.00	0	13
14	1943	0	0	0.00	0	14
15	1944	0	0	0.00	0	15
16	1945	0	0	0.00	0	16
17	1946	0	0	0.00	0	17
18	1947	0	0	0.00	0	18
19	1948	0	0	0.00	0	19
20	1949	0	0	0.00	0	20
21	1950	0	0	0.00	0	21
22	1951	17	0	0.00	0	22
23	1952	0	0	0.00	0	23
24	1953	12,736	45	7.62	97,048	24
25	1954	22,162	46	7.46	165,329	25
26	1955	104,432	47	7.30	762,354	26
27	1956	70,662	49	7.00	494,634	27
28	1957	146,694	52	6.60	968,180	28
29	1958	182,293	54	6.35	1,157,561	29
30	1959	430,909	56	6.13	2,641,472	30
31	1960	176,341	57	6.02	1,061,573	31
32	1961	215,040	59	5.81	1,249,382	32
33	1962	381,555	61	5.62	2,144,339	33
34	1963	406,297	62	5.53	2,246,822	34
35	1964	349,358	64	5.36	1,872,559	35
36	1965	373,095	65	5.28	1,969,942	36
37	1966	289,281	68	5.04	1,457,976	37
38	1967	326,103	71	4.83	1,575,077	38
39	1968	219,629	74	4.64	1,019,079	39
40	1969	3,995	78	4.40	17,578	40
41	1970	64,858	84	4.08	264,621	41
42	1971	118,325	89	3.85	455,551	42
43	1972	331,002	95	3.61	1,194,917	43
44	1973	204,814	100	3.43	702,512	44
45	1974	815,587	111	3.09	2,520,164	45
46	1975	210,028	127	2.70	567,076	46
47	1976	205,787	134	2.56	526,815	47
48	1977	292,368	144	2.38	695,836	48
49	1978	141,793	155	2.21	313,363	49
50	1979	1,289,042	170	2.02	2,603,865	50
51	1980	2,508,598	184	1.86	4,665,992	51
52	1981	3,270,535	197	1.74	5,690,731	52
53	1982	3,122,208	218	1.57	4,901,867	53
54	1983	18,669,140	227	1.51	28,190,401	54
55	1984	21,017,152	230	1.49	31,315,556	55
56	1985	13,265,905	226	1.52	20,164,176	56
57	1986	21,064,913	230	1.49	31,386,720	57
58	1987	18,726,451	236	1.45	27,153,354	58
59	1988	18,389,615	240	1.43	26,297,149	59
60	1989	13,169,977	247	1.39	18,306,268	60
61	1990	16,724,035	256	1.34	22,410,207	61
62	1991	7,797,346	264	1.30	10,136,550	62
63	1992	13,000,337	269	1.28	16,640,431	63
64	1993	15,966,691	278	1.23	19,639,030	64
65	1994	22,742,257	282	1.22	27,745,554	65
66	1995	25,868,461	279	1.23	31,818,207	66
67	1996	30,549,996	286	1.20	36,659,995	67
68	1997	27,037,634	292	1.17	31,634,032	68
69	1998	27,587,162	297	1.15	31,725,236	69
70	1999	34,197,600	304	1.13	38,643,288	70
71	2000	30,342,600	312	1.10	33,376,860	71
72	2001	31,961,935	323	1.06	33,879,651	72
73	2002	32,096,346	333	1.03	33,059,236	73
74	2003	31,322,829	339	1.01	31,636,057	74
75	2004	20,285,194	343	1.00	20,285,194	75
76	Total	$ 508,069,120			$ 648,107,367	76

SOUTHWEST GAS CORPORATION
TOTAL ARIZONA
RCN COST OF GAS PLANT IN SERVICE AS OF AUGUST 31, 2004

Account 381 - Meters, Regulators, and Installations

Line No.	Year Installed (a)	Original Cost Total Arizona (b)	H - W Index (c)	Ratio To Current Index (d)	RCN Total Arizona (e)	Line No.
1	1930	$ 71,979	27	6.70	$ 482,259	1
2	1931	4,694	26	6.96	32,670	2
3	1932	2,225	25	7.24	16,109	3
4	1933	1,940	25	7.24	14,046	4
5	1934	11,552	25	7.24	83,636	5
6	1935	14,275	25	7.24	103,351	6
7	1936	17,343	25	7.24	125,563	7
8	1937	35,440	26	6.96	246,662	8
9	1938	20,062	26	6.96	139,632	9
10	1939	14,218	26	6.96	98,957	10
11	1940	20,598	26	6.96	143,362	11
12	1941	33,191	26	6.96	231,009	12
13	1942	26,318	26	6.96	183,173	13
14	1943	17,598	26	6.96	122,482	14
15	1944	18,091	26	6.96	125,913	15
16	1945	22,927	26	6.96	159,572	16
17	1946	74,822	33	5.48	410,025	17
18	1947	239,493	41	4.41	1,056,164	18
19	1948	231,451	42	4.31	997,554	19
20	1949	190,351	45	4.02	765,211	20
21	1950	233,870	48	3.77	881,690	21
22	1951	422,217	55	3.29	1,389,094	22
23	1952	332,741	55	3.29	1,094,718	23
24	1953	321,537	55	3.29	1,057,857	24
25	1954	215,074	55	3.29	707,593	25
26	1955	627,433	56	3.23	2,026,609	26
27	1956	348,616	63	2.87	1,000,528	27
28	1957	291,989	66	2.74	800,050	28
29	1958	610,346	71	2.55	1,556,382	29
30	1959	436,474	71	2.55	1,113,009	30
31	1960	839,816	71	2.55	2,141,531	31
32	1961	484,927	73	2.48	1,202,619	32
33	1962	630,058	79	2.29	1,442,833	33
34	1963	601,749	79	2.29	1,378,005	34
35	1964	258,732	79	2.29	592,496	35
36	1965	377,497	79	2.29	864,468	36
37	1966	199,420	86	2.10	418,782	37
38	1967	230,449	88	2.06	474,725	38
39	1968	287,229	88	2.06	591,692	39
40	1969	236,036	89	2.03	479,153	40
41	1970	791,075	94	1.93	1,526,775	41
42	1971	1,220,328	100	1.81	2,208,794	42
43	1972	1,099,080	100	1.81	1,989,335	43
44	1973	1,127,882	100	1.81	2,041,466	44
45	1974	1,345,149	111	1.63	2,192,593	45
46	1975	558,057	128	1.41	786,860	46
47	1976	503,396	131	1.38	694,686	47
48	1977	557,561	136	1.33	741,556	48
49	1978	396,415	139	1.30	515,340	49
50	1979	993,151	143	1.27	1,261,302	50
51	1980	1,694,386	149	1.21	2,050,207	51
52	1981	1,528,426	158	1.15	1,757,690	52
53	1982	1,760,379	158	1.15	2,024,436	53
54	1983	4,179,928	146	1.24	5,183,111	54
55	1984	3,254,235	147	1.23	4,002,709	55
56	1985	3,766,258	158	1.15	4,331,197	56
57	1986	1,846,816	166	1.09	2,013,029	57
58	1987	2,017,467	165	1.10	2,219,214	58
59	1988	4,094,765	170	1.06	4,340,451	59
60	1989	4,352,368	177	1.02	4,439,415	60
61	1990	3,740,063	185	0.98	3,665,262	61
62	1991	4,402,183	190	0.95	4,182,074	62
63	1992	2,711,780	191	0.95	2,576,191	63
64	1993	342,923	190	0.95	325,777	64
65	1994	8,449,604	189	0.96	8,111,620	65
66	1995	6,289,456	190	0.95	5,974,983	66
67	1996	6,036,318	191	0.95	5,734,502	67
68	1997	5,923,635	195	0.93	5,508,981	68
69	1998	6,547,639	196	0.92	6,023,828	69
70	1999	10,079,298	193	0.94	9,474,540	70
71	2000	8,879,100	202	0.90	7,991,190	71
72	2001	10,150,772	209	0.87	8,831,172	72
73	2002	11,774,899	203	0.89	10,479,660	73
74	2003	13,282,767	191	0.95	12,618,629	74
75	2004	12,057,627	181	1.00	12,057,627	75
76	Total	$ 156,809,964			$ 176,627,386	76

SOUTHWEST GAS CORPORATION
TOTAL ARIZONA
RCN COST OF GAS PLANT IN SERVICE AS OF AUGUST 31, 2004

Account 385 - Measuring and Regulating Equipment - Ind.

Line No.	Year Installed (a)	Original Cost Total Arizona (b)	H - W Index (c)	Ratio To Current Index (d)	RCN Total Arizona (e)	Line No.
1	1930	$ 0	24	16.38	$ 0	1
2	1931	0	24	16.38	0	2
3	1932	0	23	17.09	0	3
4	1933	0	22	17.86	0	4
5	1934	0	22	17.86	0	5
6	1935	0	22	17.86	0	6
7	1936	0	22	17.86	0	7
8	1937	0	24	16.38	0	8
9	1938	0	24	16.38	0	9
10	1939	0	24	16.38	0	10
11	1940	0	26	15.12	0	11
12	1941	0	26	15.12	0	12
13	1942	0	26	15.12	0	13
14	1943	0	26	15.12	0	14
15	1944	0	26	15.12	0	15
16	1945	0	26	15.12	0	16
17	1946	0	29	13.55	0	17
18	1947	0	34	11.56	0	18
19	1948	0	37	10.62	0	19
20	1949	0	39	10.08	0	20
21	1950	0	40	9.83	0	21
22	1951	0	44	8.93	0	22
23	1952	0	45	8.73	0	23
24	1953	0	46	8.54	0	24
25	1954	0	47	8.36	0	25
26	1955	0	49	8.02	0	26
27	1956	0	54	7.28	0	27
28	1957	0	57	6.89	0	28
29	1958	0	60	6.55	0	29
30	1959	0	62	6.34	0	30
31	1960	0	64	6.14	0	31
32	1961	0	64	6.14	0	32
33	1962	0	66	5.95	0	33
34	1963	0	67	5.87	0	34
35	1964	0	68	5.78	0	35
36	1965	0	68	5.78	0	36
37	1966	0	70	5.61	0	37
38	1967	0	72	5.46	0	38
39	1968	61,233	73	5.38	329,434	39
40	1969	0	76	5.17	0	40
41	1970	0	83	4.73	0	41
42	1971	0	90	4.37	0	42
43	1972	22,967	97	4.05	93,016	43
44	1973	32,288	100	3.93	126,892	44
45	1974	103,218	116	3.39	349,909	45
46	1975	76,790	135	2.91	223,459	46
47	1976	45,302	148	2.66	120,503	47
48	1977	16,356	158	2.49	40,726	48
49	1978	17,162	173	2.27	38,958	49
50	1979	31,941	187	2.10	67,076	50
51	1980	126,417	203	1.94	245,249	51
52	1981	102,045	224	1.75	178,579	52
53	1982	140,659	249	1.58	222,241	53
54	1983	173,442	249	1.58	274,038	54
55	1984	365,456	247	1.59	581,075	55
56	1985	62,688	242	1.62	101,555	56
57	1986	156,319	242	1.62	253,237	57
58	1987	14,460	250	1.57	22,702	58
59	1988	164,131	266	1.48	242,914	59
60	1989	90,436	277	1.42	128,419	60
61	1990	52,403	277	1.42	74,412	61
62	1991	61,230	278	1.41	86,334	62
63	1992	35,239	288	1.36	47,925	63
64	1993	162,818	299	1.31	213,292	64
65	1994	253,335	311	1.26	319,202	65
66	1995	329,429	314	1.25	411,786	66
67	1996	486,187	327	1.20	583,424	67
68	1997	646,146	331	1.19	768,914	68
69	1998	686,294	335	1.17	802,964	69
70	1999	521,190	342	1.15	599,369	70
71	2000	202,831	352	1.12	227,171	71
72	2001	314,786	358	1.10	346,265	72
73	2002	373,683	363	1.08	403,578	73
74	2003	423,575	365	1.08	457,461	74
75	2004	176,043	393	1.00	176,043	75
76	Total	$ 6,528,499			$ 9,158,122	76

SOUTHWEST GAS CORPORATION
TOTAL ARIZONA
RCN COST OF GAS PLANT IN SERVICE AS OF AUGUST 31, 2004

Account 387 - Other Distribution Equipment

Line No.	Year Installed (a)	Original Cost Total Arizona (b)	H - W Index (c)	Ratio To Current Index (d)	RCN Total Arizona (e)	Line No.
1	1930	$ 0	24	16.38	$ 0	1
2	1931	0	24	16.38	0	2
3	1932	0	23	17.09	0	3
4	1933	0	22	17.86	0	4
5	1934	0	22	17.86	0	5
6	1935	0	22	17.86	0	6
7	1936	0	22	17.86	0	7
8	1937	0	24	16.38	0	8
9	1938	0	24	16.38	0	9
10	1939	0	24	16.38	0	10
11	1940	0	26	15.12	0	11
12	1941	0	26	15.12	0	12
13	1942	0	26	15.12	0	13
14	1943	0	26	15.12	0	14
15	1944	0	26	15.12	0	15
16	1945	0	26	15.12	0	16
17	1946	0	29	13.55	0	17
18	1947	0	34	11.56	0	18
19	1948	0	37	10.62	0	19
20	1949	0	39	10.08	0	20
21	1950	0	40	9.83	0	21
22	1951	0	44	8.93	0	22
23	1952	0	45	8.73	0	23
24	1953	0	46	8.54	0	24
25	1954	0	47	8.36	0	25
26	1955	0	49	8.02	0	26
27	1956	0	54	7.28	0	27
28	1957	0	57	6.89	0	28
29	1958	0	60	6.55	0	29
30	1959	0	62	6.34	0	30
31	1960	0	64	6.14	0	31
32	1961	0	64	6.14	0	32
33	1962	0	66	5.95	0	33
34	1963	0	67	5.87	0	34
35	1964	0	68	5.78	0	35
36	1965	0	68	5.78	0	36
37	1966	0	70	5.61	0	37
38	1967	0	72	5.46	0	38
39	1968	0	73	5.38	0	39
40	1969	0	76	5.17	0	40
41	1970	0	83	4.73	0	41
42	1971	0	90	4.37	0	42
43	1972	0	97	4.05	0	43
44	1973	0	100	3.93	0	44
45	1974	0	116	3.39	0	45
46	1975	2,618	135	2.91	7,618	46
47	1976	0	148	2.66	0	47
48	1977	0	158	2.49	0	48
49	1978	0	173	2.27	0	49
50	1979	35,268	187	2.10	74,063	50
51	1980	34,199	203	1.94	66,346	51
52	1981	88,691	224	1.75	155,209	52
53	1982	254,179	249	1.58	401,603	53
54	1983	0	249	1.58	0	54
55	1984	12,674	247	1.59	20,152	55
56	1985	45	242	1.62	73	56
57	1986	29,911	242	1.62	48,456	57
58	1987	1,134	250	1.57	1,780	58
59	1988	0	266	1.48	0	59
60	1989	0	277	1.42	0	60
61	1990	0	277	1.42	0	61
62	1991	193	278	1.41	272	62
63	1992	541	288	1.36	736	63
64	1993	0	299	1.31	0	64
65	1994	0	311	1.26	0	65
66	1995	245	314	1.25	306	66
67	1996	0	327	1.20	0	67
68	1997	2,006	331	1.19	2,387	68
69	1998	0	335	1.17	0	69
70	1999	0	342	1.15	0	70
71	2000		352	1.12	0	71
72	2001	1,026	358	1.10	1,129	72
73	2002	0	363	1.08	0	73
74	2003	0	365	1.08	0	74
75	2004	0	393	1.00	0	75
76	Total	$ 462,730			$ 780,130	76

SOUTHWEST GAS CORPORATION
TOTAL ARIZONA
RCN COST OF GAS PLANT IN SERVICE AS OF AUGUST 31, 2004

Account 389 - Land and Land Rights

Line No.	Year Installed (a)	Original Cost Total Arizona (b)	H - W Index (c)	Ratio To Current Index (d)	RCN Total Arizona (e)	Line No.
1	1930	$ 0	1	1.00	$ 0	1
2	1931	0	1	1.00	0	2
3	1932	0	1	1.00	0	3
4	1933	0	1	1.00	0	4
5	1934	0	1	1.00	0	5
6	1935	0	1	1.00	0	6
7	1936	0	1	1.00	0	7
8	1937	0	1	1.00	0	8
9	1938	0	1	1.00	0	9
10	1939	0	1	1.00	0	10
11	1940	0	1	1.00	0	11
12	1941	0	1	1.00	0	12
13	1942	0	1	1.00	0	13
14	1943	0	1	1.00	0	14
15	1944	0	1	1.00	0	15
16	1945	0	1	1.00	0	16
17	1946	0	1	1.00	0	17
18	1947	0	1	1.00	0	18
19	1948	0	1	1.00	0	19
20	1949	0	1	1.00	0	20
21	1950	0	1	1.00	0	21
22	1951	0	1	1.00	0	22
23	1952	0	1	1.00	0	23
24	1953	0	1	1.00	0	24
25	1954	0	1	1.00	0	25
26	1955	0	1	1.00	0	26
27	1956	0	1	1.00	0	27
28	1957	0	1	1.00	0	28
29	1958	0	1	1.00	0	29
30	1959	0	1	1.00	0	30
31	1960	0	1	1.00	0	31
32	1961	0	1	1.00	0	32
33	1962	0	1	1.00	0	33
34	1963	0	1	1.00	0	34
35	1964	0	1	1.00	0	35
36	1965	0	1	1.00	0	36
37	1966	0	1	1.00	0	37
38	1967	0	1	1.00	0	38
39	1968	0	1	1.00	0	39
40	1969	0	1	1.00	0	40
41	1970	27,505	1	1.00	27,505	41
42	1971	0	1	1.00	0	42
43	1972	0	1	1.00	0	43
44	1973	0	1	1.00	0	44
45	1974	0	1	1.00	0	45
46	1975	0	1	1.00	0	46
47	1976	0	1	1.00	0	47
48	1977	0	1	1.00	0	48
49	1978	0	1	1.00	0	49
50	1979	0	1	1.00	0	50
51	1980	573,337	1	1.00	573,337	51
52	1981	0	1	1.00	0	52
53	1982	0	1	1.00	0	53
54	1983	0	1	1.00	0	54
55	1984	792,870	1	1.00	792,870	55
56	1985	895,545	1	1.00	895,545	56
57	1986	355,216	1	1.00	355,216	57
58	1987	0	1	1.00	0	58
59	1988	7,000	1	1.00	7,000	59
60	1989	3,091,144	1	1.00	3,091,144	60
61	1990	0	1	1.00	0	61
62	1991	0	1	1.00	0	62
63	1992	0	1	1.00	0	63
64	1993	0	1	1.00	0	64
65	1994	0	1	1.00	0	65
66	1995	0	1	1.00	0	66
67	1996	0	1	1.00	0	67
68	1997	209,928	1	1.00	209,928	68
69	1998	0	1	1.00	0	69
70	1999	502,044	1	1.00	502,044	70
71	2000	0	1	1.00	0	71
72	2001	0	1	1.00	0	72
73	2002	0	1	1.00	0	73
74	2003	0	1	1.00	0	74
75	2004	0	1	1.00	0	75
76	Total	$ 6,454,589			$ 6,454,589	76

SOUTHWEST GAS CORPORATION
TOTAL ARIZONA
RCN COST OF GAS PLANT IN SERVICE AS OF AUGUST 31, 2004

Account 390.1 - Structures and Improvements

Line No.	Year Installed (a)	Original Cost Total Arizona (b)	H - W Index (c)	Ratio To Current Index (d)	RCN Total Arizona (e)	Line No.
1	1930	$ 0	19	17.74	$ 0	1
2	1931	0	17	19.82	0	2
3	1932	0	16	21.06	0	3
4	1933	0	17	19.82	0	4
5	1934	0	19	17.74	0	5
6	1935	0	18	18.72	0	6
7	1936	0	19	17.74	0	7
8	1937	0	20	16.85	0	8
9	1938	0	20	16.85	0	9
10	1939	0	20	16.85	0	10
11	1940	0	20	16.85	0	11
12	1941	0	22	15.32	0	12
13	1942	0	23	14.65	0	13
14	1943	0	23	14.65	0	14
15	1944	0	24	14.04	0	15
16	1945	0	24	14.04	0	16
17	1946	0	27	12.48	0	17
18	1947	0	32	10.53	0	18
19	1948	0	36	9.36	0	19
20	1949	0	37	9.11	0	20
21	1950	0	39	8.64	0	21
22	1951	0	42	8.02	0	22
23	1952	0	44	7.66	0	23
24	1953	0	44	7.66	0	24
25	1954	0	46	7.33	0	25
26	1955	0	48	7.02	0	26
27	1956	0	52	6.48	0	27
28	1957	0	55	6.13	0	28
29	1958	0	57	5.91	0	29
30	1959	0	58	5.81	0	30
31	1960	0	59	5.71	0	31
32	1961	0	58	5.81	0	32
33	1962	0	59	5.71	0	33
34	1963	0	60	5.62	0	34
35	1964	0	61	5.52	0	35
36	1965	0	64	5.27	0	36
37	1966	0	65	5.18	0	37
38	1967	0	67	5.03	0	38
39	1968	0	71	4.75	0	39
40	1969	0	75	4.49	0	40
41	1970	0	79	4.27	0	41
42	1971	0	87	3.87	0	42
43	1972	39,375	93	3.62	142,538	43
44	1973	2,858	100	3.37	9,631	44
45	1974	14,234	118	2.86	40,709	45
46	1975	29,685	133	2.53	75,103	46
47	1976	0	138	2.44	0	47
48	1977	333,672	148	2.28	760,772	48
49	1978	2,837	161	2.09	5,929	49
50	1979	1,442	177	1.90	2,740	50
51	1980	5,619,654	194	1.74	9,778,198	51
52	1981	83,899	204	1.65	138,433	52
53	1982	0	207	1.63	0	53
54	1983	0	215	1.57	0	54
55	1984	2,512,131	224	1.50	3,768,197	55
56	1985	1,807,487	226	1.49	2,693,156	56
57	1986	1,051,025	231	1.46	1,534,497	57
58	1987	72,051	232	1.45	104,474	58
59	1988	5,270,095	232	1.45	7,641,638	59
60	1989	3,226,627	232	1.45	4,678,609	60
61	1990	173,889	236	1.43	248,661	61
62	1991	841,792	233	1.45	1,220,598	62
63	1992	194,321	238	1.42	275,936	63
64	1993	98,925	251	1.34	132,560	64
65	1994	260,571	261	1.29	336,137	65
66	1995	503,096	265	1.27	638,932	66
67	1996	193,758	278	1.21	234,447	67
68	1997	359,207	282	1.20	431,048	68
69	1998	492,267	285	1.18	580,875	69
70	1999	1,090,681	287	1.17	1,276,097	70
71	2000	779,977	295	1.14	889,174	71
72	2001	177,400	303	1.11	196,914	72
73	2002	336,702	310	1.09	367,005	73
74	2003	263,058	320	1.05	276,211	74
75	2004	445,469	337	1.00	445,469	75
76	Total	$ 26,278,185			$ 38,924,688	76

SOUTHWEST GAS CORPORATION
TOTAL ARIZONA
RCN COST OF GAS PLANT IN SERVICE AS OF AUGUST 31, 2004

Account 390.2 - Leasehold Structures and Improvements

Line No.	Year Installed (a)	Original Cost Total Arizona (b)	H - W Index (c)	Ratio To Current Index (d)	RCN Total Arizona (e)	Line No.
1	1930	$ 0	19	17.74	$ 0	1
2	1931	0	17	19.82	0	2
3	1932	0	16	21.06	0	3
4	1933	0	17	19.82	0	4
5	1934	0	19	17.74	0	5
6	1935	0	18	18.72	0	6
7	1936	0	19	17.74	0	7
8	1937	0	20	16.85	0	8
9	1938	0	20	16.85	0	9
10	1939	0	20	16.85	0	10
11	1940	0	20	16.85	0	11
12	1941	0	22	15.32	0	12
13	1942	0	23	14.65	0	13
14	1943	0	23	14.65	0	14
15	1944	0	24	14.04	0	15
16	1945	0	24	14.04	0	16
17	1946	0	27	12.48	0	17
18	1947	0	32	10.53	0	18
19	1948	0	36	9.36	0	19
20	1949	0	37	9.11	0	20
21	1950	0	39	8.64	0	21
22	1951	0	42	8.02	0	22
23	1952	0	44	7.66	0	23
24	1953	0	44	7.66	0	24
25	1954	0	46	7.33	0	25
26	1955	0	48	7.02	0	26
27	1956	0	52	6.48	0	27
28	1957	0	55	6.13	0	28
29	1958	0	57	5.91	0	29
30	1959	0	58	5.81	0	30
31	1960	0	59	5.71	0	31
32	1961	0	58	5.81	0	32
33	1962	0	59	5.71	0	33
34	1963	0	60	5.62	0	34
35	1964	0	61	5.52	0	35
36	1965	0	64	5.27	0	36
37	1966	0	65	5.18	0	37
38	1967	0	67	5.03	0	38
39	1968	0	71	4.75	0	39
40	1969	0	75	4.49	0	40
41	1970	0	79	4.27	0	41
42	1971	0	87	3.87	0	42
43	1972	0	93	3.62	0	43
44	1973	0	100	3.37	0	44
45	1974	0	118	2.86	0	45
46	1975	0	133	2.53	0	46
47	1976	0	138	2.44	0	47
48	1977	0	148	2.28	0	48
49	1978	0	161	2.09	0	49
50	1979	19,087	177	1.90	36,265	50
51	1980	7,025	194	1.74	12,224	51
52	1981	0	204	1.65	0	52
53	1982	0	207	1.63	0	53
54	1983	0	215	1.57	0	54
55	1984	68,562	224	1.50	102,843	55
56	1985	27,722	226	1.49	41,306	56
57	1986	30,477	231	1.46	44,496	57
58	1987	0	232	1.45	0	58
59	1988	87,786	232	1.45	127,290	59
60	1989	119,619	232	1.45	173,448	60
61	1990	0	236	1.43	0	61
62	1991	0	233	1.45	0	62
63	1992	0	238	1.42	0	63
64	1993	89,014	251	1.34	119,279	64
65	1994	10,978	261	1.29	14,162	65
66	1995	0	265	1.27	0	66
67	1996	31,836	278	1.21	38,522	67
68	1997	9,418	282	1.20	11,302	68
69	1998	121,696	285	1.18	143,601	69
70	1999	55,047	287	1.17	64,405	70
71	2000	14,670	295	1.14	16,724	71
72	2001	235,573	303	1.11	261,486	72
73	2002	60,614	310	1.09	66,069	73
74	2003	5,638	320	1.05	5,920	74
75	2004	10,805	337	1.00	10,805	75
76	Total	$ 1,005,567			$ 1,290,147	76

SOUTHWEST GAS CORPORATION
TOTAL ARIZONA
RCN COST OF GAS PLANT IN SERVICE AS OF AUGUST 31, 2004

Account 391 - Office Furniture and Equipment

Line No.	Year Installed (a)	Original Cost Total Arizona (b)	H - W Index (c)	Ratio To Current Index (d)	RCN Total Arizona (e)	Line No.
1	1930	$ 0	11	26.91	$ 0	1
2	1931	0	11	26.91	0	2
3	1932	0	11	26.91	0	3
4	1933	0	11	26.91	0	4
5	1934	0	11	26.91	0	5
6	1935	0	11	26.91	0	6
7	1936	0	12	24.67	0	7
8	1937	0	13	22.77	0	8
9	1938	0	13	22.77	0	9
10	1939	0	13	22.77	0	10
11	1940	0	13	22.77	0	11
12	1941	0	13	22.77	0	12
13	1942	0	15	19.73	0	13
14	1943	0	15	19.73	0	14
15	1944	0	15	19.73	0	15
16	1945	0	16	18.50	0	16
17	1946	0	20	14.80	0	17
18	1947	0	23	12.87	0	18
19	1948	0	26	11.38	0	19
20	1949	0	26	11.38	0	20
21	1950	0	27	10.96	0	21
22	1951	0	29	10.21	0	22
23	1952	0	31	9.55	0	23
24	1953	0	33	8.97	0	24
25	1954	0	34	8.71	0	25
26	1955	0	36	8.22	0	26
27	1956	0	39	7.59	0	27
28	1957	0	41	7.22	0	28
29	1958	0	42	7.05	0	29
30	1959	0	45	6.58	0	30
31	1960	0	46	6.43	0	31
32	1961	0	51	5.80	0	32
33	1962	0	53	5.58	0	33
34	1963	0	55	5.38	0	34
35	1964	0	57	5.19	0	35
36	1965	2,051	60	4.93	10,111	36
37	1966	3,149	62	4.77	15,021	37
38	1967	0	66	4.48	0	38
39	1968	283	70	4.23	1,197	39
40	1969	1,554	74	4.00	6,216	40
41	1970	615	81	3.65	2,245	41
42	1971	0	87	3.40	0	42
43	1972	0	94	3.15	0	43
44	1973	0	100	2.96	0	44
45	1974	0	109	2.72	0	45
46	1975	249	122	2.43	605	46
47	1976	208	130	2.28	474	47
48	1977	3,374	140	2.11	7,119	48
49	1978	0	150	1.97	0	49
50	1979	0	163	1.82	0	50
51	1980	247,294	177	1.67	412,981	51
52	1981	1,097	187	1.58	1,733	52
53	1982	502	202	1.47	738	53
54	1983	9,167	209	1.42	13,017	54
55	1984	54,735	211	1.40	76,629	55
56	1985	1,039,950	211	1.40	1,455,930	56
57	1986	385,190	218	1.36	523,858	57
58	1987	53,836	225	1.32	71,064	58
59	1988	540,938	218	1.36	735,676	59
60	1989	120,311	213	1.39	167,232	60
61	1990	6,975	228	1.30	9,068	61
62	1991	14,321	242	1.22	17,472	62
63	1992	29,616	249	1.19	35,243	63
64	1993	29,863	249	1.19	35,537	64
65	1994	69,698	257	1.15	80,153	65
66	1995	93,459	246	1.20	112,151	66
67	1996	48,437	250	1.18	57,156	67
68	1997	92,529	251	1.18	109,184	68
69	1998	87,423	254	1.17	102,285	69
70	1999	461,041	261	1.13	520,976	70
71	2000	660,913	268	1.10	727,004	71
72	2001	42,515	281	1.05	44,641	72
73	2002	546,892	289	1.02	557,830	73
74	2003	25,848	293	1.01	26,106	74
75	2004	175,794	296	1.00	175,794	75
76	Total	$ 4,849,827			$ 6,112,446	76

SOUTHWEST GAS CORPORATION
TOTAL ARIZONA
RCN COST OF GAS PLANT IN SERVICE AS OF AUGUST 31, 2004

Account 391.1 - Computer Equipment

Line No.	Year Installed (a)	Original Cost Total Arizona (b)	H - W Index (c)	Ratio To Current Index (d)	RCN Total Arizona (e)	Line No.
1	1930	$ 0	11	26.91	$ 0	1
2	1931	0	11	26.91	0	2
3	1932	0	11	26.91	0	3
4	1933	0	11	26.91	0	4
5	1934	0	11	26.91	0	5
6	1935	0	11	26.91	0	6
7	1936	0	12	24.67	0	7
8	1937	0	13	22.77	0	8
9	1938	0	13	22.77	0	9
10	1939	0	13	22.77	0	10
11	1940	0	13	22.77	0	11
12	1941	0	13	22.77	0	12
13	1942	0	15	19.73	0	13
14	1943	0	15	19.73	0	14
15	1944	0	15	19.73	0	15
16	1945	0	16	18.50	0	16
17	1946	0	20	14.80	0	17
18	1947	0	23	12.87	0	18
19	1948	0	26	11.38	0	19
20	1949	0	26	11.38	0	20
21	1950	0	27	10.96	0	21
22	1951	0	29	10.21	0	22
23	1952	0	31	9.55	0	23
24	1953	0	33	8.97	0	24
25	1954	0	34	8.71	0	25
26	1955	0	36	8.22	0	26
27	1956	0	39	7.59	0	27
28	1957	0	41	7.22	0	28
29	1958	0	42	7.05	0	29
30	1959	0	45	6.58	0	30
31	1960	0	46	6.43	0	31
32	1961	0	51	5.80	0	32
33	1962	0	53	5.58	0	33
34	1963	0	55	5.38	0	34
35	1964	0	57	5.19	0	35
36	1965	0	60	4.93	0	36
37	1966	0	62	4.77	0	37
38	1967	0	66	4.48	0	38
39	1968	0	70	4.23	0	39
40	1969	0	74	4.00	0	40
41	1970	0	81	3.65	0	41
42	1971	0	87	3.40	0	42
43	1972	0	94	3.15	0	43
44	1973	0	100	2.96	0	44
45	1974	0	109	2.72	0	45
46	1975	0	122	2.43	0	46
47	1976	0	130	2.28	0	47
48	1977	0	140	2.11	0	48
49	1978	0	150	1.97	0	49
50	1979	0	163	1.82	0	50
51	1980	0	177	1.67	0	51
52	1981	0	187	1.58	0	52
53	1982	0	202	1.47	0	53
54	1983	0	209	1.42	0	54
55	1984	0	211	1.40	0	55
56	1985	0	211	1.40	0	56
57	1986	0	218	1.36	0	57
58	1987	0	225	1.32	0	58
59	1988	1,080	218	1.36	1,469	59
60	1989	0	213	1.39	0	60
61	1990	0	228	1.30	0	61
62	1991	0	242	1.22	0	62
63	1992	0	249	1.19	0	63
64	1993	18,529	249	1.19	22,050	64
65	1994	27,180	257	1.15	31,257	65
66	1995	37,950	246	1.20	45,540	66
67	1996	72,237	250	1.18	85,240	67
68	1997	44,508	251	1.18	52,519	68
69	1998	47,451	254	1.17	55,518	69
70	1999	42,608	261	1.13	48,147	70
71	2000	885,596	268	1.10	974,156	71
72	2001	1,879,557	281	1.05	1,973,535	72
73	2002	2,365,077	289	1.02	2,412,379	73
74	2003	1,550,766	293	1.01	1,566,274	74
75	2004	1,327,971	296	1.00	1,327,971	75
76	Total	$ 8,300,510			$ 8,596,055	76

SOUTHWEST GAS CORPORATION
TOTAL ARIZONA
RCN COST OF GAS PLANT IN SERVICE AS OF AUGUST 31, 2004

Account 392.1 - Transportation Equipment

Line No.	Year Installed (a)	Original Cost Total Arizona (b)	H - W Index (c)	Ratio To Current Index (d)	RCN Total Arizona (e)	Line No.
1	1930	$ 0	22	18.59	$ 0	1
2	1931	0	20	20.45	0	2
3	1932	0	19	21.53	0	3
4	1933	0	19	21.53	0	4
5	1934	0	20	20.45	0	5
6	1935	0	21	19.48	0	6
7	1936	0	21	19.48	0	7
8	1937	0	23	17.78	0	8
9	1938	0	23	17.78	0	9
10	1939	0	23	17.78	0	10
11	1940	0	24	17.04	0	11
12	1941	0	25	16.36	0	12
13	1942	0	28	14.61	0	13
14	1943	0	29	14.10	0	14
15	1944	0	29	14.10	0	15
16	1945	0	29	14.10	0	16
17	1946	0	34	12.03	0	17
18	1947	0	37	11.05	0	18
19	1948	0	39	10.49	0	19
20	1949	0	40	10.23	0	20
21	1950	0	42	9.74	0	21
22	1951	0	45	9.09	0	22
23	1952	0	46	8.89	0	23
24	1953	0	49	8.35	0	24
25	1954	0	49	8.35	0	25
26	1955	0	51	8.02	0	26
27	1956	0	55	7.44	0	27
28	1957	0	59	6.93	0	28
29	1958	0	62	6.60	0	29
30	1959	0	64	6.39	0	30
31	1960	0	65	6.29	0	31
32	1961	0	67	6.10	0	32
33	1962	0	67	6.10	0	33
34	1963	0	68	6.01	0	34
35	1964	0	70	5.84	0	35
36	1965	0	71	5.76	0	36
37	1966	0	73	5.60	0	37
38	1967	0	76	5.38	0	38
39	1968	0	80	5.11	0	39
40	1969	0	84	4.87	0	40
41	1970	0	88	4.65	0	41
42	1971	0	93	4.40	0	42
43	1972	0	95	4.31	0	43
44	1973	0	100	4.09	0	44
45	1974	0	117	3.50	0	45
46	1975	0	141	2.90	0	46
47	1976	0	153	2.67	0	47
48	1977	0	164	2.49	0	48
49	1978	0	178	2.30	0	49
50	1979	3,530	197	2.08	7,342	50
51	1980	24,702	222	1.84	45,452	51
52	1981	0	246	1.66	0	52
53	1982	0	263	1.56	0	53
54	1983	1,020	269	1.52	1,550	54
55	1984	23,004	273	1.50	34,506	55
56	1985	19,935	276	1.48	29,504	56
57	1986	15,181	280	1.46	22,164	57
58	1987	52,607	286	1.43	75,228	58
59	1988	18,237	295	1.39	25,349	59
60	1989	24,749	308	1.33	32,916	60
61	1990	21,628	319	1.28	27,684	61
62	1991	129,861	325	1.26	163,625	62
63	1992	134,387	332	1.23	165,296	63
64	1993	179,593	347	1.18	211,920	64
65	1994	378,512	351	1.17	442,859	65
66	1995	1,458,919	358	1.14	1,663,168	66
67	1996	255,174	365	1.12	285,795	67
68	1997	1,766,639	373	1.10	1,943,303	68
69	1998	3,622,818	380	1.08	3,912,643	69
70	1999	3,119,918	385	1.06	3,307,113	70
71	2000	4,522,333	389	1.05	4,748,450	71
72	2001	6,601,997	390	1.05	6,932,097	72
73	2002	4,256,476	395	1.04	4,426,735	73
74	2003	1,295,927	401	1.02	1,321,846	74
75	2004	2,520,000	409	1.00	2,520,000	75
76	Total	$ 30,447,147			$ 32,346,545	76

SOUTHWEST GAS CORPORATION
TOTAL ARIZONA
RCN COST OF GAS PLANT IN SERVICE AS OF AUGUST 31, 2004

Account 393 - Stores Equipment

Line No.	Year Installed (a)	Original Cost Total Arizona (b)	H - W Index (c)	Ratio To Current Index (d)	RCN Total Arizona (e)	Line No.
1	1930	$ 0	22	18.59	$ 0	1
2	1931	0	20	20.45	0	2
3	1932	0	19	21.53	0	3
4	1933	0	19	21.53	0	4
5	1934	0	20	20.45	0	5
6	1935	0	21	19.48	0	6
7	1936	0	21	19.48	0	7
8	1937	0	23	17.78	0	8
9	1938	0	23	17.78	0	9
10	1939	0	23	17.78	0	10
11	1940	0	24	17.04	0	11
12	1941	0	25	16.36	0	12
13	1942	0	28	14.61	0	13
14	1943	0	29	14.10	0	14
15	1944	0	29	14.10	0	15
16	1945	0	29	14.10	0	16
17	1946	0	34	12.03	0	17
18	1947	0	37	11.05	0	18
19	1948	0	39	10.49	0	19
20	1949	0	40	10.23	0	20
21	1950	0	42	9.74	0	21
22	1951	0	45	9.09	0	22
23	1952	0	46	8.89	0	23
24	1953	0	49	8.35	0	24
25	1954	0	49	8.35	0	25
26	1955	0	51	8.02	0	26
27	1956	0	55	7.44	0	27
28	1957	0	59	6.93	0	28
29	1958	0	62	6.60	0	29
30	1959	0	64	6.39	0	30
31	1960	0	65	6.29	0	31
32	1961	0	67	6.10	0	32
33	1962	0	67	6.10	0	33
34	1963	0	68	6.01	0	34
35	1964	0	70	5.84	0	35
36	1965	0	71	5.76	0	36
37	1966	0	73	5.60	0	37
38	1967	0	76	5.38	0	38
39	1968	0	80	5.11	0	39
40	1969	0	84	4.87	0	40
41	1970	0	88	4.65	0	41
42	1971	0	93	4.40	0	42
43	1972	0	95	4.31	0	43
44	1973	0	100	4.09	0	44
45	1974	0	117	3.50	0	45
46	1975	0	141	2.90	0	46
47	1976	0	153	2.67	0	47
48	1977	0	164	2.49	0	48
49	1978	0	178	2.30	0	49
50	1979	2,936	197	2.08	6,107	50
51	1980	31,662	222	1.84	58,258	51
52	1981	0	246	1.66	0	52
53	1982	0	263	1.56	0	53
54	1983	2,855	269	1.52	4,340	54
55	1984	0	273	1.50	0	55
56	1985	69,961	276	1.48	103,542	56
57	1986	30,615	280	1.46	44,698	57
58	1987	17,738	286	1.43	25,365	58
59	1988	36,482	295	1.39	50,710	59
60	1989	1,293	308	1.33	1,720	60
61	1990	0	319	1.28	0	61
62	1991	0	325	1.26	0	62
63	1992	0	332	1.23	0	63
64	1993	9,251	347	1.18	10,916	64
65	1994	54,326	351	1.17	63,561	65
66	1995	0	358	1.14	0	66
67	1996	0	365	1.12	0	67
68	1997	43,406	373	1.10	47,747	68
69	1998	5,158	380	1.08	5,571	69
70	1999	50,326	385	1.06	53,346	70
71	2000	19,100	389	1.05	20,055	71
72	2001	7,243	390	1.05	7,605	72
73	2002	73,301	395	1.04	76,233	73
74	2003	0	401	1.02	0	74
75	2004	26,256	409	1.00	26,256	75
76	Total	$ 481,909			$ 606,030	76

SOUTHWEST GAS CORPORATION
TOTAL ARIZONA
RCN COST OF GAS PLANT IN SERVICE AS OF AUGUST 31, 2004

Account 394 - Tools, Shop and Garage Equipment

Line No.	Year Installed (a)	Original Cost Total Arizona (b)	H - W Index (c)	Ratio To Current Index (d)	RCN Total Arizona (e)	Line No.
1	1930	$ 0	22	18.59	$ 0	1
2	1931	0	20	20.45	0	2
3	1932	0	19	21.53	0	3
4	1933	0	19	21.53	0	4
5	1934	0	20	20.45	0	5
6	1935	0	21	19.48	0	6
7	1936	0	21	19.48	0	7
8	1937	0	23	17.78	0	8
9	1938	0	23	17.78	0	9
10	1939	0	23	17.78	0	10
11	1940	0	24	17.04	0	11
12	1941	0	25	16.36	0	12
13	1942	0	28	14.61	0	13
14	1943	0	29	14.10	0	14
15	1944	0	29	14.10	0	15
16	1945	0	29	14.10	0	16
17	1946	0	34	12.03	0	17
18	1947	0	37	11.05	0	18
19	1948	0	39	10.49	0	19
20	1949	0	40	10.23	0	20
21	1950	0	42	9.74	0	21
22	1951	0	45	9.09	0	22
23	1952	0	46	8.89	0	23
24	1953	0	49	8.35	0	24
25	1954	0	49	8.35	0	25
26	1955	0	51	8.02	0	26
27	1956	0	55	7.44	0	27
28	1957	0	59	6.93	0	28
29	1958	0	62	6.60	0	29
30	1959	0	64	6.39	0	30
31	1960	0	65	6.29	0	31
32	1961	0	67	6.10	0	32
33	1962	0	67	6.10	0	33
34	1963	0	68	6.01	0	34
35	1964	0	70	5.84	0	35
36	1965	0	71	5.76	0	36
37	1966	0	73	5.60	0	37
38	1967	0	76	5.38	0	38
39	1968	0	80	5.11	0	39
40	1969	0	84	4.87	0	40
41	1970	0	88	4.65	0	41
42	1971	0	93	4.40	0	42
43	1972	0	95	4.31	0	43
44	1973	0	100	4.09	0	44
45	1974	0	117	3.50	0	45
46	1975	573	141	2.90	1,662	46
47	1976	0	153	2.67	0	47
48	1977	0	164	2.49	0	48
49	1978	245	178	2.30	564	49
50	1979	125	197	2.08	260	50
51	1980	58,802	222	1.84	108,196	51
52	1981	29,627	246	1.66	49,181	52
53	1982	35,285	263	1.56	55,045	53
54	1983	13,062	269	1.52	19,854	54
55	1984	22,904	273	1.50	34,356	55
56	1985	21,379	276	1.48	31,641	56
57	1986	304,545	280	1.46	444,636	57
58	1987	38,057	286	1.43	54,422	58
59	1988	93,946	295	1.39	130,585	59
60	1989	259,615	308	1.33	345,288	60
61	1990	21,537	319	1.28	27,567	61
62	1991	33,691	325	1.26	42,451	62
63	1992	94,018	332	1.23	115,642	63
64	1993	112,884	347	1.18	133,203	64
65	1994	374,395	351	1.17	438,042	65
66	1995	433,928	358	1.14	494,678	66
67	1996	222,326	365	1.12	249,005	67
68	1997	92,300	373	1.10	101,530	68
69	1998	558,583	380	1.08	603,270	69
70	1999	333,247	385	1.06	353,242	70
71	2000	401,286	389	1.05	421,350	71
72	2001	260,144	390	1.05	273,151	72
73	2002	407,285	395	1.04	423,576	73
74	2003	139,030	401	1.02	141,811	74
75	2004	506,200	409	1.00	506,200	75
76	Total	$ 4,869,019			$ 5,600,408	76

SOUTHWEST GAS CORPORATION
TOTAL ARIZONA
RCN COST OF GAS PLANT IN SERVICE AS OF AUGUST 31, 2004

Account 395 - Laboratory Equipment

Line No.	Year Installed	Original Cost Total Arizona	H - W Index	Ratio To Current Index	RCN Total Arizona	Line No.
	(a)	(b)	(c)	(d)	(e)	
1	1930	$ 0	11	26.91	$ 0	1
2	1931	0	11	26.91	0	2
3	1932	0	11	26.91	0	3
4	1933	0	11	26.91	0	4
5	1934	0	11	26.91	0	5
6	1935	0	11	26.91	0	6
7	1936	0	12	24.67	0	7
8	1937	0	13	22.77	0	8
9	1938	0	13	22.77	0	9
10	1939	0	13	22.77	0	10
11	1940	0	13	22.77	0	11
12	1941	0	13	22.77	0	12
13	1942	0	15	19.73	0	13
14	1943	0	15	19.73	0	14
15	1944	0	15	19.73	0	15
16	1945	0	16	18.50	0	16
17	1946	0	20	14.80	0	17
18	1947	0	23	12.87	0	18
19	1948	0	26	11.38	0	19
20	1949	0	26	11.38	0	20
21	1950	0	27	10.96	0	21
22	1951	0	29	10.21	0	22
23	1952	0	31	9.55	0	23
24	1953	0	33	8.97	0	24
25	1954	0	34	8.71	0	25
26	1955	0	36	8.22	0	26
27	1956	0	39	7.59	0	27
28	1957	0	41	7.22	0	28
29	1958	0	42	7.05	0	29
30	1959	0	45	6.58	0	30
31	1960	0	46	6.43	0	31
32	1961	0	51	5.80	0	32
33	1962	0	53	5.58	0	33
34	1963	0	55	5.38	0	34
35	1964	0	57	5.19	0	35
36	1965	0	60	4.93	0	36
37	1966	0	62	4.77	0	37
38	1967	0	66	4.48	0	38
39	1968	0	70	4.23	0	39
40	1969	0	74	4.00	0	40
41	1970	0	81	3.65	0	41
42	1971	0	87	3.40	0	42
43	1972	0	94	3.15	0	43
44	1973	0	100	2.96	0	44
45	1974	0	109	2.72	0	45
46	1975	0	122	2.43	0	46
47	1976	0	130	2.28	0	47
48	1977	0	140	2.11	0	48
49	1978	0	150	1.97	0	49
50	1979	0	163	1.82	0	50
51	1980	0	177	1.67	0	51
52	1981	0	187	1.58	0	52
53	1982	0	202	1.47	0	53
54	1983	0	209	1.42	0	54
55	1984	0	211	1.40	0	55
56	1985	0	211	1.40	0	56
57	1986	0	218	1.36	0	57
58	1987	0	225	1.32	0	58
59	1988	0	218	1.36	0	59
60	1989	0	213	1.39	0	60
61	1990	2,960	228	1.30	3,848	61
62	1991	0	242	1.22	0	62
63	1992	0	249	1.19	0	63
64	1993	1,176	249	1.19	1,399	64
65	1994	35,045	257	1.15	40,302	65
66	1995	11,623	246	1.20	13,948	66
67	1996	10,818	250	1.18	12,765	67
68	1997	0	251	1.18	0	68
69	1998	60,911	254	1.17	71,266	69
70	1999	189,739	261	1.13	214,405	70
71	2000	0	268	1.10	0	71
72	2001	51,600	281	1.05	54,180	72
73	2002	59,897	289	1.02	61,095	73
74	2003	1,553	293	1.01	1,569	74
75	2004	0	296	1.00	0	75
76	Total	$ 425,322			$ 474,777	76

SOUTHWEST GAS CORPORATION
TOTAL ARIZONA
RCN COST OF GAS PLANT IN SERVICE AS OF AUGUST 31, 2004

Account 396 - Power Operated Equipment

Line No.	Year Installed (a)	Original Cost Total Arizona (b)	H - W Index (c)	Ratio To Current Index (d)	RCN Total Arizona (e)	Line No.
1	1930	$ 0	22	18.59	$ 0	1
2	1931	0	20	20.45	0	2
3	1932	0	19	21.53	0	3
4	1933	0	19	21.53	0	4
5	1934	0	20	20.45	0	5
6	1935	0	21	19.48	0	6
7	1936	0	21	19.48	0	7
8	1937	0	23	17.78	0	8
9	1938	0	23	17.78	0	9
10	1939	0	23	17.78	0	10
11	1940	0	24	17.04	0	11
12	1941	0	25	16.36	0	12
13	1942	0	28	14.61	0	13
14	1943	0	29	14.10	0	14
15	1944	0	29	14.10	0	15
16	1945	0	29	14.10	0	16
17	1946	0	34	12.03	0	17
18	1947	0	37	11.05	0	18
19	1948	0	39	10.49	0	19
20	1949	0	40	10.23	0	20
21	1950	0	42	9.74	0	21
22	1951	0	45	9.09	0	22
23	1952	0	46	8.89	0	23
24	1953	0	49	8.35	0	24
25	1954	0	49	8.35	0	25
26	1955	0	51	8.02	0	26
27	1956	0	55	7.44	0	27
28	1957	0	59	6.93	0	28
29	1958	0	62	6.60	0	29
30	1959	0	64	6.39	0	30
31	1960	0	65	6.29	0	31
32	1961	0	67	6.10	0	32
33	1962	0	67	6.10	0	33
34	1963	0	68	6.01	0	34
35	1964	0	70	5.84	0	35
36	1965	0	71	5.76	0	36
37	1966	0	73	5.60	0	37
38	1967	0	76	5.38	0	38
39	1968	0	80	5.11	0	39
40	1969	0	84	4.87	0	40
41	1970	0	88	4.65	0	41
42	1971	0	93	4.40	0	42
43	1972	0	95	4.31	0	43
44	1973	1,420	100	4.09	5,808	44
45	1974	0	117	3.50	0	45
46	1975	0	141	2.90	0	46
47	1976	0	153	2.67	0	47
48	1977	0	164	2.49	0	48
49	1978	0	178	2.30	0	49
50	1979	17,412	197	2.08	36,217	50
51	1980	2,846	222	1.84	5,237	51
52	1981	0	246	1.66	0	52
53	1982	0	263	1.56	0	53
54	1983	842	269	1.52	1,280	54
55	1984	72,932	273	1.50	109,398	55
56	1985	9,790	276	1.48	14,489	56
57	1986	33,552	280	1.46	48,986	57
58	1987	10,232	286	1.43	14,632	58
59	1988	136,908	295	1.39	190,302	59
60	1989	31,416	308	1.33	41,783	60
61	1990	49,705	319	1.28	63,622	61
62	1991	100,895	325	1.26	127,128	62
63	1992	37,484	332	1.23	46,105	63
64	1993	71,336	347	1.18	84,176	64
65	1994	1,071,405	351	1.17	1,253,544	65
66	1995	281,122	358	1.14	320,479	66
67	1996	112,568	365	1.12	126,076	67
68	1997	25,800	373	1.10	28,380	68
69	1998	330,032	380	1.08	356,435	69
70	1999	301,944	385	1.06	320,061	70
71	2000	360,624	389	1.05	378,655	71
72	2001	323,545	390	1.05	339,722	72
73	2002	145,971	395	1.04	151,810	73
74	2003	91,305	401	1.02	93,131	74
75	2004	186,461	409	1.00	186,461	75
76	Total	$ 3,807,547			$ 4,343,917	76

SOUTHWEST GAS CORPORATION
TOTAL ARIZONA
RCN COST OF GAS PLANT IN SERVICE AS OF AUGUST 31, 2004

Account 397.1 - Communication Equipment

Line No.	Year Installed (a)	Original Cost Total Arizona (b)	H - W Index (c)	Ratio To Current Index (d)	RCN Total Arizona (e)	Line No.
1	1930	$ 0	15	21.53	$ 0	1
2	1931	0	15	21.53	0	2
3	1932	0	15	21.53	0	3
4	1933	0	15	21.53	0	4
5	1934	0	15	21.53	0	5
6	1935	0	15	21.53	0	6
7	1936	0	15	21.53	0	7
8	1937	0	17	19.00	0	8
9	1938	0	17	19.00	0	9
10	1939	0	17	19.00	0	10
11	1940	0	17	19.00	0	11
12	1941	0	18	17.94	0	12
13	1942	0	19	17.00	0	13
14	1943	0	19	17.00	0	14
15	1944	0	19	17.00	0	15
16	1945	0	19	17.00	0	16
17	1946	0	21	15.38	0	17
18	1947	0	24	13.46	0	18
19	1948	0	26	12.42	0	19
20	1949	0	28	11.54	0	20
21	1950	0	30	10.77	0	21
22	1951	0	31	10.42	0	22
23	1952	0	33	9.79	0	23
24	1953	0	34	9.50	0	24
25	1954	0	36	8.97	0	25
26	1955	0	37	8.73	0	26
27	1956	0	39	8.28	0	27
28	1957	0	41	7.88	0	28
29	1958	0	42	7.69	0	29
30	1959	0	45	7.18	0	30
31	1960	0	46	7.02	0	31
32	1961	0	49	6.59	0	32
33	1962	0	51	6.33	0	33
34	1963	0	52	6.21	0	34
35	1964	0	54	5.98	0	35
36	1965	0	57	5.67	0	36
37	1966	0	58	5.57	0	37
38	1967	0	62	5.21	0	38
39	1968	0	64	5.05	0	39
40	1969	0	69	4.68	0	40
41	1970	1,328	78	4.14	5,498	41
42	1971	0	88	3.67	0	42
43	1972	0	95	3.40	0	43
44	1973	3,598	100	3.23	11,622	44
45	1974	0	109	2.96	0	45
46	1975	0	121	2.67	0	46
47	1976	0	131	2.47	0	47
48	1977	0	142	2.27	0	48
49	1978	0	151	2.14	0	49
50	1979	0	160	2.02	0	50
51	1980	0	170	1.90	0	51
52	1981	0	186	1.74	0	52
53	1982	0	206	1.57	0	53
54	1983	7,261	218	1.48	10,746	54
55	1984	267	219	1.47	392	55
56	1985	339,161	213	1.52	515,525	56
57	1986	50,148	215	1.50	75,222	57
58	1987	62,691	216	1.50	94,037	58
59	1988	35,672	214	1.51	53,865	59
60	1989	45,804	214	1.51	69,164	60
61	1990	6,723	220	1.47	9,883	61
62	1991	2,143	225	1.44	3,086	62
63	1992	72,622	232	1.39	100,945	63
64	1993	36,691	236	1.37	50,267	64
65	1994	251,741	239	1.35	339,850	65
66	1995	114,702	247	1.31	150,260	66
67	1996	40,048	254	1.27	50,861	67
68	1997	250,043	257	1.26	315,054	68
69	1998	214,085	265	1.22	261,184	69
70	1999	490,884	275	1.17	574,334	70
71	2000	115,484	285	1.13	130,497	71
72	2001	10,168	299	1.08	10,981	72
73	2002	0	309	1.05	0	73
74	2003	37,364	318	1.02	38,111	74
75	2004	29,805	323	1.00	29,805	75
76	Total	$ 2,218,433			$ 2,901,189	76

SOUTHWEST GAS CORPORATION
TOTAL ARIZONA
RCN COST OF GAS PLANT IN SERVICE AS OF AUGUST 31, 2004

Account 397.2 - Telemetering Equipment

Line No.	Year Installed (a)	Original Cost Total Arizona (b)	H - W Index (c)	Ratio To Current Index (d)	RCN Total Arizona (e)	Line No.
1	1930	$ 0	15	21.53	$ 0	1
2	1931	0	15	21.53	0	2
3	1932	0	15	21.53	0	3
4	1933	0	15	21.53	0	4
5	1934	0	15	21.53	0	5
6	1935	0	15	21.53	0	6
7	1936	0	15	21.53	0	7
8	1937	0	17	19.00	0	8
9	1938	0	17	19.00	0	9
10	1939	0	17	19.00	0	10
11	1940	0	17	19.00	0	11
12	1941	0	18	17.94	0	12
13	1942	0	19	17.00	0	13
14	1943	0	19	17.00	0	14
15	1944	0	19	17.00	0	15
16	1945	0	19	17.00	0	16
17	1946	0	21	15.38	0	17
18	1947	0	24	13.46	0	18
19	1948	0	26	12.42	0	19
20	1949	0	28	11.54	0	20
21	1950	0	30	10.77	0	21
22	1951	0	31	10.42	0	22
23	1952	0	33	9.79	0	23
24	1953	0	34	9.50	0	24
25	1954	0	36	8.97	0	25
26	1955	0	37	8.73	0	26
27	1956	0	39	8.28	0	27
28	1957	0	41	7.88	0	28
29	1958	0	42	7.69	0	29
30	1959	0	45	7.18	0	30
31	1960	0	46	7.02	0	31
32	1961	0	49	6.59	0	32
33	1962	0	51	6.33	0	33
34	1963	0	52	6.21	0	34
35	1964	0	54	5.98	0	35
36	1965	0	57	5.67	0	36
37	1966	0	58	5.57	0	37
38	1967	0	62	5.21	0	38
39	1968	0	64	5.05	0	39
40	1969	0	69	4.68	0	40
41	1970	0	78	4.14	0	41
42	1971	0	88	3.67	0	42
43	1972	0	95	3.40	0	43
44	1973	0	100	3.23	0	44
45	1974	0	109	2.96	0	45
46	1975	0	121	2.67	0	46
47	1976	0	131	2.47	0	47
48	1977	0	142	2.27	0	48
49	1978	0	151	2.14	0	49
50	1979	0	160	2.02	0	50
51	1980	0	170	1.90	0	51
52	1981	0	186	1.74	0	52
53	1982	0	206	1.57	0	53
54	1983	0	218	1.48	0	54
55	1984	0	219	1.47	0	55
56	1985	0	213	1.52	0	56
57	1986	0	215	1.50	0	57
58	1987	0	216	1.50	0	58
59	1988	19,285	214	1.51	29,120	59
60	1989	0	214	1.51	0	60
61	1990	2,507	220	1.47	3,685	61
62	1991	242,953	225	1.44	349,852	62
63	1992	24,637	232	1.39	34,245	63
64	1993	3,280	236	1.37	4,494	64
65	1994	42,163	239	1.35	56,920	65
66	1995	130,115	247	1.31	170,451	66
67	1996	16,779	254	1.27	21,309	67
68	1997	0	257	1.26	0	68
69	1998	0	265	1.22	0	69
70	1999	9,868	275	1.17	11,546	70
71	2000	62,886	285	1.13	71,061	71
72	2001	0	299	1.08	0	72
73	2002	0	309	1.05	0	73
74	2003	0	318	1.02	0	74
75	2004	0	323	1.00	0	75
76	Total	$ 554,473			$ 752,683	76

SOUTHWEST GAS CORPORATION
TOTAL ARIZONA
RCN COST OF GAS PLANT IN SERVICE AS OF AUGUST 31, 2004

Account 398 - Miscellaneous Equipment

Line No.	Year Installed (a)	Original Cost Total Arizona (b)	H - W Index (c)	Ratio To Current Index (d)	RCN Total Arizona (e)	Line No.
1	1930	$ 0	15	21.53	$ 0	1
2	1931	0	15	21.53	0	2
3	1932	0	15	21.53	0	3
4	1933	0	15	21.53	0	4
5	1934	0	15	21.53	0	5
6	1935	0	15	21.53	0	6
7	1936	0	15	21.53	0	7
8	1937	0	17	19.00	0	8
9	1938	0	17	19.00	0	9
10	1939	0	17	19.00	0	10
11	1940	0	17	19.00	0	11
12	1941	0	18	17.94	0	12
13	1942	0	19	17.00	0	13
14	1943	0	19	17.00	0	14
15	1944	0	19	17.00	0	15
16	1945	0	19	17.00	0	16
17	1946	0	21	15.38	0	17
18	1947	0	24	13.46	0	18
19	1948	0	26	12.42	0	19
20	1949	0	28	11.54	0	20
21	1950	0	30	10.77	0	21
22	1951	0	31	10.42	0	22
23	1952	0	33	9.79	0	23
24	1953	0	34	9.50	0	24
25	1954	0	36	8.97	0	25
26	1955	0	37	8.73	0	26
27	1956	0	39	8.28	0	27
28	1957	0	41	7.88	0	28
29	1958	0	42	7.69	0	29
30	1959	0	45	7.18	0	30
31	1960	0	46	7.02	0	31
32	1961	0	49	6.59	0	32
33	1962	0	51	6.33	0	33
34	1963	0	52	6.21	0	34
35	1964	0	54	5.98	0	35
36	1965	0	57	5.67	0	36
37	1966	0	58	5.57	0	37
38	1967	561	62	5.21	2,923	38
39	1968	0	64	5.05	0	39
40	1969	0	69	4.68	0	40
41	1970	0	78	4.14	0	41
42	1971	0	88	3.67	0	42
43	1972	909	95	3.40	3,091	43
44	1973	0	100	3.23	0	44
45	1974	1,816	109	2.96	5,375	45
46	1975	0	121	2.67	0	46
47	1976	0	131	2.47	0	47
48	1977	4,754	142	2.27	10,792	48
49	1978	0	151	2.14	0	49
50	1979	3,438	160	2.02	6,945	50
51	1980	32,264	170	1.90	61,302	51
52	1981	5,188	186	1.74	9,027	52
53	1982	0	206	1.57	0	53
54	1983	0	218	1.48	0	54
55	1984	1,062	219	1.47	1,561	55
56	1985	21,976	213	1.52	33,404	56
57	1986	37,656	215	1.50	56,484	57
58	1987	8,566	216	1.50	12,849	58
59	1988	3,370	214	1.51	5,089	59
60	1989	3,341	214	1.51	5,045	60
61	1990	13,839	220	1.47	20,343	61
62	1991	5,291	225	1.44	7,619	62
63	1992	553	232	1.39	769	63
64	1993	17,590	236	1.37	24,098	64
65	1994	27,683	239	1.35	37,372	65
66	1995	41,250	247	1.31	54,038	66
67	1996	22,089	254	1.27	28,053	67
68	1997	8,397	257	1.26	10,580	68
69	1998	15,676	265	1.22	19,125	69
70	1999	32,305	275	1.17	37,797	70
71	2000	357,301	285	1.13	403,750	71
72	2001	55,058	299	1.08	59,463	72
73	2002	63,963	309	1.05	67,161	73
74	2003	14,307	318	1.02	14,593	74
75	2004	30,001	323	1.00	30,001	75
76	Total	$ 830,204			$ 1,028,649	76

SOUTHWEST GAS CORPORATION
ARIZONA
SUMMARY OF WORKING CAPITAL ALLOWANCE
FOR THE TWELVE MONTHS ENDED AUGUST 31, 2004

Line No.	Description (a)	Reference (b)	Balance (c)	Line No.
1	Cash Working Capital	B-5, Sh 2	$ (11,082,156)	1
2	Materials and Supplies	B-5, Sh 3	9,222,489	2
3	Prepayments	B-5, Sh 4	2,740,815	3
4	Total Working Capital		$ 881,148	4

SOUTHWEST GAS CORPORATION
ARIZONA
LEAD-LAG STUDY
FOR THE TWELVE MONTHS ENDED AUGUST 31, 2004

Line No.	Description [1] (a)	Cost (b)	Lag Days (c)	Dollar Days (d)	Line No.
1	Cost of Gas [2]	$ 298,559,015	43.78	13,070,913,677	1
2	Labor Cost	107,117,974	14.01	1,500,332,454	2
3	Provision for Uncollected Accounts	1,498,151	120.00	179,778,121	3
4	Other O & M Expenses	45,068,143	6.32	284,830,661	4
5	Total O & M Expenses	$ 452,243,282	33.25	15,035,854,913	5
6	Interest	40,521,530	87.34	3,539,150,388	6
7	Taxes Other Than Income Taxes	33,455,124	206.50	6,908,483,010	7
8	Income Taxes-Current	18,192,843	37.00	673,135,208	8
9	Total Operating Expenses	$ 544,412,779	48.05	26,156,623,519	9
10	Number of Days in Test Period	365			10
11	Average Daily Operating Expense	$ 1,491,542			11
12	Lag in Receipt of Revenue		40.62		12
13	Net Difference Revenue-Expense Lag	(7.43)			13
14	Cash Working Capital	$ (11,082,156)			14

[1] Supporting Workpapers B-5
[2] Gas costs adjusted for present volumes and rates to synchronize with gas cost adjustment.

SOUTHWEST GAS CORPORATION
ARIZONA
MATERIALS AND SUPPLIES
FOR THE THIRTEEN MONTHS ENDED AUGUST 31, 2004

Line No.	Description	Account Number [1] 154	155	163	System Allocable	Total Materials and Supplies	Line No.
	(a)	(b)	(c)	(d)	(e)	(f)	
1	August 2003	$ 7,093,206	$ 31,835	$ 790,866	$ (9,755)	$ 7,906,153	1
2	September	7,780,136	31,565	807,234	(10,026)	8,608,908	2
3	October	7,971,179	34,790	927,229	(10,639)	8,922,559	3
4	November	8,461,601	35,065	742,627	(10,809)	9,228,483	4
5	December	8,526,191	31,523	475,427	(242)	9,032,899	5
6	January 2004	8,744,041	33,209	462,161	(10,662)	9,228,749	6
7	February	8,645,011	32,735	307,899	(11,144)	8,974,501	7
8	March	8,473,634	34,246	559,761	(11,252)	9,056,389	8
9	April	8,316,421	41,188	636,464	(11,493)	8,982,580	9
10	May	8,092,091	38,989	544,264	(11,593)	8,663,751	10
11	June	8,622,789	35,804	443,632	(11,588)	9,090,636	11
12	July	9,131,707	36,166	457,488	(11,304)	9,614,056	12
13	August	12,020,084	39,682	534,759	(11,829)	12,582,696	13
14	Thirteen Month Total	$ 111,878,090	$ 456,795	$ 7,689,811	$ (132,335)	$ 119,892,361	14
15	Thirteen Month Average	$ 8,606,007	$ 35,138	$ 591,524	$ (10,180)	$ 9,222,489	15

Note:
System Allocable includes common inventory accounts for 154, 155 and 163 after 4-Factor allocation on Supporting Schedule C-1, Sh 18 of 57.58%

[1] Supporting Workpapers B-5

SOUTHWEST GAS CORPORATION
ARIZONA
PREPAYMENTS
FOR THE THIRTEEN MONTHS ENDED AUGUST 31, 2004

Line No.	Description (a)	Balance [1] (b)	4-Factor [2] (c)	Allocation (d)	Line No.
1	August 2003	$ 5,130,082			1
2	September 2003	4,798,680			2
3	October 2003	3,784,576			3
4	November 2003	3,956,561			4
5	December 2003	5,938,689			5
6	January 2004	5,258,062			6
7	February 2004	4,984,761			7
8	March 2004	4,810,591			8
9	April 2004	4,204,986			9
10	May 2004	4,296,987			10
11	June 2004	3,639,813			11
12	July 2004	3,377,801			12
13	August 2004	7,698,845			13
14	Thirteen Month Total	$ 61,880,434			14
15	13 Month Average	$ 4,760,033			15
16	Deferred Taxes	0			16
17	Net of Deferred Tax	$ 4,760,033	57.58%	$ 2,740,815	17

[1] Eligible Prepayments - Account 165. Supporting Workpapers B-5
[2] Supporting Schedule C-1, Sh 18

SOUTHWEST GAS CORPORATION
ARIZONA
CUSTOMER ADVANCES FOR CONSTRUCTION
FOR THE THIRTEEN MONTHS ENDED AUGUST 31, 2004

Line No.	Description (a)	Balance [1] (b)	Line No.
1	August 2003	$ 5,256,145	1
2	September 2003	5,605,563	2
3	October 2003	5,668,202	3
4	November 2003	5,870,615	4
5	December 2003	7,111,517	5
6	January 2004	7,275,363	6
7	February 2004	7,388,986	7
8	March 2004	7,593,596	8
9	April 2004	7,573,984	9
10	May 2004	7,808,975	10
11	June 2004	7,992,414	11
12	July 2004	8,034,485	12
13	August 2004	8,175,998	13
14	Thirteen Month Total	$ 91,355,841	14
15	Thirteen Month Average	$ 7,027,372	15

[1] Source: Company Records, Account 252

SOUTHWEST GAS CORPORATION
ARIZONA
CUSTOMER DEPOSITS
FOR THE THIRTEEN MONTHS ENDED AUGUST 31, 2004

Line No.	Description (a)	Balance [1] (b)	Line No.
1	August 2003	$ 21,697,818	1
2	September 2003	22,116,629	2
3	October 2003	22,421,280	3
4	November 2003	22,915,023	4
5	December 2003	23,429,731	5
6	January 2004	23,858,508	6
7	February 2004	24,244,633	7
8	March 2004	24,547,955	8
9	April 2004	24,807,840	9
10	May 2004	24,958,957	10
11	June 2004	25,170,362	11
12	July 2004	25,267,247	12
13	August 2004	25,421,849	13
14	Thirteen Month Total	$ 310,857,833	14
15	Thirteen Month Average	$ 23,912,141	15

[1] Source: Company Records, Account 235
(excludes 235.0 1330)

SOUTHWEST GAS CORPORATION
DEFERRED TAXES
AT AUGUST 31, 2004
AS ADJUSTED

Line No.	Description [1] (a)	Arizona (b)	System Allocable Allocation (c)	Recorded Deferred Tax (d)	Adjustments (e)	Adjusted Deferred Tax (f)	Line No.
1	Account 282\Deferred Tax Liability	$ 147,524,713	$ 10,452,814	$ 157,977,527	$ (165,641)	$ 157,811,886	1
2	Account 190\Deferred Tax Asset	0	(21,120,559)	(21,120,559)	0	(21,120,559)	2
3	Total	$ 147,524,713	$ (10,667,744)	$ 136,856,969	$ (165,641)	$ 136,691,328	3

Deferred Tax Detail

Arizona

	Description	Federal	State	Total Recorded	Adjustment [2]	Adjusted	
4	Account 282\Deferred Tax Liability	$ 127,619,768	$ 19,904,945	$ 147,524,713	$ (165,641)	$ 147,359,072	4
5	Account 190\Deferred Tax Asset	0	0	0	0	0	5
6	Total	$ 127,619,768	$ 19,904,945	$ 147,524,713	$ (165,641)	$ 147,359,072	6

System Allocable

	Description [1]	Recorded	Adjustment	Adjusted	
7	Account 282\Deferred Tax Liability	$ 18,153,632	$ 0	$ 18,153,632	7
8	4-Factor [3]	57.58%	57.58%	57.58%	8
9	Arizona Allocation	$ 10,452,814	$ 0	$ 10,452,814	9
10	Account 190\Deferred Tax Asset	$ (36,680,538)	$ 0	$ (36,680,538)	10
11	4-Factor [3]	57.58%	57.58%	57.58%	11
12	Arizona Allocation	$ (21,120,559)	$ 0	$ (21,120,559)	12
				Ln 2, Col (c)	

[1] Source: Company Records
[2] Supporting Schedule C-2, Adj. 11, Pipe Replacement, Leak Survey and Repair
[3] Supporting Schedule C-1, Sh 18

C

SOUTHWEST GAS CORPORATION
ARIZONA
ADJUSTED TEST YEAR INCOME STATEMENT
FOR THE TWELVE MONTHS ENDED AUGUST 31, 2004

Line No.	Description (a)	Reference Sch C-1, Sheet (b)	Recorded at 08/31/04 (c)	Adjustments (d)	Adjusted at 08/31/04 (e)	Line No.
1	Revenues	2	$ 647,277,066	$ (324,411,088)	$ 322,865,978	1
2	Gas Cost	3	327,132,801	(327,132,801)	0	2
3	Total Margin		$ 320,144,265	$ 2,721,713	$ 322,865,978	3
	Expenses					
4	Other Gas Supply	3	$ 720,807	$ 19,584	$ 740,391	4
5	Distribution	3	75,753,130	2,827,336	78,580,466	5
6	Customer Accounts	3	33,133,096	870,183	34,003,279	6
7	Customer Information	4	596,225	(47,730)	548,496	7
8	Sales	4	512,205	(512,205)	0	8
	Administrative & General					
9	Direct	4	6,967,455	25,845	6,993,300	9
10	System Allocable	4	41,676,104	3,811,791	45,487,895	10
	Depreciation & Amortization					
11	Direct	15	64,380,219	2,958,642	67,338,861	11
12	System Allocable	15	8,194,311	(1,131,728)	7,062,583	12
13	Regulatory Amortizations	15	887,124	661,080	1,548,204	13
14	Other Taxes	16	29,122,261	4,332,862	33,455,124	14
15	Interest On Customer Deposits	C-2, Adj 19	1,404,209	(686,844)	717,364	15
16	Income Taxes	17	6,290,071	(4,133,407)	2,156,664	16
17	Total Expenses		$ 269,637,217	$ 8,995,409	$ 278,632,626	17
18	Net Income		$ 50,507,047	$ (6,273,696)	$ 44,233,351	18

SOUTHWEST GAS CORPORATION
ARIZONA DIVISION
ADJUSTED SALES AND REVENUES
FOR THE TWELVE MONTHS ENDED AUGUST 31, 2004

Line No.	Description (a)	Recorded At 08/31/2004 (b)	Adjustment No. 1 (c)	Test Period Balance As Adjusted (d)	Line No.
1	Sales Quantity (therms)	663,721,397	(21,043,264)	642,678,133	1
2	Revenue	$ 647,277,066	$(324,411,088)	$ 322,865,978	2
3	Total Revenue Adjustment		$(324,411,088)		3

SOUTHWEST GAS CORPORATION
ARIZONA
OPERATION AND MAINTENANCE EXPENSES
FOR THE TWELVE MONTHS ENDED AUGUST 31, 2004
AS ADJUSTED FOR THE TEST YEAR

Line No.	Description (a)	Account Number (b)	Recorded at 08/31/04 (c)	Adjustments (d)	Adjusted at 08/31/04 (e)	Line No.
	Gas Supply Expenses					
1	Natural Gas Transmission Line Purchases	803	$ 321,120,351	$ (321,120,351)	$ 0	1
2	Purchased Gas Cost Adjustments	805.1	(22,561,336)	22,561,336	0	2
3	Gas Used for Compressor Station Fuel	810	0	0	0	3
4	Other Gas Supply Expenses	813	720,807	19,584	740,391	4
5	Total Other Gas Supply Expenses		$ 299,279,823	$ (298,539,432)	$ 740,391	5
	Transmission Expenses					
6	Trans. and Compression of Gas by Others	858	$ 28,573,786	$ (28,573,786)	$ 0	6
	Distribution Expenses					
7	Operation Supervision and Engineering	870	$ 8,366,912	$ 91,927	$ 8,458,839	7
8	Distribution Load Dispatching	871	645,376	14,983	660,359	8
9	Mains and Services Expenses	874	9,537,188	1,604,688	11,141,876	9
10	Measuring and Regulating Expenses - General	875	2,710,867	31,010	2,741,877	10
11	Meter and House Regulator Expenses	878	6,579,366	92,291	6,671,656	11
12	Customer Installation Expenses	879	7,784,691	109,025	7,893,716	12
13	Other Expenses	880	10,509,449	46,237	10,555,686	13
14	Rents	881	1,860,559	119,824	1,980,383	14
15	Maintenance Supervision and Engineering	885	2,589,475	39,630	2,629,104	15
16	Maintenance of Structures and Improvements	886	64,171	219	64,389	16
17	Maintenance of Mains	887	12,871,755	609,048	13,480,803	17
18	Maintenance of Meas. and Reg. Sta. Equip.	889	1,930,217	17,811	1,948,028	18
19	Maintenance of Services	892	8,196,754	30,286	8,227,040	19
20	Maintenance of Meters and House Regulators	893	1,914,127	17,961	1,932,088	20
21	Maintenance of Other Equipment	894	192,224	2,398	194,621	21
22	Total Distribution Expenses		$ 75,753,130	$ 2,827,336	$ 78,580,466	22
	Customer Accounts Expenses					
23	Supervision	901	$ 3,735,913	$ 56,878	$ 3,792,791	23
24	Meter Reading	902	6,334,632	81,718	6,416,351	24
25	Customer Records and Collection Expenses	903	21,562,100	339,818	21,901,919	25
26	Uncollectible Accounts	904	1,112,324	385,827	1,498,151	26
27	Miscellaneous Customer Accounts Expenses	905	388,127	5,941	394,068	27
28	Total Customer Accounts Expenses		$ 33,133,096	$ 870,183	$ 34,003,279	28

Supporting Schedules C-1, Sh 5-7

SOUTHWEST GAS CORPORATION
ARIZONA
OPERATION AND MAINTENANCE EXPENSES
FOR THE TWELVE MONTHS ENDED AUGUST 31, 2004
AS ADJUSTED FOR THE TEST YEAR

Line No.	Description (a)	Account Number (b)	Recorded at 08/31/04 (c)	Adjustments (d)	Adjusted at 08/31/04 (e)	Line No.
	Customer Service and Informational Expenses					
1	Customer Assistance Expenses	908	$ 562,187	$ (38,296)	$ 523,891	1
2	Inform. and Instruc. Advertising Expenses	909	(2,154)	2,154	0	2
3	Misc. Customer Service and Inform. Expenses	910	36,192	(11,587)	24,605	3
4	Total Customer Service and Informational Expenses		$ 596,225	$ (47,730)	$ 548,496	4
	Sales Expenses					
5	Supervision	911	$ 0	$ 0	$ 0	5
6	Demonstrating and Selling Expenses	912	9,511	(9,511)	0	6
7	Advertising Expenses	913	502,695	(502,695)	0	7
8	Total Sales Expenses		$ 512,205	$ (512,205)	$ 0	8
9	Total Operation and Maintenance Expenses		$ 437,848,266	$ (323,975,634)	$ 113,872,632	9
	Administrative and General Expenses					
10	Administrative and General Salaries	920	$ 27,657,594	$ 547,952	$ 28,205,547	10
11	Office Supplies and Expenses	921	4,912,427	30,704	4,943,131	11
12	Admin. and Gen. Exp. Transferred - Credit	922	(4,307,602)	(48,888)	(4,356,490)	12
13	Outside Services Employed	923	5,374,416	161,749	5,536,165	13
14	Property Insurance	924	163,931	15,506	179,438	14
15	Injuries and Damages	925	6,157,437	3,069,110	9,226,547	15
16	Employee Pension and Benefits	926	56,991	0	56,991	16
17	Regulatory Commission Expenses	928	63,324	15,009	78,333	17
18	Miscellaneous General Expenses	930	2,982,585	1,305	2,983,890	18
19	Rents	931	2,473,979	24,459	2,498,438	19
20	Maintenance of General Plant	935	3,108,476	20,729	3,129,206	20
21	Total Administrative and General Expenses		$ 48,643,559	$ 3,837,636	$ 52,481,195	21
22	Total Operation, Maintenance and Administrative General Expenses		$ 486,491,825	$ (320,137,998)	$ 166,353,827	22

Supporting Schedules C-1, Sh 8-14

SOUTHWEST GAS CORPORATION
ARIZONA
OPERATION AND MAINTENANCE EXPENSES
FOR THE TWELVE MONTHS ENDED AUGUST 31, 2004

Line No.	Description	Account Number	Recorded at 08/31/04	Purchased Gas Cost Adj. No. 2	Labor Annualization Adj. No. 3	Customer Billing Annualization Adj. No. 4	Uncollectibles Annualization Adj. No. 5	Promotional Expenses Adj. No. 6	Pipe Replace/Leak Survey and Repair Adj. No. 11	TRIMP Adj. No. 12	Miscellaneous Adjustments Adj. No. 14	Vehicle Compensation Adj. No. 15	Out of Period Expenses Adj. No. 16	Total	Line No.
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	
	Gas Supply Expenses														
1	Natural Gas Transmission Line Purchases	803	$ 321,120,351	$ (321,120,351)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	1
2	Purchased Gas Cost Adjustments	805.1	(22,561,336)	22,561,336	0	0	0	0	0	0	0	0	0	0	2
3	Gas Used for Compressor Station Fuel	810	0	0	0	0	0	0	0	0	0	0	0	0	3
4	Total Gas Supply Expenses		$ 298,559,015	$ (298,559,015)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	4
	Other Gas Costs														
	Other Gas Supply Expenses	813													
5	Labor		$ 445,504	$ 0	$ 20,761	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 466,265	5
6	Labor Loadings		218,101	0	(1,177)	0	0	0	0	0	0	0	0	216,924	6
7	Materials and Expenses		57,202	0	0	0	0	0	0	0	0	0	0	57,202	7
8	Total		$ 720,807	$ 0	$ 19,584	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 740,391	8
	Transmission Expenses														
	Transmission and Compression of Gas	858													
9	Labor		$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	9
10	Labor Loadings		0	0	0	0	0	0	0	0	0	0	0	0	10
11	Materials and Expenses		28,573,786	(28,573,786)	0	0	0	0	0	0	0	0	0	0	11
12	Total		$ 28,573,786	$ (28,573,786)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	12
	Distribution Expenses														
	Operation														
	Operation Supervision and Engineering	870													
13	Labor		$ 4,690,934	$ 0	$ 129,914	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 4,820,848	13
14	Labor Loadings		2,501,390	0	(8,005)	0	0	0	0	0	0	0	0	2,493,386	14
15	Materials and Expenses		1,174,587	0	0	0	0	0	0	0	(6,859)	(23,124)	0	1,144,604	15
16	Total		$ 8,366,912	$ 0	$ 121,910	$ 0	$ 0	$ 0	$ 0	$ 0	$ (6,859)	$ (23,124)	$ 0	$ 8,458,839	16
	Distribution Load Dispatching	871													
17	Labor		$ 346,137	$ 0	$ 15,887	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 362,024	17
18	Labor Loadings		170,310	0	(904)	0	0	0	0	0	0	0	0	169,405	18
19	Materials and Expenses		128,930	0	0	0	0	0	0	0	0	0	0	128,930	19
20	Total		$ 645,376	$ 0	$ 14,983	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 660,359	20
	Mains and Services Expenses	874													
21	Labor		$ 3,355,907	$ 0	$ 88,712	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 3,444,619	21
22	Labor Loadings		1,788,514	0	(5,453)	0	0	0	0	0	0	0	0	1,783,061	22
23	Materials and Expenses		4,392,767	0	0	0	0	0	0	1,521,429	0	0	0	5,914,196	23
24	Total		$ 9,537,188	$ 0	$ 83,259	$ 0	$ 0	$ 0	$ 0	$ 1,521,429	$ 0	$ 0	$ 0	$ 11,141,876	24
	Measuring and Regulating Station Expenses	875													
25	Labor		$ 1,261,411	$ 0	$ 33,345	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 1,294,755	25
26	Labor Loadings		671,414	0	(2,047)	0	0	0	0	0	0	0	0	669,367	26
27	Materials and Expenses		778,043	0	0	0	0	0	0	0	(288)	0	0	777,755	27
28	Total		$ 2,710,867	$ 0	$ 31,298	$ 0	$ 0	$ 0	$ 0	$ 0	$ (288)	$ 0	$ 0	$ 2,741,877	28
	Meter and House Regulator Expenses	878													
29	Labor		$ 3,720,142	$ 0	$ 98,340	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 3,818,482	29
30	Labor Loadings		1,984,120	0	(6,049)	0	0	0	0	0	0	0	0	1,978,070	30
31	Materials and Expenses		875,104	0	0	0	0	0	0	0	0	0	0	875,104	31
32	Total		$ 6,579,366	$ 0	$ 92,291	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 6,671,656	32
	Customer Installation Expenses	879													
33	Labor		$ 4,394,991	$ 0	$ 116,179	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 4,511,169	33
34	Labor Loadings		2,346,526	0	(7,154)	0	0	0	0	0	0	0	0	2,339,372	34
35	Materials and Expenses		1,043,174	0	0	0	0	0	0	0	0	0	0	1,043,174	35
36	Total		$ 7,784,691	$ 0	$ 109,025	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 7,893,716	36

SOUTHWEST GAS CORPORATION
ARIZONA
OPERATION AND MAINTENANCE EXPENSES
FOR THE TWELVE MONTHS ENDED AUGUST 31, 2004

Line No.	Description	Account Number	Recorded at 08/31/04	Purchased Gas Cost Adj. No. 2	Labor Annualization Adj. No. 3	Customer Billing Annualization Adj. No. 4	Uncollectibles Annualization Adj. No. 5	Promotional Expenses Adj. No. 6	Pipe Replace/Leak Survey and Repair Adj. No. 11	TRIMP Adj. No. 12	Miscellaneous Adjustments Adj. No. 14	Vehicle Compensation Adj. No. 15	Out of Period Expenses Adj. No. 16	Total	Line No.
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	
	Other Expenses	880													
1	Labor		$ 4,042,664	$ 0	$ 107,414	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 4,150,078	1
2	Labor Loadings		2,149,602	0	(6,584)	0	0	0	0	0	0	0	0	2,143,019	2
3	Materials and Expenses		4,317,182	0	0	0	0	0	0	0	(54,593)	0	0	4,262,589	3
4	Total		$ 10,509,449	$ 0	$ 100,830	$ 0	$ 0	$ 0	$ 0	$ 0	$ (54,593)	$ 0	$ 0	$ 10,555,686	4
	Rents	881													
5	Labor		$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	0	5
6	Labor Loadings		0	0	0	0	0	0	0	0	0	0	0	0	6
7	Materials and Expenses		1,860,559	0	0	0	0	0	0	0	0	0	119,824	1,980,383	7
8	Total		$ 1,860,559	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 119,824	$ 1,980,383	8
	Maintenance														
	Maintenance Supervision and Engineering	885													
9	Labor		$ 1,522,131	$ 0	$ 42,234	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 1,564,365	9
10	Labor Loadings		812,501	0	(2,604)	0	0	0	0	0	0	0	0	809,897	10
11	Materials and Expenses		254,842	0	0	0	0	0	0	0	0	0	0	254,842	11
12	Total		$ 2,589,475	$ 0	$ 39,630	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 2,629,104	12
	Maintenance of Structures and Improvements	886													
13	Labor		$ 8,807	$ 0	$ 233	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 9,039	13
14	Labor Loadings		4,657	0	(14)	0	0	0	0	0	0	0	0	4,643	14
15	Materials and Expenses		50,707	0	0	0	0	0	0	0	0	0	0	50,707	15
16	Total		$ 64,171	$ 0	$ 219	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 64,389	16
	Maintenance of Mains	887													
17	Labor		$ 4,817,762	$ 0	$ 127,354	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 4,945,116	17
18	Labor Loadings		2,566,414	0	(7,825)	0	0	0	0	0	0	0	0	2,558,589	18
19	Materials and Expenses		5,487,579	0	0	0	0	0	(81,017)	570,536	0	0	0	5,977,097	19
20	Total		$ 12,871,755	$ 0	$ 119,530	$ 0	$ 0	$ 0	$ (81,017)	$ 570,536	$ 0	$ 0	$ 0	$ 13,480,803	20
	Maint. of Meas. & Reg. Station Equipment	889													
21	Labor		$ 717,892	$ 0	$ 18,977	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 736,868	21
22	Labor Loadings		382,448	0	(1,166)	0	0	0	0	0	0	0	0	381,282	22
23	Materials and Expenses		829,877	0	0	0	0	0	0	0	0	0	0	829,877	23
24	Total		$ 1,930,217	$ 0	$ 17,811	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 1,948,028	24
	Maintenance of Services	892													
25	Labor		$ 3,412,920	$ 0	$ 90,218	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 3,503,139	25
26	Labor Loadings		1,819,964	0	(5,549)	0	0	0	0	0	0	0	0	1,814,415	26
27	Materials and Expenses		2,963,870	0	0	0	0	0	(54,384)	0	0	0	0	2,909,486	27
28	Total		$ 8,196,754	$ 0	$ 84,670	$ 0	$ 0	$ 0	$ (54,384)	$ 0	$ 0	$ 0	$ 0	$ 8,227,040	28
	Maintenance of Meters and House Regulators	893													
29	Labor		$ 723,859	$ 0	$ 19,134	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 742,993	29
30	Labor Loadings		384,895	0	(1,173)	0	0	0	0	0	0	0	0	383,721	30
31	Materials and Expenses		805,373	0	0	0	0	0	0	0	0	0	0	805,373	31
32	Total		$ 1,914,127	$ 0	$ 17,961	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 1,932,088	32
	Maintenance of Other Equipment	894													
33	Labor		$ 96,617	$ 0	$ 2,554	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 99,171	33
34	Labor Loadings		51,305	0	(156)	0	0	0	0	0	0	0	0	51,148	34
35	Materials and Expenses		44,303	0	0	0	0	0	0	0	0	0	0	44,303	35
36	Total		$ 192,224	$ 0	$ 2,398	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 194,621	36
	Total Distribution Expenses														
37	Labor		$ 33,112,173	$ 0	$ 890,496	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 34,002,669	37
38	Labor Loadings		17,634,059	0	(54,684)	0	0	0	0	0	0	0	0	17,579,375	38
39	Materials and Expenses		25,006,899	0	0	0	0	0	(135,401)	2,091,964	(61,740)	(23,124)	119,824	26,998,422	39
40	Total		$ 75,753,130	$ 0	$ 835,813	$ 0	$ 0	$ 0	$ (135,401)	$ 2,091,964	$ (61,740)	$ (23,124)	$ 119,824	$ 78,580,466	40

SOUTHWEST GAS CORPORATION
ARIZONA
OPERATION AND MAINTENANCE EXPENSES
FOR THE TWELVE MONTHS ENDED AUGUST 31, 2004

Line No.	Description	Account Number	Recorded at 08/31/04	Purchased Gas Cost Adj. No. 2	Labor Annualization Adj. No. 3	Customer Billing Annualization Adj. No. 4	Uncollectibles Annualization Adj. No. 5	Promotional Expenses Adj. No. 6	Pipe Replace/Leak Survey and Repair Adj. No. 11	TRIMP Adj. No. 12	Miscellaneous Adjustments Adj. No. 14	Vehicle Compensation Adj. No. 15	Out of Period Expenses Adj. No. 16	Total	Line No.
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	
	Customer Accounts Expenses														
	Operation														
	Supervision	901													
1	Labor		$ 2,292,925	$ 0	$ 60,612	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 2,353,537	1
2	Labor Loadings		1,224,660	0	(3,734)	0	0	0	0	0	0	0	0	1,220,926	2
3	Materials and Expenses		218,328	0	0	0	0	0	0	0	0	0	0	218,328	3
4	Total		$ 3,735,913	$ 0	$ 56,878	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 3,792,791	4
	Meter Reading Expenses	902													
5	Labor		$ 3,293,771	$ 0	$ 87,069	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 3,380,840	5
6	Labor Loadings		1,755,049	0	(5,351)	0	0	0	0	0	0	0	0	1,749,699	6
7	Materials and Expenses		1,285,812	0	0	0	0	0	0	0	0	0	0	1,285,812	7
8	Total		$ 6,334,632	$ 0	$ 81,718	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 6,416,351	8
	Customer Records and Collections - Division	903													
9	Labor		$ 9,801,933	$ 0	$ 304,824	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 10,106,757	9
10	Labor Loadings		5,161,342	0	(16,499)	0	0	0	0	0	0	0	0	5,144,843	10
11	Materials and Expenses		6,591,649	0	0	77,249	0	(23,062)	0	0	(2,250)	0	0	6,643,585	11
12	Total		$ 21,554,924	$ 0	$ 288,326	$ 77,249	$ 0	$ (23,062)	$ 0	$ 0	$ (2,250)	$ 0	$ 0	$ 21,895,186	12
	Customer Records and Collections - Allocation	903													
13	Labor		$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	13
14	Labor Loadings		0	0	0	0	0	0	0	0	0	0	0	0	14
15	Materials and Expenses		7,177	0	0	0	0	0	0	0	(444)	0	0	6,733	15
16	Total		$ 7,177	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ (444)	$ 0	$ 0	$ 6,733	16
	Uncollectible Accounts Expenses	904													
17	Labor		$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	17
18	Labor Loadings		0	0	0	0	0	0	0	0	0	0	0	0	18
19	Materials and Expenses		1,112,324	0	0	0	385,827	0	0	0	0	0	0	1,498,151	19
20	Total		$ 1,112,324	$ 0	$ 0	$ 0	$ 385,827	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 1,498,151	20
	Miscellaneous Customer Accounts Expenses	905													
21	Labor		$ 239,446	$ 0	$ 6,330	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 245,776	21
22	Labor Loadings		127,481	0	(389)	0	0	0	0	0	0	0	0	127,093	22
23	Materials and Expenses		21,199	0	0	0	0	0	0	0	0	0	0	21,199	23
24	Total		$ 388,127	$ 0	$ 5,941	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 394,068	24
	Total Customer Accounts Expenses														
25	Labor		$ 15,628,075	$ 0	$ 458,835	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 16,086,910	25
26	Labor Loadings		8,268,532	0	(25,972)	0	0	0	0	0	0	0	0	8,242,561	26
27	Materials and Expenses		9,236,488	0	0	77,249	385,827	(23,062)	0	0	(2,694)	0	0	9,673,808	27
28	Total		$ 33,133,096	$ 0	$ 432,863	$ 77,249	$ 385,827	$ (23,062)	$ 0	$ 0	$ (2,694)	$ 0	$ 0	$ 34,003,279	28

SOUTHWEST GAS CORPORATION
ARIZONA
OPERATION AND MAINTENANCE EXPENSES
FOR THE TWELVE MONTHS ENDED AUGUST 31, 2004

Line No.	Description	Account Number	Recorded at 08/31/04	Purchased Gas Cost Adj. No. 2	Labor Annualization Adj. No. 3	Customer Billing Annualization Adj. No. 4	Uncollectibles Annualization Adj. No. 5	Promotional Expenses Adj. No. 6	Pipe Replace/Leak Survey and Repair Adj. No. 11	TRIMP Adj. No. 12	Miscellaneous Adjustments Adj. No. 14	Vehicle Compensation Adj. No. 15	Out of Period Expenses Adj. No. 16	Total	Line No.
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	
	Customer Service and Informational Expenses														
	Operation														
	Customer Assistance Expenses	908													
1	Labor		$ 176,816	$ 0	$ 4,674	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 181,490	1
2	Labor Loadings		94,231	0	(287)	0	0	0	0	0	0	0	0	93,943	2
3	Materials and Expenses		291,140	0	0	0	0	(18,978)	0	0	(23,705)	0	0	248,457	3
4	Total		$ 562,187	$ 0	$ 4,387	$ 0	$ 0	$ (18,978)	$ 0	$ 0	$ (23,705)	$ 0	$ 0	$ 523,891	4
	Informational and Instructional Expenses	909													
5	Labor		$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	5
6	Labor Loadings		0	0	0	0	0	0	0	0	0	0	0	0	6
7	Materials and Expenses		(2,154)	0	0	0	0	2,154	0	0	0	0	0	0	7
8	Total		$ (2,154)	$ 0	$ 0	$ 0	$ 0	$ 2,154	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	8
	Misc. Customer Service & Inform. Expense	910													
9	Labor		$ 504	$ 0	$ 13	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 517	9
10	Labor Loadings		257	0	(1)	0	0	0	0	0	0	0	0	256	10
11	Materials and Expenses		35,432	0	0	0	0	0	0	0	(11,600)	0	0	23,832	11
12	Total		$ 36,192	$ 0	$ 13	$ 0	$ 0	$ 0	$ 0	$ 0	$ (11,600)	$ 0	$ 0	$ 24,605	12
	Total Customer Service & Info. Expense														
13	Labor		$ 177,320	$ 0	$ 4,687	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 182,008	13
14	Labor Loadings		94,487	0	(288)	0	0	0	0	0	0	0	0	94,199	14
15	Materials and Expenses		324,418	0	0	0	0	(16,824)	0	0	(35,305)	0	0	272,289	15
16	Total		$ 596,225	$ 0	$ 4,399	$ 0	$ 0	$ (16,824)	$ 0	$ 0	$ (35,305)	$ 0	$ 0	$ 548,496	16
	Sales Expenses														
	Supervision	911													
17	Labor		$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	17
18	Labor Loadings		0	0	0	0	0	0	0	0	0	0	0	0	18
19	Materials and Expenses		0	0	0	0	0	0	0	0	0	0	0	0	19
20	Total		$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	20
	Demonstration and Selling Expenses	912													
21	Labor		$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	21
22	Labor Loadings		0	0	0	0	0	0	0	0	0	0	0	0	22
23	Materials and Expenses		9,511	0	0	0	0	(9,511)	0	0	0	0	0	0	23
24	Total		$ 9,511	$ 0	$ 0	$ 0	$ 0	$ (9,511)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	24
	Advertising Expenses	913													
25	Labor		$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	25
26	Labor Loadings		0	0	0	0	0	0	0	0	0	0	0	0	26
27	Materials and Expenses		502,695	0	0	0	0	(502,695)	0	0	0	0	0	0	27
28	Total		$ 502,695	$ 0	$ 0	$ 0	$ 0	$ (502,695)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	28
	Total Sales Expenses														
29	Labor		$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	29
30	Labor Loadings		0	0	0	0	0	0	0	0	0	0	0	0	30
31	Materials and Expenses		512,205	0	0	0	0	(512,205)	0	0	0	0	0	0	31
32	Total		$ 512,205	$ 0	$ 0	$ 0	$ 0	$ (512,205)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	32
	Total Rate Jurisdiction														
33	Labor		$ 49,363,072	$ 0	$ 1,374,779	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 50,737,851	33
34	Labor Loadings		26,215,180	0	(82,121)	0	0	0	0	0	0	0	0	26,133,059	34
35	Materials and Expenses		362,270,014	(327,132,801)	0	77,249	385,827	(552,091)	(135,401)	2,091,964	(99,738)	(23,124)	119,824	37,001,722	35
36	Total		$ 437,848,266	$ (327,132,801)	$ 1,292,659	$ 77,249	$ 385,827	$ (552,091)	$ (135,401)	$ 2,091,964	$ (99,738)	$ (23,124)	$ 119,824	$ 113,872,632	36

SOUTHWEST GAS CORPORATION
ARIZONA
ALLOCATION OF RECORDED ADMINISTRATIVE AND GENERAL EXPENSES
FOR THE TWELVE MONTHS ENDED AUGUST 31, 2004

Line No.	Description	Account Number	Total Company	Direct Charges: Total Arizona	Direct Charges: Other Jurisdictions	To Be Allocated	Allocation Factor: 4-Factor	Allocation Factor: Factor II	Allocation Factor: Factor III	Allocation Factor: A&G Allocation	Allocation Factor: Total Allocation	Total	Line No.
	(a)	(b)	(c)	(d)	(e)	(f) (c-d-e)	(g)	(h)	(i)	(j)	(k)	(l) (d) + (k)	
	Administrative and General Salaries	920											
1	Labor		$ 36,052,755	$ 0	$ 0	$ 36,052,755	$ 20,759,083	$ 0	$ 0	$ 0	$ 20,759,083	$ 20,759,083	1
2	Labor Loadings		14,318,114	0	0	14,318,114	8,244,333	0	0	0	8,244,333	8,244,333	2
3	Materials and Expense		(2,337,318)	0	0	(2,337,318)	(1,345,822)	0	0	0	(1,345,822)	(1,345,822)	3
4	Total Administrative and General Salaries		$ 48,033,551	$ 0	$ 0	$ 48,033,551	$ 27,657,594	$ 0	$ 0	$ 0	$ 27,657,594	$ 27,657,594	4
5	Office Supplies	921	$ 8,531,520	$ 0	$ 0	$ 8,531,520	$ 4,912,427	$ 0	$ 0	$ 0	$ 4,912,427	$ 4,912,427	5
6	Administrative Expenses Transferred - Credit	922	$ (8,048,526)	$ 0	$ 0	$ (8,048,526)	$ 0	$ 0	$ 0	$ (4,307,602)	$ (4,307,602)	$ (4,307,602)	6
7	Outside Services Employed	923	$ 9,026,980	$ 531,565	$ 84,729	$ 8,410,686	$ 4,842,851	$ 0	$ 0	$ 0	$ 4,842,851	$ 5,374,416	7
8	Property Insurance	924	$ 297,460	$ 0	$ 0	$ 297,460	$ 0	$ 163,931	$ 0	$ 0	$ 163,931	$ 163,931	8
9	Injuries and Damages	925	$ 9,051,382	$ 3,487,793	$ 927,160	$ 4,636,429	$ 2,669,644	$ 0	$ 0	$ 0	$ 2,669,644	$ 6,157,437	9
10	Employee Pensions and Benefits	926	$ 0	$ 179,704	$ 26,005	$ (205,710)	$ 0	$ 0	$ (122,714)	$ 0	$ (122,714)	$ 56,991	10
11	Regulatory Commission Expenses	928	$ 321,426	$ 63,324	$ 258,102	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 63,324	11
	Miscellaneous General Expenses	930											
12	Labor		$ 29,125	$ 0	$ 0	$ 29,125	$ 16,770	$ 0	$ 0	$ 0	$ 16,770	$ 16,770	12
13	Labor Loadings		14,237	0	0	14,237	8,198	0	0	0	8,198	8,198	13
14	Materials and Expense		5,128,364	389,433	278,710	4,460,222	2,568,184	0	0	0	2,568,184	2,957,617	14
15	Total Miscellaneous General Expenses		$ 5,171,726	$ 389,433	$ 278,710	$ 4,503,583	$ 2,593,151	$ 0	$ 0	$ 0	$ 2,593,151	$ 2,982,585	15
16	Rents	931	$ 4,296,614	$ 0	$ 0	$ 4,296,614	$ 2,473,979	$ 0	$ 0	$ 0	$ 2,473,979	$ 2,473,979	16
	Maintenance of General Plant	935											
17	Labor		$ 655,470	$ 436,709	$ 38,505	$ 180,256	$ 103,791	$ 0	$ 0	$ 0	$ 103,791	$ 540,500	17
18	Labor Loadings		340,936	232,471	19,787	88,678	51,061	0	0	0	51,061	283,532	18
19	Materials and Expense		3,141,456	1,646,455	386,991	1,108,010	637,989	0	0	0	637,989	2,284,445	19
20	Total Maintenance of General Plant		$ 4,137,863	$ 2,315,635	$ 445,283	$ 1,376,944	$ 792,841	$ 0	$ 0	$ 0	$ 792,841	$ 3,108,476	20
	Total Administrative and General Expenses												
21	Labor		$ 36,737,350	$ 436,709	$ 38,505	$ 36,262,136	$ 20,879,644	$ 0	$ 0	$ 0	$ 20,879,644	$ 21,316,353	21
22	Labor Loadings		14,673,287	232,471	19,787	14,421,029	8,303,591	0	0	0	8,303,591	8,536,062	22
23	Materials and Expense		29,409,359	6,298,275	1,961,696	21,149,388	16,759,253	163,931	(122,714)	(4,307,602)	12,492,869	18,791,144	23
24	Total Administrative and General Expenses		$ 80,819,996	$ 6,967,455	$ 2,019,989	$ 71,832,553	$ 45,942,488	$ 163,931	$ (122,714)	$ (4,307,602)	$ 41,676,104	$ 48,643,559	24

SOUTHWEST GAS CORPORATION
ARIZONA
DIRECT ADJUSTMENTS TO ADMINISTRATIVE AND GENERAL EXPENSE
FOR THE TWELVE MONTHS ENDED AUGUST 31, 2004

Line No.	Description (a)	Account Number (b)	Labor Annualization Adj. No. 3 (c)	Rate Case Expense Adj. No. 13 (d)	Total Adjustments (e)	Line No.
	Administrative and General Salaries	920				
1	Labor		$ 0	$ 0	$ 0	1
2	Labor Loadings		0	0	0	2
3	Materials and Expenses		0	0	0	3
4	Total Administrative and General Salaries		$ 0	$ 0	$ 0	4
5	Office Supplies and Expense	921	$ 0	$ 0	$ 0	5
6	Administrative Expenses Transferred - Credit	922	$ 0	$ 0	$ 0	6
7	Outside Services Employed	923	$ 0	$ 0	$ 0	7
8	Property Insurance	924	$ 0	$ 0	$ 0	8
9	Injuries and Damages	925	$ 0	$ 0	$ 0	9
10	Employee Pensions and Benefits	926	$ 0	$ 0	$ 0	10
11	Regulatory Commission Expense	928	$ 0	$ 15,009	$ 15,009	11
	Miscellaneous General Expense	930				
12	Labor		$ 0	$ 0	$ 0	12
13	Labor Loadings		0	0	0	13
14	Materials and Expenses		0	0	0	14
15	Total Miscellaneous General Expense		$ 0	$ 0	$ 0	15
16	Rents	931	$ 0	$ 0	$ 0	16
	Maintenance of General Plant	935				
17	Labor		$ 11,544	$ 0	$ 11,544	17
18	Labor Loadings		(709)	0	(709)	18
19	Materials and Expenses		0	0	0	19
20	Total Maintenance of General Plant		$ 10,835	$ 0	$ 10,835	20
	Total Administrative and General					
21	Labor		$ 11,544	$ 0	$ 11,544	21
22	Labor Loadings		(709)	0	(709)	22
23	Materials and Expenses		0	15,009	15,009	23
24	Total Administrative and General Expense		$ 10,835	$ 15,009	$ 25,845	24

SOUTHWEST GAS CORPORATION
ARIZONA
SYSTEM ALLOCABLE ADJUSTMENTS TO ADMINISTRATIVE AND GENERAL EXPENSE
FOR THE TWELVE MONTHS ENDED AUGUST 31, 2004

Line No.	Description (a)	Account Number (b)	Labor Annualization Adj. No. 3 (c)	AGA Dues Adj. No. 7 (d)	Sarbanes-Oxley Adj. No. 8 (e)	Paiute/SGTC Annualization Adj. No. 9 (f)	Injuries and Damages Adj. No. 10 (g)	Line No.
	Administrative and General Salaries	920						
1	Labor		$ 637,751	$ 0	$ 0	$ 0	$ 0	1
2	Labor Loadings		24,087	0	0	0	0	2
3	Materials and Expenses		0	0	0	434,709	0	3
4	Total Administrative and General Salaries		$ 661,838	$ 0	$ 0	$ 434,709	$ 0	4
5	Office Supplies and Expense	921	$ 0	$ 0	$ (13,175)	$ 81,191	$ 0	5
6	Administrative Expenses Transferred - Credit	922	$ (91,345)	$ 0	$ 0	$ 0	$ 0	6
7	Outside Services Employed	923	$ 0	$ 0	$ 364,450	$ 80,041	$ 0	7
8	Property Insurance	924	$ 0	$ 0	$ 0	$ 28,137	$ 0	8
9	Injuries and Damages	925	$ 0	$ 0	$ 0	$ 44,123	$ 5,286,068	9
10	Employee Pensions and Benefits	926	$ 0	$ 0	$ 0	$ 0	$ 0	10
11	Regulatory Commission Expense	928	$ 0	$ 0	$ 0	$ 0	$ 0	11
	Miscellaneous General Expense	930						
12	Labor		$ 635	$ 0	$ 0	$ 0	$ 0	12
13	Labor Loadings		24	0	0	0	0	13
14	Materials and Expenses		0	(12,956)	0	42,246	0	14
15	Total Miscellaneous General Expense		$ 659	$ (12,956)	$ 0	$ 42,246	$ 0	15
16	Rents	931	$ 0	$ 0	$ 0	$ 42,479	$ 0	16
	Maintenance of General Plant	935						
17	Labor		$ 3,930	$ 0	$ 0	$ 0	$ 0	17
18	Labor Loadings		149	0	0	0	0	18
19	Materials and Expenses		0	0	0	13,104	0	19
20	Total Maintenance of General Plant		$ 4,079	$ 0	$ 0	$ 13,104	$ 0	20
	Total Administrative and General							
21	Labor		$ 642,316	$ 0	$ 0	$ 0	$ 0	21
22	Labor Loadings		24,261	0	0	0	0	22
23	Materials and Expenses		(91,345)	(12,956)	351,275	766,029	5,286,068	23
24	Total Administrative and General Expense		$ 575,231	$ (12,956)	$ 351,275	$ 766,029	$ 5,286,068	24

SOUTHWEST GAS CORPORATION
ARIZONA
SYSTEM ALLOCABLE ADJUSTMENTS TO ADMINISTRATIVE AND GENERAL EXPENSE
FOR THE TWELVE MONTHS ENDED AUGUST 31, 2004

Line No.	Description	Account Number	Miscellaneous Adjustments Adj. No. 14	Vehicle Compensation Adj. No. 15	Out of Period Expenses Adj. No. 16	Total Adjustments	Line No.
	(a)	(b)	(c)	(d)	(e)	(f)	
	Administrative and General Salaries	920					
1	Labor		$ 0	$ 0	$ 0	$ 637,751	1
2	Labor Loadings		0	0	0	24,087	2
3	Materials and Expenses		0	(144,906)	0	289,802	3
4	Total Administrative and General Salaries		$ 0	$ (144,906)	$ 0	$ 951,641	4
5	Office Supplies and Expense	921	$ (14,692)	$ 0	$ 0	$ 53,324	5
6	Administrative Expenses Transferred - Credit	922	$ 0	$ 0	$ 0	$ (91,345)	6
7	Outside Services Employed	923	$ (71,785)	$ 0	$ (91,794)	$ 280,912	7
8	Property Insurance	924	$ 0	$ 0	$ 0	$ 28,137	8
9	Injuries and Damages	925	$ 0	$ 0	$ 0	$ 5,330,190	9
10	Employee Pensions and Benefits	926	$ 0	$ 0	$ 0	$ 0	10
11	Regulatory Commission Expense	928	$ 0	$ 0	$ 0	$ 0	11
	Miscellaneous General Expense	930					
12	Labor		$ 0	$ 0	$ 0	$ 635	12
13	Labor Loadings		0	0	0	24	13
14	Materials and Expenses		(27,682)	0	0	1,608	14
15	Total Miscellaneous General Expense		$ (27,682)	$ 0	$ 0	$ 2,267	15
16	Rents	931	$ 0	$ 0	$ 0	$ 42,479	16
	Maintenance of General Plant	935					
17	Labor		$ 0	$ 0	$ 0	$ 3,930	17
18	Labor Loadings		0	0	0	149	18
19	Materials and Expenses		0	0	0	13,104	19
20	Total Maintenance of General Plant		$ 0	$ 0	$ 0	$ 17,183	20
	Total Administrative and General						
21	Labor		$ 0	$ 0	$ 0	$ 642,316	21
22	Labor Loadings		0	0	0	24,261	22
23	Materials and Expenses		(114,158)	(144,906)	(91,794)	5,948,212	23
24	Total Administrative and General Expense		$ (114,158)	$ (144,906)	$ (91,794)	$ 6,614,788	24

SOUTHWEST GAS CORPORATION
ARIZONA
ALLOCATION OF ADMINISTRATIVE AND GENERAL EXPENSE ADJUSTMENTS
FOR THE TWELVE MONTHS ENDED AUGUST 31, 2004

Line No.	Description	Account Number	Total Company [1]	Direct Charges: Arizona [2]	Direct Charges: Other Jurisdictions	To Be Allocated	Allocation Factor: 4-Factor	Allocation Factor: Factor II	Allocation Factor: Factor III	Allocation Factor: A&G Allocation	Allocation Factor: Total Allocation	Adjustment Total	Line No.
	(a)	(b)	(c)	(d)	(e)	(f) (c-d-e)	(g)	(h)	(i)	(j)	(k)	(l) (d) + (k)	
	Administrative and General Salaries	920											
1	Labor		$ 637,751	$ 0	$ 0	$ 637,751	$ 367,215	$ 0	$ 0	$ 0	$ 367,215	$ 367,215	1
2	Labor Loadings		24,087	0	0	24,087	13,869	0	0	0	13,869	13,869	2
3	Materials and Expense		289,802	0	0	289,802	166,868	0	0	0	166,868	166,868	3
4	Total Administrative and General Salaries		$ 951,641	$ 0	$ 0	$ 951,641	$ 547,952	$ 0	$ 0	$ 0	$ 547,952	$ 547,952	4
5	Office Supplies	921	$ 53,324	$ 0	$ 0	$ 53,324	$ 30,704	$ 0	$ 0	$ 0	$ 30,704	$ 30,704	5
6	Administrative Expenses Transferred - Credit	922	$ (91,345)	$ 0	$ 0	$ (91,345)	$ 0	$ 0	$ 0	$ (48,888)	$ (48,888)	$ (48,888)	6
7	Outside Services Employed	923	$ 280,912	$ 0	$ 0	$ 280,912	$ 161,748	$ 0	$ 0	$ 0	$ 161,748	$ 161,748	7
8	Property Insurance	924	$ 28,137	$ 0	$ 0	$ 28,137	$ 0	$ 15,506	$ 0	$ 0	$ 15,506	$ 15,506	8
9	Injuries and Damages	925	$ 5,330,190	$ 0	$ 0	$ 5,330,190	$ 3,069,110	$ 0	$ 0	$ 0	$ 3,069,110	$ 3,069,110	9
10	Employee Pensions and Benefits	926	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	10
11	Regulatory Commission Expenses	928	$ 15,009	$ 15,009	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 15,009	11
	Miscellaneous General Expenses	930											
12	Labor		$ 635	$ 0	$ 0	$ 635	$ 366	$ 0	$ 0	$ 0	$ 366	$ 366	12
13	Labor Loadings		24	0	0	24	14	0	0	0	14	14	13
14	Materials and Expense		1,608	0	0	1,608	926	0	0	0	926	926	14
15	Total Miscellaneous General Expenses		$ 2,267	$ 0	$ 0	$ 2,267	$ 1,305	$ 0	$ 0	$ 0	$ 1,305	$ 1,305	15
16	Rents	931	$ 42,479	$ 0	$ 0	$ 42,479	$ 24,459	$ 0	$ 0	$ 0	$ 24,459	$ 24,459	16
	Maintenance of General Plant	935											
17	Labor		$ 15,474	$ 11,544	$ 0	$ 3,930	$ 2,263	$ 0	$ 0	$ 0	$ 2,263	$ 13,807	17
18	Labor Loadings		(560)	(709)	0	149	86	0	0	0	86	(623)	18
19	Materials and Expenses		13,104	0	0	13,104	7,545	0	0	0	7,545	7,545	19
20	Total Maintenance of General Plant		$ 28,018	$ 10,835	$ 0	$ 17,183	$ 9,894	$ 0	$ 0	$ 0	$ 9,894	$ 20,729	20
	Total Administrative and General Expenses												
21	Labor		$ 653,860	$ 11,544	$ 0	$ 642,316	$ 369,844	$ 0	$ 0	$ 0	$ 369,844	$ 381,388	21
22	Labor Loadings		23,552	(709)	0	24,261	13,969	0	0	0	13,969	13,260	22
23	Materials and Expenses		5,963,221	15,009	0	5,948,212	3,461,360	15,506	0	(48,888)	3,427,978	3,442,987	23
24	Total Administrative and General Expenses		$ 6,640,633	$ 25,845	$ 0	$ 6,614,788	$ 3,845,173	$ 15,506	$ 0	$ (48,888)	$ 3,811,791	$ 3,837,636	24

[1] Schedule C-1, Sheet 10, Column f + Schedule C-1, Sheet 12, Column h
[2] Schedule C-1, Sheet 10, Column f

SOUTHWEST GAS CORPORATION
ARIZONA
ALLOCATION OF ADJUSTED ADMINISTRATIVE AND GENERAL EXPENSES
FOR THE TWELVE MONTHS ENDED AUGUST 31, 2004

Line No.	Description (a)	Account Number (b)	Total Company [1] (c)	Direct Charges: Arizona [2] (d)	Direct Charges: Other Jurisdictions [3] (e)	To Be Allocated (f) (c-d-e)	Allocation Factor: 4-Factor (g)	Allocation Factor: Factor II (h)	Allocation Factor: Factor III (i)	Allocation Factor: A&G Allocation (j)	Allocation Factor: Total Allocation (k)	Total (l) (d) + (k)	Line No.
	Administrative and General Salaries	920											
1	Labor		$ 36,690,506	$ 0	$ 0	$ 36,690,506	$ 21,126,298	$ 0	$ 0	$ 0	$ 21,126,298	$ 21,126,298	1
2	Labor Loadings		14,342,201	0	0	14,342,201	8,258,202	0	0	0	8,258,202	8,258,202	2
3	Materials and Expense		(2,047,515)	0	0	(2,047,515)	(1,178,954)	0	0	0	(1,178,954)	(1,178,954)	3
4	Total Administrative and General Salaries		$ 48,985,192	$ 0	$ 0	$ 48,985,192	$ 28,205,547	$ 0	$ 0	$ 0	$ 28,205,547	$ 28,205,547	4
5	Office Supplies	921	$ 8,584,844	$ 0	$ 0	$ 8,584,844	$ 4,943,131	$ 0	$ 0	$ 0	$ 4,943,131	$ 4,943,131	5
6	Administrative Expenses Transferred - Credit	922	$ (8,139,871)	$ 0	$ 0	$ (8,139,871)	$ 0	$ 0	$ 0	$ (4,356,490)	$ (4,356,490)	$ (4,356,490)	6
7	Outside Services Employed	923	$ 9,307,892	$ 531,565	$ 84,729	$ 8,691,598	$ 5,004,600	$ 0	$ 0	$ 0	$ 5,004,600	$ 5,536,165	7
8	Property Insurance	924	$ 325,597	$ 0	$ 0	$ 325,597	$ 0	$ 179,438	$ 0	$ 0	$ 179,438	$ 179,438	8
9	Injuries and Damages	925	$ 14,381,572	$ 3,487,793	$ 927,160	$ 9,966,620	$ 5,738,754	$ 0	$ 0	$ 0	$ 5,738,754	$ 9,226,547	9
10	Employee Pensions and Benefits	926	$ 0	$ 179,704	$ 26,005	$ (205,710)	$ 0	$ 0	$ (122,714)	$ 0	$ (122,714)	$ 56,991	10
11	Regulatory Commission Expenses	928	$ 336,435	$ 78,333	$ 258,102	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 78,333	11
	Miscellaneous General Expenses	930											
12	Labor		$ 29,760	$ 0	$ 0	$ 29,760	$ 17,135	$ 0	$ 0	$ 0	$ 17,135	$ 17,135	12
13	Labor Loadings		14,261	0	0	14,261	8,211	0	0	0	8,211	8,211	13
14	Materials and Expense		5,129,973	389,433	278,710	4,461,830	2,569,110	0	0	0	2,569,110	2,958,543	14
15	Total Miscellaneous General Expenses		$ 5,173,993	$ 389,433	$ 278,710	$ 4,505,850	$ 2,594,457	$ 0	$ 0	$ 0	$ 2,594,457	$ 2,983,890	15
16	Rents	931	$ 4,339,093	$ 0	$ 0	$ 4,339,093	$ 2,498,438	$ 0	$ 0	$ 0	$ 2,498,438	$ 2,498,438	16
	Maintenance of General Plant	935											
17	Labor		$ 670,944	$ 448,253	$ 38,505	$ 184,186	$ 106,054	$ 0	$ 0	$ 0	$ 106,054	$ 554,307	17
18	Labor Loadings		340,376	231,762	19,787	88,827	51,146	0	0	0	51,146	282,909	18
19	Materials and Expense		3,154,560	1,646,455	386,991	1,121,114	645,535	0	0	0	645,535	2,291,990	19
20	Total Maintenance of General Plant		$ 4,165,881	$ 2,326,471	$ 445,283	$ 1,394,127	$ 802,735	$ 0	$ 0	$ 0	$ 802,735	$ 3,129,206	20
	Total Administrative and General Expenses												
21	Labor		$ 37,391,210	$ 448,253	$ 38,505	$ 36,904,452	$ 21,249,488	$ 0	$ 0	$ 0	$ 21,249,488	$ 21,697,741	21
22	Labor Loadings		14,696,839	231,762	19,787	14,445,289	8,317,560	0	0	0	8,317,560	8,549,322	22
23	Materials and Expense		35,372,580	6,313,284	1,961,696	27,097,599	20,220,614	179,438	(122,714)	(4,356,490)	15,920,847	22,234,132	23
24	Total Administrative and General Expenses		$ 87,460,629	$ 6,993,300	$ 2,019,989	$ 78,447,340	$ 49,787,662	$ 179,438	$ (122,714)	$ (4,356,490)	$ 45,487,895	$ 52,481,195	24

[1] Schedule C-1, Sheet 9, Column (c) + Schedule C-1, Sheet 13, Column (c)
[2] Schedule C-1, Sheet 9, Column (d) + Schedule C-1, Sheet 13, Column (d)
[3] Schedule C-1, Sheet 9, Column (e) + Schedule C-1, Sheet 13, Column (e)

SOUTHWEST GAS CORPORATION
ARIZONA
DEPRECIATION AND AMORTIZATION EXPENSE
FOR THE TWELVE MONTHS ENDED AUGUST 31, 2004

Line No.	Description [1] (a)	Account Number (b)	Recorded at 08/31/04 (c)	Adjustments (d)	Adjusted at 08/31/04 (e)	Line No.
	Arizona					
1	Depreciation	403	$ 64,205,210	$ 2,914,314	$ 67,119,524	1
2	Amortization	404.3	228,005	44,328	272,333	2
3	Amortization of Gas Plant Acquisition	406	(52,996)	0	(52,996)	3
4	Amortization of PBOP Costs	407.3	337,524	0	337,524	4
5	Amortization of Service Investigation	407.3	549,600	(549,600)	0	5
6	Amortization of TRIMP Costs	407.3	0	1,183,333	1,183,333	6
7	Amortization of SOX Implementation Costs	407.3	0	27,346	27,346	7
8	Total Depreciation and Amortization Expense		$ 65,267,343	$ 3,619,722	$ 68,887,065	8
	System Allocable					
9	Depreciation	403	$ 5,477,865	$ (1,384,636)	$ 4,093,229	9
10	Amortization	404.3	8,753,375	(580,861)	8,172,514	10
11	Total System Allocable Depreciation and Amortization		$ 14,231,239	$ (1,965,496)	$ 12,265,743	11
12	Arizona 4-Factor [2]		57.58%	57.58%	57.58%	12
13	Arizona Allocation		$ 8,194,311	$ (1,131,728)	$ 7,062,583	13
14	Total Depreciation and Amortization (Ln 9 + Ln 14)		$ 73,461,654	$ 2,487,994	$ 75,949,648	14

[1] Supporting Workpapers C-2, Adj. 17
[2] Supporting Schedule C-1, Sheet 18

SOUTHWEST GAS CORPORATION
ARIZONA
SUMMARY OF OTHER TAXES
FOR THE TWELVE MONTHS ENDED AUGUST 31, 2004
AS ADJUSTED FOR THE TEST YEAR

Line No.	Description	Account Number	Recorded at 08/31/04	Adjustment	Adjusted at 08/31/04	Line No.
	(a)	(b)	(c) [1]	(d) [2]	(e)	
1	Property Tax	408.1	$ 29,114,451	$ 4,332,862	$ 33,447,313	1
2	Miscellaneous	408.1	7,811	0	7,811	2
3	Total Other Taxes		$ 29,122,261	$ 4,332,862	$ 33,455,124	3

[1] Source: Company Records
[2] Supporting Schedule C-2, Adj. 18

SOUTHWEST GAS CORPORATION
ARIZONA
INCOME TAXES ON OPERATIONS
FOR THE TWELVE MONTHS ENDED AUGUST 31, 2004
AS ADJUSTED

Line No.	Description (a)	Recorded at 08/31/04 (b)	Adjusted at 08/31/04 (c)	After Rate Relief (d)	Line No.
	State Income Tax				
1	Margin	$ 320,144,265	$ 322,865,978	$ 393,675,106	1
2	Expenses	263,347,147	276,475,970	276,631,828	2
3	Taxable Income Before Interest	$ 56,797,118	$ 46,390,008	$ 117,043,278	3
4	Interest Expense [1]	40,472,048	40,521,530	40,521,530	4
5	State Taxable Income	$ 16,325,070	$ 5,868,479	$ 76,521,749	5
6	Effective State Income Tax Rate	6.9680%	6.9680%	6.9680%	6
7	State Income Tax	$ 1,137,531	$ 408,916	$ 5,332,035	7
8	South Georgia Amortization	77,020	77,020	77,020	8
9	Investment Tax Credit	0	0	0	9
10	State Income Tax	$ 1,214,551	$ 485,936	$ 5,409,055	10
	Federal Income Tax				
11	Margin	$ 320,144,265	$ 322,865,978	$ 393,675,106	11
12	Expenses	263,347,147	276,475,970	276,631,828	12
13	Taxable Income Before Interest	$ 56,797,118	$ 46,390,008	$ 117,043,278	13
14	Interest Expense [1]	40,472,048	40,521,530	40,521,530	14
15	Federal Taxable Income	$ 16,325,070	$ 5,868,479	$ 76,521,749	15
16	Federal Income Tax Rate	32.5612%	32.5612%	32.5612%	16
17	Federal Income Tax	$ 5,315,639	$ 1,910,847	$ 24,916,400	17
18	South Georgia Amortization	288,233	288,233	288,233	18
19	Investment Tax Credit	(528,352)	(528,352)	(528,352)	19
20	Federal Income Tax	$ 5,075,520	$ 1,670,728	$ 24,676,281	20
21	Total Federal and State Income Tax	$ 6,290,071	$ 2,156,664	$ 30,085,336	21
	[1] Interest Calculation				
22	Rate Base	$ 924,082,652	$ 925,212,447	$ 925,212,447	22
23	Weighted cost of Debt [2]	4.38%	4.38%	4.38%	23
24	Interest Expense	$ 40,472,048	$ 40,521,530	$ 40,521,530	24

[2] Includes tax deductible preferred equity requirements

SOUTHWEST GAS CORPORATION
COMPUTATION OF FOUR FACTOR ALLOCATION RATE
FOR THE TWELVE MONTHS ENDED AUGUST 31, 2004

Line No.	Description (a)	Arizona (b)	Northern California (c)	Southern California (d)	Northern Nevada (e)	Southern Nevada (f)	Total (g)	Line No.
	Factor I							
1	Direct Operating Expenses	$ 116,563,418	$ 2,092,571	$ 15,566,112	$ 12,946,441	$ 46,598,026	$ 193,766,568	1
2	Percent of Total	60.16%	1.08%	8.03%	6.68%	24.05%	100.00%	2
	Factor II							
3	Average Direct Gross Plant in Service	$ 1,534,218,463	$ 68,266,432	$ 196,058,666	$ 161,043,670	$ 824,311,024	$ 2,783,898,255	3
4	Percent of Total	55.11%	2.45%	7.04%	5.78%	29.61%	100.00%	4
	Factor III							
5	Direct Labor	$ 49,799,780	$ 794,602	$ 7,400,173	$ 5,727,238	$ 19,759,452	$ 83,481,245	5
6	Percent of Total	59.65%	0.95%	8.86%	6.86%	23.67%	100.00%	6
	Factor IV							
7	Average Number of Customers	$ 843,134	$ 21,923	$ 115,535	$ 81,430	$ 459,934	$ 1,521,956	7
8	Percent of Total	55.40%	1.44%	7.59%	5.35%	30.22%	100.00%	8
9	Total 4-Factor	230.32%	5.92%	31.53%	24.68%	107.55%	400.00%	9
10	4-Factor	57.58%	1.48%	7.88%	6.17%	26.89%	100.00%	10
	A&G Transfer Rate							
11	A&G Overheads	$ 4,285,410	$ 119,483	$ 674,828	$ 245,698	$ 2,681,642	$ 8,007,061	11
12	Percent of Total	53.52%	1.49%	8.43%	3.07%	33.49%	100.00%	12

SOUTHWEST GAS CORPORATION
CALCULATION OF THE MODIFIED
MASSACHUSETTS FORMULA
FOR THE TWELVE MONTHS ENDED AUGUST 31, 2004

Line No.	Description (a)	Arizona (b)	Northern California (c)	Southern California (d)	Northern Nevada (e)	Southern Nevada (f)	Paiute (g)	SGTC (h)	Total (i)	Line No.
1	Total Direct Labor	$ 49,799,780	$ 794,602	$ 7,400,173	$ 5,727,238	$ 19,759,452	$ 2,776,087	$ 8,866	$ 86,266,199	1
2	Percent to Total	57.73%	0.92%	8.58%	6.64%	22.91%	3.22%	0.01%	100.00%	2
3	Margin	$ 320,144,268	$ 14,179,467	$ 48,509,503	$ 31,531,324	$ 148,734,830	$ 26,167,961	$ 299,144	$ 589,566,497	3
4	Percent to Total	54.30%	2.41%	8.23%	5.35%	25.23%	4.44%	0.05%	100.00%	4
5	Gross Plant	$ 1,597,681,797	$ 69,651,376	$ 203,461,714	$ 164,252,435	$ 855,797,698	$ 154,987,205	$ 1,794,544	$ 3,047,626,770	5
6	Percent to Total	52.42%	2.29%	6.68%	5.39%	28.08%	5.09%	0.06%	100.00%	6
7	Total (Ln 2 + Ln 4 + Ln 6)	164.45%	5.61%	23.48%	17.38%	76.21%	12.74%	0.12%	300.00%	7
8	Total Modified Mass Formula (Ln 7 / 3)	54.82%	1.87%	7.83%	5.79%	25.40%	4.25%	0.04%	100.00%	8

SOUTHWEST GAS CORPORATION
ARIZONA
SUMMARY OF ADJUSTMENTS
FOR THE TWELVE MONTHS ENDED AUGUST 31, 2004

Line No.	Description	Revenue Adj. No. 1	Purchased Gas Cost Adj. No. 2	Labor Annualization Adj. No. 3	Customer Billing Annualization Adj. No. 4	Uncollectibles Annualization Adj. No. 5	Promotional Expenses Adj. No. 6	AGA Dues Adj. No. 7	Sarbanes-Oxley 404 Adj. No. 8	Line No.
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	
1	Operating Revenue	$ (324,411,088)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	1
2	Gas Cost	0	(327,132,801)	0	0	0	0	0	0	2
3	Operating Margin	$ (324,411,088)	$ 327,132,801	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	3
	Operating Expenses									
4	Other Gas Supply	$ 0	$ 0	$ 19,584	$ 0	$ 0	$ 0	$ 0	$ 0	4
5	Distribution	0	0	835,813	0	0	0	0	0	5
6	Customer Accounts	0	0	432,863	77,249	385,827	(23,062)	0	0	6
7	Customer Service & Information	0	0	4,399	0	0	(16,824)	0	0	7
8	Sales	0	0	0	0	0	(512,205)	0	0	8
	Administrative and General									
9	Direct	0	0	10,835	0	0	0	0	0	9
10	System Allocable	0	0	334,925	0	0	0	(7,460)	202,263	10
	Depreciation and Amortization									
11	Direct	0	0	0	0	0	0	0	0	11
12	System Allocable	0	0	0	0	0	0	0	0	12
13	Regulatory Amortizations	0	0	0	0	0	0	0	0	13
14	Taxes Other Than Income	0	0	0	0	0	0	0	0	14
15	Interest on Customer Deposits	0	0	0	0	0	0	0	0	15
16	Total Operating Expenses	$ 0	$ 0	$ 1,638,419	$ 77,249	$ 385,827	$ (552,091)	$ (7,460)	$ 202,263	16
17	Net Operating Income	$ (324,411,088)	$ 327,132,801	$ (1,638,419)	$ (77,249)	$ (385,827)	$ 552,091	$ 7,460	$ (202,263)	17
	Rate Base									
	Gas Plant in Service									
18	Direct	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	18
19	System Allocable	0	0	0	0	0	0	0	0	19
20	Total Gross Plant	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	20
	Accumulated Provision for Depreciation and Amortization									
21	Direct	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	21
22	System Allocable	0	0	0	0	0	0	0	0	22
23	Total Accumulated Provision for Depreciation and Amortization	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	23
24	Net Plant in Service	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	24
	Other Rate Base Items									
25	Working Capital	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	25
26	Customer Advances	0	0	0	0	0	0	0	0	26
27	Customer Deposits	0	0	0	0	0	0	0	0	27
28	Deferred Taxes	0	0	0	0	0	0	0	0	28
29	Total Other Rate Base Items	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	29
30	Total Rate Base	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	30

SOUTHWEST GAS CORPORATION
ARIZONA
SUMMARY OF ADJUSTMENTS
FOR THE TWELVE MONTHS ENDED AUGUST 31, 2004

Line No.	Description	Paiute Alloc. Annualization Adj. No. 9	Injuries and Damages Adj. No. 10	Pipe Replace/Leak Survey and Repair Adj. No. 11	TRIMP Adj. No. 12	Rate Case Expense Adj. No. 13	Miscellaneous Adj. No. 14	Vehicle Compensation Adj. No. 15	Out of Period Expenses Adj. No. 16	Line No.
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	
1	Operating Revenue	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	1
2	Gas Cost	0	0	0	0	0	0	0	0	2
3	Operating Margin	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	3
	Operating Expenses									
4	Other Gas Supply	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	4
5	Distribution	0	0	(135,401)	2,091,964	0	(61,740)	(23,124)	119,824	5
6	Customer Accounts	0	0	0	0	0	(2,694)	0	0	6
7	Customer Service & Information	0	0	0	0	0	(35,305)	0	0	7
8	Sales	0	0	0	0	0	0	0	0	8
	Administrative and General									
9	Direct	0	0	0	0	15,009	0	0	0	9
10	System Allocable	440,383	3,043,711	0	0	0	(65,732)	(83,437)	(52,855)	10
	Depreciation and Amortization									
11	Direct	0	0	0	0	0	0	0	0	11
12	System Allocable	0	0	0	0	0	0	0	0	12
13	Regulatory Amortizations	0	0	0		0	0	0	0	13
14	Taxes Other Than Income	0	0	0	0	0	0	0	0	14
15	Interest on Customer Deposits	0	0	0		0	0	0	0	15
16	Total Operating Expenses	$ 440,383	$ 3,043,711	$ (135,401)	$ 2,091,964	$ 15,009	$ (165,470)	$ (106,561)	$ 66,969	16
17	Net Operating Income	$ (440,383)	$ (3,043,711)	$ 135,401	$ (2,091,964)	$ (15,009)	$ 165,470	$ 106,561	$ (66,969)	17
	Rate Base									
	Gas Plant in Service									
18	Direct	$ 0	$ 0	$ (1,372,020)	$ 0	$ 0	$ 0	$ 0	$ 0	18
19	System Allocable	0	0	0	0	0	0	0	0	19
20	Total Gross Plant	$ 0	$ 0	$ (1,372,020)	$ 0	$ 0	$ 0	$ 0	$ 0	20
	Accumulated Provision for Depreciation and Amortization									
21	Direct	$ 0	$ 0	$ (295,343)	$ 0	$ 0	$ 0	$ 0	$ 0	21
22	System Allocable	0	0	0	0	0	0	0	0	22
23	Total Accumulated Provision for Depreciation and Amortization	$ 0	$ 0	$ (295,343)	$ 0	$ 0	$ 0	$ 0	$ 0	23
24	Net Plant in Service	$ 0	$ 0	$ (1,076,677)	$ 0	$ 0	$ 0	$ 0	$ 0	24
	Other Rate Base Items									
25	Working Capital	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	25
26	Customer Advances	0	0	0	0	0	0	0	0	26
27	Customer Deposits	0	0	0		0	0	0	0	27
28	Deferred Taxes	0	0	165,641	0	0	0	0	0	28
29	Total Other Rate Base Items	$ 0	$ 0	$ 165,641	$ 0	$ 0	$ 0	$ 0	$ 0	29
30	Total Rate Base	$ 0	$ 0	$ (911,037)	$ 0	$ 0	$ 0	$ 0	$ 0	30

SOUTHWEST GAS CORPORATION
ARIZONA
SUMMARY OF ADJUSTMENTS
FOR THE TWELVE MONTHS ENDED AUGUST 31, 2004

Line No.	Description	Annualized Dep. & Amort. Adj. No. 17	Property Tax Adj. No. 18	Interest on Customer Dep. Adj. No. 19	CCNC Adj. No. 20	Light Rail Adj. No. 21	Total of Adjustments	Line No.
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	
1	Operating Revenue	$ 0	$ 0	$ 0	$ 0	$ 0	$ (324,411,088)	1
2	Gas Cost	0	0	0	0	0	(327,132,801)	2
3	Operating Margin	$ 0	$ 0	$ 0	$ 0	$ 0	$ 2,721,713	3
	Operating Expenses							
4	Other Gas Supply	$ 0	$ 0	$ 0	$ 0	$ 0	$ 19,584	4
5	Distribution	0	0	0	0	0	2,827,336	5
6	Customer Accounts	0	0		0	0	870,183	6
7	Customer Service & Information	0	0	0	0	0	(47,730)	7
8	Sales	0	0	0	0	0	(512,205)	8
	Administrative and General							
9	Direct	0	0	0	0	0	25,845	9
10	System Allocable	0	0	0	0	0	3,811,798	10
	Depreciation and Amortization							
11	Direct	2,958,642	0	0	0	0	2,958,642	11
12	System Allocable	(1,131,728)	0	0	0	0	(1,131,728)	12
13	Regulatory Amortizations	661,080	0	0	0	0	661,080	13
14	Taxes Other Than Income	0	4,332,862	0	0	0	4,332,862	14
15	Interest on Customer Deposits	0	0	(686,844)	0	0	(686,844)	15
16	Total Operating Expenses	$ 2,487,994	$ 4,332,862	$ (686,844)	$ 0	$ 0	$ 13,128,823	16
17	Net Operating Income	$ (2,487,994)	$ (4,332,862)	$ 686,844	$ 0	$ 0	$ (10,407,110)	17
	Rate Base							
	Gas Plant in Service							
18	Direct	$ 0	$ 0	$ 0	$ 1,819,949	$ (771,614)	$ (323,685)	18
19	System Allocable	0	0	0	969,345	0	969,345	19
20	Total Gross Plant	$ 0	$ 0	$ 0	$ 2,789,294	$ (771,614)	$ 645,659	20
	Accumulated Provision for Depreciation and Amortization							
21	Direct	$ 0	$ 0	$ 0	$ 0	$ (23,151)	$ (318,494)	21
22	System Allocable	0	0	0	0	0	0	22
23	Total Accumulated Provision for Depreciation and Amortization	$ 0	$ 0	$ 0	$ 0	$ (23,151)	$ (318,494)	23
24	Net Plant in Service	$ 0	$ 0	$ 0	$ 2,789,294	$ (748,463)	$ 964,153	24
	Other Rate Base Items							
25	Working Capital	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	25
26	Customer Advances	0	0	0	0	0	0	26
27	Customer Deposits	0	0	0	0	0	0	27
28	Deferred Taxes	0	0	0	0	0	165,641	28
29	Total Other Rate Base Items	$ 0	$ 0	$ 0	$ 0	$ 0	$ 165,641	29
30	Total Rate Base	$ 0	$ 0	$ 0	$ 2,789,294	$ (748,463)	$ 1,129,794	30

SOUTHWEST GAS CORPORATION
ARIZONA DIVISION
SALES & TRANSPORTATION QUANTITY AND REVENUES
ADJUSTMENT NO.1
FOR THE TWELVE MONTHS ENDED AUGUST 31, 2004

Line No.	Description	Recorded At 08/31/2004	Adjustment No. 1	Test Period Balance As Adjusted	Line No.
	(a)	(b)	(c)	(d)	
1	Sales Quantity (therms)	663,721,397	(21,043,264)	642,678,133	1
2	Transportation Quantity (therms)	65,680,156	(934,587)	64,745,569	2
3	Total Quantity	729,401,553	(21,977,851)	707,423,702	3
4	Revenue	$ 647,277,066	$(324,411,088)	**$ 322,865,978**	4
5	Total Revenue Adjustment		$(324,411,088)		5

Explanation:
To adjust for changes in number of bills and sales volumes, to annualize revenues at currently effective rates, to reverse unbilled revenues and to remove gas cost ($357,771,219) from the cost of service.

SOUTHWEST GAS CORPORATION
ARIZONA DIVISION
PURCHASED GAS COST
ADJUSTMENT NO. 2
FOR THE TWELVE MONTHS ENDED AUGUST 31, 2004

Line No.	Description (a)	FERC Account Number (b)	Amount (c)	Line No.
1	Operating Expenses	401	$(327,132,801)	1
	Explanation: To adjust for changes in sales volumes and to adjust the average cost of purchased gas to match the average cost of purchased gas included in currently effective base tariff sales rates.			
	Details			
	Gas Supply Expenses			
2	Natural Gas Wellhead Purchases	800	$ 0	2
3	Present Volume Adjustment	803	4,532,785	3
4	Present Rate Adjustment	803	32,118,083	4
5	Proposed Rate Making Adjustment	803	(357,771,219)	5
6	Purchased Gas Cost Adjustments	805.1	22,561,336	6
7	Gas Used for Compressor Station Fuel	808.1	0	7
8	Gas Withdrawn from Storage	808.2	0	8
9	Total Gas Supply Expenses		$(298,559,015)	9
	Transmission Expenses			
	Transmission & Compression			
10	of Gas by Others	858	$(28,573,786)	10
11	Total Transmission Expenses		$(28,573,786)	11
12	Adjustment No. 2		$(327,132,801)	12

SOUTHWEST GAS CORPORATION
ARIZONA DIVISION
COST OF PURCHASED GAS - ACCOUNT NO. 803
ADJUSTED AT PRESENT RATES
FOR THE TWELVE MONTHS ENDED AUGUST 31, 2004

Line No.	Description (a)	Recorded Total (b)	Volume Adjustment Sales (c)	Volume Adjustment Seasonal (d)	Volume Adjustment Optional (e)	Volume Adjustment Resale (f)	Rate Adjustment Sales (g)	Rate Adjustment Seasonal (h)	Rate Adjustment Optional (i)	Rate Adjustment Resale (j)	Adjusted Total (k)	Line No.
1	Sales Volumes - Therms	663,721,397	10,620,367	1,082,645	(2,348,733)	14,502	535,163,962	36,279,112	101,647,104	0	673,090,178	1
2	Recorded Average Cost of Purchased Gas - Account No. 803	$ 0.48382	$ 0.48382	$ 0.48382	$ 0.48382	$ 0.48382	$ 0.48382	$ 0.48382	$ 0.48382	$ 0.48382		2
3	Cost of Purchased Gas @ August 31, 2004 [1]						$ 0.53436	$ 0.43742	$ 0.55025	$ 0.00000		3
4	Change In Average Cost of Purchased Gas						$ 0.05054	(0.04640)	$ 0.06644	$(0.48382)		4
5	Cost of Purchased Gas - Account No. 803	$ 321,120,351	$ 5,138,325	$ 523,803	$(1,136,359)	$ 7,016	$ 27,048,263	$(1,683,278)	$ 6,753,098	$ 0	$ 357,771,219	5

[1] Excluding Account No. 191 surcharge.

SCHEDULE C-2
ADJUSTMENT NO. 2
Sheet 2 of 2

SOUTHWEST GAS CORPORATION
ARIZONA
LABOR AND LABOR LOADING ADJUSTMENT
ADJUSTMENT NO. 3

Line No.	Description (a)	Labor [1] (b)	Loading [1] (c)	Total (d) (b) + (c)	Line No.
	Operations				
1	Account 813	$ 20,761	$ (1,177)	$ 19,584	1
2	Account 870	129,914	(8,005)	121,910	2
3	Account 871	15,887	(904)	14,983	3
4	Account 874	88,712	(5,453)	83,259	4
5	Account 875	33,345	(2,047)	31,298	5
6	Account 878	98,340	(6,049)	92,291	6
7	Account 879	116,179	(7,154)	109,025	7
8	Account 880	107,414	(6,584)	100,830	8
9	Account 901	60,612	(3,734)	56,878	9
10	Account 902	87,069	(5,351)	81,718	10
11	Account 903	304,824	(16,499)	288,326	11
12	Account 905	6,330	(389)	5,941	12
13	Account 908	4,674	(287)	4,387	13
14	Account 909	0	0	0	14
15	Account 910	13	(1)	13	15
16	Account 920	367,215	13,869	381,085	16
17	Account 922	(47,109)	(1,779)	(48,888)	17
18	Account 930	366	14	379	18
19	Total Operating Expense	$ 1,394,546	$ (51,529)	$ 1,343,017	19
	Maintenance				
20	Account 885	$ 42,234	$ (2,604)	$ 39,630	20
21	Account 886	233	(14)	219	21
22	Account 887	127,354	(7,825)	119,530	22
23	Account 889	18,977	(1,166)	17,811	23
24	Account 892	90,218	(5,549)	84,670	24
25	Account 893	19,134	(1,173)	17,961	25
26	Account 894	2,554	(156)	2,398	26
27	Account 935	13,807	(623)	13,184	27
28	Total Maintenance Expense	$ 314,512	$ (19,111)	$ 295,401	28
29	Total Operations and Maintenance	$ 1,709,058	$ (70,640)	$ 1,638,419	29
	Functionalization				
30	Other Gas Supply	$ 20,761	$ (1,177)	$ 19,584	30
31	Distribution	890,496	(54,684)	835,813	31
32	Customer Accounts	458,835	(25,972)	432,863	32
33	Customer Service & Information	4,687	(288)	4,399	33
34	Sales	0	0	0	34
35	Administrative and General	334,279	11,481	345,760	35
36	Total	$ 1,709,058	$ (70,640)	$ 1,638,419	36

Explanation
To annualize labor and related loadings as of August 31, 2004, and to reflect within grade increases through August 2005 and a 2% labor increase effective June 2005.

[1] Supporting Workpapers C-2, Adj. 3

SOUTHWEST GAS CORPORATION
ARIZONA AND CORPORATE STAFF
INCREMENTAL BILLING COSTS FOR ANNUALIZED CUSTOMERS
FOR THE TWELVE MONTHS ENDED AUGUST 31, 2004
ADJUSTMENT NO. 4

Line No.	Description (a)	Reference (b)	Amount [1] (c)	Line No.
	Bill Print Function			
	Hardware/Software Maintenance Lease & Supplies:	Company Records		
1	Variable Form Usage Fee from IBM		$ 37,490	1
2	Equipment Supplies (toner, developer & fuser)		25,800	2
3	Bill Stock (regular, disconnect & final)		202,340	3
4	Subtotal - Bill Print Function		$ 265,630	4
	Bill Insert Function			
	Hardware/Software Maintenance Lease & Supplies:	Company Records		
5	Supplies (B&H, strapping & tags)		$ 4,808	5
6	Envelopes (mailing & remittance)		347,239	6
7	Subtotal - Bill Insert Function		$ 352,047	7
	Postage			
8	Postage for Bills Only	Company Records	$ 5,048,674	8
9	Subtotal - Postage		$ 5,048,674	9
10	Total Annual Variable Costs Related to Customer Billing		$ 5,666,351	10
11	Annual Number of Bills	Company Records	17,903,098	11
12	Incremental Cost per Customer Bill		$ 0.32	12
13	Annual Number of Bills in Test Year	Company Records	10,117,613	13
14	Annual Number of Bills in Test Year As Adjusted	Company Records	10,361,684	14
15	Increase in Annual Number of Bills		244,071	15
16	Adjustment to Recognize Incremental Billing Costs for Annualized Customers (Ln 12 x Ln 15)	Account 903	$ 77,249	16

Explanation: To recognize the incremental costs of billing for additional customer bills added to the Test Year based on annualized customer levels.

[1] Supporting Workpapers C-2, Adj. 4

SOUTHWEST GAS CORPORATION
ARIZONA
UNCOLLECTIBLE EXPENSE ANNUALIZATION
ADJUSTMENT NO. 5

Line No.	Description (a)	Amount (b)	Line No.
1	Revenue at Present Rates [1]	$ 680,637,200	1
2	Write-Off Percent of Revenue	0.2201%	2
3	Annualized Uncollectible Expense	$ 1,498,151	3
4	Less: Recorded Uncollectible Expense [2]	1,112,324	4
5	Adjustment to Uncollectible Expense	$ 385,827	5
	Detail:		
6	Net Closing Bill Write-Offs 12 Months Ended 08/31/04	$ 1,424,722	6
7	Recorded Revenue	$ 647,277,066	7
8	Net Closing Bill Write-Off as a Percent of Revenue	0.2201% Ln 2	8

Explanation:
This adjustment annualizes uncollectible accounts expense to reflect the test year net closing bill write-offs as a percentage of gross revenues and multiplying that percent by the adjusted revenues at present rates.

[1] Supporting Schedule C-1, Sh 2
[2] Supporting Schedule C-1, Sh 3

SOUTHWEST GAS CORPORATION
ARIZONA
PROMOTIONAL EXPENSES
ADJUSTMENT NO. 6

Line No.	Description (a)	Account Number (b)	Recorded at 08/31/04 (c) [1]	Adjustment (d) [2]	Adjusted at 08/31/04 (e)	Line No.
	Direct					
1	Customer Records and Collections	903	$ 21,554,924	$ (23,062)	$ 21,531,862	1
2	Customer Assistance Expenses	908	562,187	(18,978)	543,209	2
3	Informational and Instructional Expenses	909	(2,154)	2,154	0	3
4	Misc. Cust Svc and Information Expenses	910	36,192	0	36,192	4
5	Demonstrating and Selling Expenses	912	9,511	(9,511)	0	5
6	Advertising Expenses	913	502,695	(502,695)	0	6
7	Total Direct Promotional Expenses		$ 22,663,354	$ (552,091)	$ 22,111,263	7

Explanation:
Removes expenses related to promotional marketing and advertising programs that have been disallowed in previous rate applications.

[1] Supporting Schedule C-1, Sh 5
[2] Source: Company Records

SOUTHWEST GAS CORPORATION
ARIZONA
AMERICAN GAS ASSOCIATION (AGA) DUES
ADJUSTMENT NO. 7

Line No.	Description (a)	Reference (b)	Account Number (c)	Amounts (d)	Line No.
1	2004 AGA Dues	Company Records	930.2	$ 384,566	1
2	Marketing & Lobbying Percentage	WP C-2, Adj. 7		3.52%	2
3	Marketing & Lobbying Amount of Dues	Ln 1 * Ln 2		$ (13,537)	3
4	Less: Paiute & SGTC Allocation at 4.29%	C-1, 19		580	4
5	Adjustment to AGA Dues Before 4-Factor	Ln 3 + Ln 4		$ (12,956)	5
6	Arizona 4-Factor Allocation	C-1, Sh 18		57.58%	6
7	Adjustment to Arizona for Removal of Marketing & Lobbying from AGA Dues	Ln 5 * Ln 6		$ (7,460)	7

Explanation:
To remove from test year expenses that portion of the AGA dues paid by SWG that have been disallowed in prior rate cases.

Note: AGA eliminated promotional expenditures in 2000.

SOUTHWEST GAS CORPORATION
ARIZONA
INCREMENTAL SARBANES-OXLEY 404 (SOX 404) COMPLIANCE COSTS
ADJUSTMENT NO. 8

Line No.	Description (a)	Reference (b)	Account Number (c)	Amounts (d)	Line No.
	Test Period SOX 404 Incremental Costs				
1	Incremental Costs Recorded During Test Period	WP C-2, Adj. 8	921	$ 13,765	1
2	Incremental Costs Recorded During Test Period	WP C-2, Adj. 8	923	69,225	2
3	Total Incremental Costs Recorded During Test Period	Ln 1 + Ln 2		$ 82,990	3
4	Test Year Costs to Reclassify	Ln 3 * -1		(82,990)	4
5	Less: Paiute & SGTC Allocation at 4.29%	Ln 4 * 4.29% [1]		3,558	5
6	Amount to Reclassify Before 4-Factor	Ln 4 + Ln 5		$ (79,432)	6
7	Arizona 4-Factor	C-1, Sh 18		57.58%	7
8	Reclassification Allocated to Arizona	Ln 6 * Ln 7		$ (45,737)	8
	Regulatory Amortization - SOX 404				
9	Additional Incremental Costs Invoiced	WP C-2, Adj. 8		$ 20,870	9
10	Estimated Additional Incremental Costs	WP C-2, Adj. 8		45,000	10
11	Total Implementation Costs	Ln 3 + Ln 9 + Ln 10		$ 148,861	11
12	Proposed Amortization Period			3	12
13	Total Annual Amortization Before Allocation	Ln 11 / Ln 12		49,620	13
14	Less: Paiute & SGTC Allocation at 4.29%	Ln 13 * 4.29% [1]		(2,127)	14
15	Total Annual Amortization Before 4-Factor	Ln 13 + Ln 14		$ 47,493	15
16	Arizona 4-Factor	C-1, Sh 18		57.58%	16
17	Amortization Allocated to Arizona [2]	407.3		$ 27,346	17
	Estimated Incremental Annual Audit Fees				
18	for SOX 404 Opinion		923	$ 450,000	18
19	Less: Paiute & SGTC Allocation at 4.29%	Ln 18 * 4.29% [1]		(19,293)	19
20	Allocation Before 4-Factor	Ln 18 + Ln 19		$ 430,707	20
21	Arizona 4-Factor	C-1, Sh 18		57.58%	21
22	Amount Allocated to Arizona	Ln 20 * Ln 21		$ 248,000	22
23	Net Adjustment to A&G Expense	Ln 8 + Ln 22		$ 202,263	23

[1] Supporting Schedule C-1, Sh 19
[2] The regulatory amortization is included in the Depreciation and Amortization adjustment.

SOUTHWEST GAS CORPORATION
SYSTEM ALLOCABLE
ADMINISTRATIVE AND GENERAL EXPENSES
ANNUALIZED PAIUTE ALLOCATION
ADJUSTMENT NO. 9

Line No.	Description	FERC Account Number	12 Months Ended 08/31/04 Net Recorded [1]	Charged to Paiute [2]	Gross Recorded	MMF Allocation Paiute [3]	Paiute Annualized	Reduction to Paiute's A&G Expenses	Amount Allocated to Arizona [4]	Line No.
	(a)	(b)	(c)	(d)	(e) (c) + (d)	(f)	(g)	(h) (d) - (g)	(i)	
1	Administrative and General Salaries	920	$ 48,033,551	$ 2,584,642	$ 50,618,194	4.25%	$ 2,149,934	$ 434,709	$ 250,304	1
2	Office Supplies	921	8,531,520	463,230	8,994,750	4.25%	382,039	81,191	46,749	2
3	Outside Services Employed	923	8,410,686	456,669	8,867,355	4.25%	376,628	80,041	46,087	3
4	Property Insurance	924	297,460	115,106	412,566	21.08%	86,969	28,137	15,506	4
5	Injuries and Damages	925	4,636,429	251,741	4,888,170	4.25%	207,618	44,123	25,406	5
6	Miscellaneous General Expenses	930.2	4,420,498	240,203	4,660,701	4.25%	197,956	42,246	24,325	6
7	Rents	931	4,296,614	234,951	4,531,565	4.25%	192,472	42,479	24,459	7
8	Maintenance of General Plant	935	1,376,944	74,763	1,451,707	4.25%	61,659	13,104	7,545	8
9	Total		$ 80,003,703	$ 4,421,304	$ 84,425,007		$ 3,655,275	$ 766,029	$ 440,383	9

Explanation:
Consistent with the methodology accepted by the Commission in previous rate cases, this adjustment annualizes the recorded amounts allocated to Paiute Pipeline to reflect Paiute's MMF allocation percentage based on the test year ended August 31, 2004

Note:
Account 493, Rent from Gas Property, was increased by $14,740 due to annualizing the Paiute rental charge at August 31, 2004. Supporting Workpaper C-2, Adj. 9

[1] Supporting Schedule C-1, Sh 9
[2] Source: Company Records
[3] Modified Massachusetts Formula as calculated in Sch C-1, Sh 19, Col (g); 21.08% based on insurable property. Supporting Workpaper C-2, Adj. 9.
[4] All accounts except 924 are allocated to Arizona using the 4-Factor. Account 924 uses the Factor II percentage. Supporting Schedule C-1, Sh 19.

SOUTHWEST GAS CORPORATION
ARIZONA
INJURIES AND DAMAGES
SELF-INSURED RETENTION NORMALIZATION
ADJUSTMENT NO. 10

Line No.	Description [1] (a)	Reference (b)	Allocation Percent (c)	System Allocable (d)	14-Year Total (e)	Total Arizona Accrual (f)	Line No.
	Claims Paid	WP C-2, Adj. 10					
1	< $1,000,000				$ 8,557,891		1
2	At $1,000,000				10,000,000		2
3	> $1,000,000 < $10,000,000				36,347,300		3
4	Total Claims Paid				$ 54,905,191		4
5	14 Year Average					$ 3,921,799	5
6	Less FERC Allocation @4.29%	C-1, Sh 18	4.29%			(168,245)	6
7	Net System Allocable					$ 3,753,554	7
8	Arizona 4-Factor	C-1, Sh 19	57.58%			$ 2,161,296	8
9	Recorded Amounts [2]			$ 275,000			9
10	Less FERC Allocation @4.29%	C-1, Sh 18	4.29%	(11,798)			10
11	Net System Allocable			$ 263,203			11
12	Arizona 4-Factor	C-1, Sh 19	57.58%			$ 151,552	12
13	Arizona Direct [2]		100.00%			411,000	13
14	Total Recorded Arizona					$ 562,552	14
15	Total Adjustment (Ln 8 - Ln 14)					$ 1,598,744	15

[1] Supporting Workpapers C-2, Adj. 10
[2] Source: Company Records

SOUTHWEST GAS CORPORATION
ARIZONA
INJURIES AND DAMAGES
LIABILITY INSURANCE AMORTIZATION ANNUALIZATION
ADJUSTMENT NO. 10

Line No.	Description (a)	Reference (b)	Account Number (c)		Amounts (d)	Line No.
1	Amortization Recorded During Test Period	WP C-2, Adj. 10	925	$	5,450,501	1
2	Current Annual Insurance Premiums [1]	WP C-2, Adj. 10			8,072,417	2
3	Adjustment Before Allocation	Ln 2 - Ln 1		$	2,621,915	3
4	Less: Paiute & SGTC Allocation at 4.29%	C-1, Sh 19			(112,410)	4
5	Adjustment Before 4-Factor Allocation	Ln 3 + Ln 4		$	2,509,505	5
6	Arizona 4-Factor Allocation	C-1, Sh 18			57.58%	6
7	Adjustment to Arizona to Annualize Liability Insurance Premiums	Ln 5 * Ln 6		$	1,444,967	7

[1] Based on annual bills from policy renewals occurring during the test period.

SOUTHWEST GAS CORPORATION
ARIZONA
PIPE REPLACEMENT
ADJUSTMENT PER DECISION NO. 58693
ADJUSTMENT NO. 11

Line No.	Description (a)	2000 (b)	2001 (c)	2002 (d)	2003 (e)	2004 (f)	Total Gross Plant (g)	Accumulated Depreciation (h)	Deferred Taxes (i)	Total Adjustment to Rate Base (j) -(g)+(h)+(i)	Line No.
	Aldyl HD Mains										
1	Footage Replaced	$ 2,459	$ 10,064	$ 10,532	$ 3,638	$ 2,530	$ 29,223				1
2	Cost Per Foot	6.42	14.94	8.68	22.59	15.46					2
3	Replacement Cost	$ 15,796	$ 150,399	$ 91,463	$ 82,185	$ 39,107	$ 378,951				3
4	Disallowance percent	50.0%	47.5%	45.0%	42.5%	40.0%					4
5	Disallowance	$ 7,898	$ 71,440	$ 41,158	$ 34,929	$ 15,643	$ 171,068	$ 32,436	$ 18,044	$ (120,588)	5
	Aldyl HD Services										
6	Footage Replaced	$ 9,776	$ 35,016	$ 30,257	$ 46,614	$ 40,813	$ 162,476				6
7	Cost Per Foot	20.85	16.11	19.19	15.62	15.94					7
8	Replacement Cost	$ 203,854	$ 564,117	$ 580,723	$ 728,319	$ 650,523	$ 2,727,536				8
9	Disallowance percent	50.00%	47.50%	45.00%	42.50%	40.00%					9
10	Disallowance	$ 101,927	$ 267,956	$ 261,325	$ 309,536	$ 260,209	$ 1,200,953	$ 262,907	$ 147,597	$ (790,449)	10
11	Total Disallowance	$ 109,825	$ 339,395	$ 302,484	$ 344,465	$ 275,852	$ 1,372,020	$ 295,343	$ 165,641	$ (911,037)	11

SOUTHWEST GAS CORPORATION
ARIZONA
LEAK MAINTENANCE AND ACCELERATED LEAK SURVEY
ADJUSTMENT PER DECISION NO. 58693
ADJUSTMENT NO. 11

Line No.	Description (a)	Account Number (b)	Leak Repair [1] (c)	Accelerated Leak Survey [1] (d)	Total Adjustment (e)	Line No.
1	Maintenance of Mains	887	$ (55,598)	$ (25,419)	$ (81,017)	1
2	Maintenance of Services	892	(31,735)	(22,649)	(54,384)	2
3	Total Adjustment		$ (87,333)	$ (48,068)	$ (135,401)	3

[1] Supporting Workpapers C-2, Adj. 11

SOUTHWEST GAS CORPORATION
ARIZONA
TRANSMISSION INTEGRITY MANAGEMENT PROGRAM (TRIMP)
THREE YEAR AMORTIZATION OF AMOUNTS DEFERRED THROUGH DECEMBER 2005 AND THE PRO FORMA ADJUSTMENT FOR ONGOING EXPENSE
ADJUSTMENT NO. 12

Line No.	Description [1] (a)	Account Number (b)	2004 (c)	2005 (d)	Total (e)	2006 (f)	Line No.
1	Direct Assessment 10 Yr. Cycle		$ 355,000	$ 532,500	$ 887,500		1
2	Direct Examination		1,065,000	1,597,500	2,662,500		2
3	Total Deferred		$ 1,420,000	$ 2,130,000	$ 3,550,000		3
4	Amortization Period				3		4
5	Regulatory Amortization [2]	407.3				$ 1,183,333	5
	ProForma Expense Adjustment						
6	Direct Assessment 10 Yr. Cycle	874				$ 380,357	6
7	Direct Examination	874				1,141,071	7
8	Maintenance - Repairs	887				570,536	8
9	Total Operation & Maintenance					$ 2,091,964	9
10	Total Revenue Requirement Impact					$ 3,275,298	10

Explanation
The Company proposes to defer non-capital TRIMP related incremental cost incured during 2004 through December 2005, or the date new rates become effective in this rate proceeding. Included in the cost of service is a three year amortization of these deferred cost.
The Company proposes to include, in the cost of service, an ongoing level of non-capital related TRIMP expense, based on the estimated average annual incremental expense during the years 2006-2012.
All of the above cost do ***not*** include Company labor and labor loading.

[1] Source: Company Records
[2] The regulatory amortization adjustment is part of Depreciation/Amortization Adjustment No. 17.

SOUTHWEST GAS CORPORATION
ARIZONA
SCHEDULE OF ESTIMATED RATE CASE EXPENSE
ADJUSTMENT NO. 13

Line No.	Description (a)	Account (b)	Estimated Amounts (c)	Line No.
	2004 Arizona Rate Case			
1	Printing/Copying/Postage/Freight		$ 38,000	1
2	Professional Services		140,000	2
3	Notice/Publication		5,000	3
4	Court Reporting		10,000	4
5	Travel/Transportation		42,000	5
6	Total Arizona Rate Case Expense		$ 235,000	6
7	Amortization Period (In Years)		3	7
8	Annual Arizona Rate Case Expense	928	$ 78,333	8
9	Rate Case Expense Recorded in Test Year	928	63,324	9
10	Adjustment to Test Year Expense		$ 15,009	10

Source: Company Records

SOUTHWEST GAS CORPORATION
ARIZONA
MISCELLANEOUS ADJUSTMENTS
ADJUSTMENT NO. 14

Line No.	Account Number (a)	Reference (b)	Amount (c)	Paiute & SGTC Allocation [1] 4.29% (d)	Net of Paiute (e)	Allocation Factor [2] (f)	Total (g)	Line No.
	Arizona							
1	870	WP C-2, Adj. 14	$ 6,859				$ 6,859	1
2	875	WP C-2, Adj. 14	288				288	2
3	880	WP C-2, Adj. 14	54,593				54,593	3
4	Subtotal Distribution	Ln 1 to Ln 3	$ 61,740				$ 61,740	4
5	903	WP C-2, Adj. 14	$ 2,250				$ 2,250	5
6	Subtotal Customer Accounts	Ln 5	$ 2,250				$ 2,250	6
7	908	WP C-2, Adj. 14	$ 23,705				$ 23,705	7
8	910	WP C-2, Adj. 14	11,600				11,600	8
9	Subtotal Customer Service & Info.	Ln 7 to Ln 8	$ 35,305				$ 35,305	9
10	Subtotal Arizona	Ln 4 + Ln 6 + Ln 9	$ 99,295				$ 99,295	10
	System Allocable							
11	903	WP C-2, Adj. 14	$ 801	N/A	$ 801	55.40%	$ 444	11
12	Subtotal Customer Accounts	Ln 11	$ 801		$ 801		$ 444	12
13	921	WP C-2, Adj. 14	$ 15,350	$ 658	$ 14,692	57.58%	$ 8,460	13
14	932	WP C-2, Adj. 14	75,000	3,215	71,785	57.58%	41,333	14
15	930.2	WP C-2, Adj. 14	28,922	1,240	27,682	57.58%	15,939	15
16	Subtotal Administrative and General	Ln 13 to Ln 15	$ 119,272	$ 5,114	$ 114,158		$ 65,732	16
17	Subtotal System Allocable	Ln 12 + Ln 16	$ 120,073	$ 5,114	$ 114,959		$ 66,176	17
18	Total Adjustment	Ln 10 + Ln 17					$ 165,470	18

Explanation
To remove various expenditures from the cost of service.

[1] Supporting Schedule C-1, Sh 19
[2] Accounts 813, 921, 930.2, and 935 are allocated using the 4-Factor as calculated in C-1, Sh 18.
Account 903 is allocated based on Factor IV.

SOUTHWEST GAS CORPORATION
ARIZONA
EMPLOYEE VEHICLE COMPENSATION
ADJUSTMENT NO. 15

Line No.	Description (a)	Reference (b)	Account (c)	Amount (d)	Line No.
1	Arizona	Company Records	870	$ 23,124	1
2	System Allocable	Company Records		$ 151,397	2
3	Less: Paiute & SGTC Allocation at 4.29%	C-1, Sh 19		6,491	3
4	Adjustment Before 4-Factor Allocation	Ln 2 - Ln 3		$ 144,906	4
5	Arizona 4-Factor Allocation	C-1, Sh 18		57.58%	5
6	Adjustment Allocated to Arizona	Ln 4 * Ln 5	920	$ 83,437	6
7	Total Adjustment	Ln 1 + Ln 6		$ 106,561	7

Explanation
To remove imputed earnings associated with employees' personal use of a company vehicle.
Includes employees who fall under "Category D" of the Southwest Gas Standard Practice 100.1.

SOUTHWEST GAS CORPORATION
ARIZONA
OUT OF PERIOD EXPENSES
ADJUSTMENT NO. 16

Line No.	Description (a)	Reference (b)	Account Number (c)		Total (d)	Line No.
	Arizona					
1	AmeriVest Black Canyon Inc. [1]	Company Records	881	$	119,824	1
	System Allocable					
2	SAS Institute, Inc. [2]	Company Records	923	$	(95,906)	2
3	Subtotal	Ln 2		$	(95,906)	3
4	Less: Paiute & SGTC Allocation at 4.29%	C-1, Sh 19			4.29%	4
5	Amount to be Allocated	Ln 3 * Ln 4		$	(91,794)	5
6	Arizona 4-Factor	C-1, Sh 18			57.58%	6
7	Net System Allocable to Arizona	Ln 5 * Ln 6		$	(52,855)	7
8	Total Adjustment	Ln 1 + Ln 7		$	66,969	8

[1] Paid in August 2003, one month prior to the test period, for September 2004 rent.
This adjustment is necessary to have 12 months of rent payments during the test period.
[2] Two payments for this item were recorded during the test year.
The payment with a service period of September 1, 2004 - August 31, 2005 was removed.

SOUTHWEST GAS CORPORATION
ARIZONA
DEPRECIATION AND AMORTIZATION EXPENSE ANNUALIZATION
ADJUSTMENT NO. 17

Line No.	Description (a)	Recorded at 08/31/04 (b)	Annualization Adjustment (c)	Adjusted at 08/31/04 (d)	Line No.
	Arizona [1]				
1	Depreciation Expense	$ 64,205,210	$ 2,914,314	$ 67,119,524	1
2	Amortization Expense	1,062,133	705,408	1,767,541	2
3	Total	$ 65,267,343	$ 3,619,722	$ 68,887,065	3
	System Allocable [1]				
4	Depreciation Expense	$ 5,477,865	$ (1,384,636)	$ 4,093,229	4
5	Amortization Expense	8,753,375	(580,861)	8,172,514	5
6	Total	$ 14,231,239	$ (1,965,496)	$ 12,265,743	6
7	Arizona 4-Factor [2]	57.58%	57.58%	57.58%	7
8	Amount Allocated to Arizona	$ 8,194,311	$ (1,131,728)	$ 7,062,583	8
9	Total (Ln 3 + Ln 8)	$ 73,461,654	$ 2,487,994	$ 75,949,648	9

Explanation:
This adjustment annualizes depreciation and amortization expense as of 08/31/04. Information on the various components of the annualization adjustment is contained in Adjustment No. 17 Workpapers.

[1] Supporting Workpapers C-2, Adj. 17

SOUTHWEST GAS CORPORATION
ARIZONA
PROPERTY TAX
ADJUSTMENT NO. 18

Line No.	Description (a)	Reference (b)	Arizona (c)	Line No.
1	Net Plant in Service	B-2, Sh 1	$ 1,051,372,747	1
	Add:			
2	Customer Contributions in Aid of Construction	[1]	12,779,095	2
3	Materials and Supplies	B-5, Sh 3	9,222,489	3
	Less:			
4	Transportation Equipment	[2]	(25,153,605)	4
5	Land Rights	[3]	(797,670)	5
6	Estimated Full Cash Value	Ln 1 to Ln 5	$ 1,047,423,056	6
7	Assessment Rate	[4]	25.00%	7
8	Assessed Value	Ln 6 * Ln 7	$ 261,855,764	8
9	Property Tax Rate With Bond Issues	[4]	12.77%	9
10	Annualized Property Tax Expense	Ln 8 * Ln 9	$ 33,447,313	10
11	Recorded Property Tax Expense	C-1, Sh 16	29,114,451	11
12	Total Adjustment		$ 4,332,862	12

Explanation:
To annualize Property Tax Expense to reflect adjusted investment at 08/31/04 based on the most recent property tax rates.

[1] Source: Company Records
[2] Adjusted balance net of accumulated depreciation. Supporting Workpapers B-2
[3] Balance as recorded at 08/31/04. Supporting Workpapers B-2
[4] Rates per latest Arizona tax bills.

SOUTHWEST GAS CORPORATION
ARIZONA
INTEREST ON CUSTOMER DEPOSITS
ADJUSTMENT NO. 19

Line No.	Description (a)	Account Number (b)	Recorded at 08/31/04 [1] (c)	Adjustment (d)	Adjusted at 08/31/04 (e)	Line No.
1	Interest Expense	431	$ 1,404,209	$ (686,844)	$ 717,364	1
	Customer Deposits	235				
2	August 2003				$ 21,697,818	2
3	September				22,116,629	3
4	October				22,421,280	4
5	November				22,915,023	5
6	December				23,429,731	6
7	January 2004				23,858,508	7
8	February				24,244,633	8
9	March				24,547,955	9
10	April				24,807,840	10
11	May				24,958,957	11
12	June				25,170,362	12
13	July				25,267,247	13
14	August				25,421,849	14
15	Thirteen Month Total				$ 310,857,833	15
16	Thirteen Month Average				$ 23,912,141	16
17	Interest Rate				3.00%	17
18	Adjusted Interest Expense				$ 717,364	18
					Ln 1	

Explanation:
To synchronize interest on Customer Deposits with the adjusted average of the thirteen monthly balances of customer deposits used as a Rate Base reduction.

[1] Supporting Workpapers C-2, Adj. 19

SOUTHWEST GAS CORPORATION
ARIZONA
COMPUTATION OF GROSS REVENUE CONVERSION FACTOR

Line No.	Description (a)	Base Amount (b)	Rate (c)	Amount (d)	Line No.
1	Gross Operating Revenues			$ 1,000.00	1
2	Less: Uncollectibles [1]	$ 1,000.00	0.2201%	2.20	2
3	Subtotal			$ 997.80	3
4	Less: State Income Tax [2]	$ 997.80	6.9680%	69.53	4
5	Subtotal			$ 928.27	5
6	Less: Federal Income Tax [2]	$ 997.80	32.5612%	324.90	6
7	Total			$ 603.38	7
8	Gross Revenue Conversion Factor (Line 1 / Line 7)			1.6573	8

[1] Supporting Schedule C-2, Adj. 5
[2] Supporting Schedule C-3, Sh 2

SOUTHWEST GAS CORPORATION
ARIZONA
COMPUTATION OF STATE AND FEDERAL TAX RATES
AS OF AUGUST 31, 2004

Line No.	Description (a)	Rate (b)	Rate (c)	Line No.
1	Current State Income Tax Rate (SIT)		6.9680%	1
2	Current Federal Income Tax Rate (FIT)	35.0000%		2
	Effective Rate = FIT x (1-ESIT)			
3	.35 x (1-.06968)		32.5612%	3
4	Total Effective Rate		39.5292%	4

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SOUTHWEST GAS CORPORATION
TOTAL ARIZONA
COST OF CAPITAL AT AUGUST 31, 2004

Line No.	Description	Capital Ratio	Capital Cost	Weighted Cost of Capital	Line No.
	(a)	(b)	(c)	(d)	
1	Long-Term Debt	53.00%	7.49% [1]	3.97%	1
2	Preferred Equity	5.00%	8.20% [2]	0.41%	2
3	Common Equity	42.00%	11.95% [3]	5.02%	3
4	Total	100.00%		9.40%	4

[1] Reference Schedule D-2, Sheet 1 of 4
[2] Reference Schedule D-3, Sheet 1 of 2
[3] Reference Schedule D-4, Sheet 1 of 1

SOUTHWEST GAS CORPORATION
TOTAL ARIZONA
NET CAPITAL AT AUGUST 31, 2004

Line No.	Description (a)	Net System Balance at 08/31/2004 (b)	Adjustments[1] (c)	Pro Forma Net Capital Amounts (d)	Capital Ratio (e)	Line No.
	Debt					
	Long-Term Debt:					
1	Debentures	$ 537,516,778	$ -	$ 537,516,778	34.70%	1
2	Medium-Term Notes	149,148,342	-	149,148,342	9.63%	2
3	Term Facilities	99,285,114	-	99,285,114	6.41%	3
4	Clark County IDRB's	324,008,020	(324,008,020)	-	0.00%	4
5	Big Bear IDRB's	49,239,747	(49,239,747)	-	0.00%	5
6	Total Long-Term Debt	$ 1,159,198,001	$ (373,247,767)	$ 785,950,234	50.74%	6
	Equity					
7	Preferred Equity	$ 100,000,000	-	$ 100,000,000	6.46%	7
8	Common Equity	662,978,685	-	662,978,685	42.80%	8
9	Total Equity	$ 762,978,685	$ -	$ 762,978,685	49.26%	9
10	Total Capital	$ 1,922,176,686	$ (373,247,767)	$ 1,548,928,919	100.00%	10

[1] Adjustments:

Clark County and Big Bear IDRB's are eliminated because those issues are used solely to fund qualified construction expenditures in Clark County, Nevada and San Bernardino County, California.

SOUTHWEST GAS CORPORATION
TOTAL ARIZONA
COST OF DEBT AT AUGUST 31, 2004

Line No.	Description	Net Principal Amount Outstanding	Interest Rate	Cost of Debt	Line No.
	(a)	(b)	(c)	(d)	
1	Fixed Rate Debt [1]	$ 686,665,120	8.20%	$ 56,282,787	1
2	Variable Rate Debt [2]	99,285,114	2.59%	2,576,267	2
3	Total Long-Term Debt	$ 785,950,234	7.49%	$ 58,859,054	3

[1] Reference Schedule D-2, Sheet 2 of 4
[2] Reference Schedule D-2, Sheet 3 of 4

SOUTHWEST GAS CORPORATION
TOTAL ARIZONA
COST OF LONG-TERM FIXED RATE DEBT
AT AUGUST 31, 2004

Line No.	Description (a)	Principal Amount Outstanding (b)	Unamortized Debt Expense and Discount (c)	Net Proceeds (d)	*Effective* Interest Rate (e)	Cost of Debt (f)	Line No.
	Debentures						
1	7.5% Debenture, Due 2006	$ 75,000,000	$ 1,889,326	$ 73,110,674	8.96%	$ 6,550,716	1
2	8.0% Debenture, Due 2026	75,000,000	6,380,396	68,619,604	8.89%	6,100,283	2
3	8.375% Note, Due 2011	200,000,000	2,286,851	197,713,149	8.61%	17,023,102	3
4	7.625% Note, Due 2012	200,000,000	1,926,649	198,073,351	7.79%	15,429,914	4
5	Total Debentures	$ 550,000,000	$ 12,483,222	$ 537,516,778	8.39%	$ 45,104,015	5
	Medium Term Notes						
6	7.59% MTN, Due 2017	$ 25,000,000	$ 172,074	$ 24,827,926	7.68%	$ 1,906,785	6
7	7.78% MTN, Due 2022	25,000,000	191,074	24,808,926	7.86%	1,949,982	7
8	7.92% MTN, Due 2027	25,000,000	214,516	24,785,484	8.00%	1,982,839	8
9	6.89% MTN, Due 2007	17,500,000	54,408	17,445,592	7.00%	1,221,191	9
10	6.76% MTN, Due 2027	7,500,000	24,384	7,475,616	6.88%	514,322	10
11	6.27% MTN, Due 2008	25,000,000	114,113	24,885,887	6.40%	1,592,697	11
12	7.75% MTN, Due 2005	25,000,000	81,089	24,918,911	8.07%	2,010,956	12
13	Total Medium Term Notes	$ 150,000,000	$ 851,658	$ 149,148,342	7.50%	$ 11,178,772	13
14	Total Debentures and MTNs	$ 700,000,000	$ 13,334,880	$ 686,665,120	8.20%	$ 56,282,787	14
					Sch D-2, Sheet 1		
	Tax Exempt Clark County						
15	1993 Series A, Due 2033	$ 75,000,000	$ 1,273,285	$ 73,726,715	6.67%	$ 4,917,572	15
16	1999 Series A, Due 2038	12,410,000	637,917	11,772,083	6.51%	766,363	16
17	1999 Series C, Due 2038	14,320,000	870,650	13,449,350	6.42%	863,448	17
18	1999 Series D, Due 2038	8,270,000	502,425	7,767,575	5.99%	465,278	18
19	2003 Series C, Due 2038	30,000,000	1,574,900	28,425,100	5.92%	1,682,766	19
20	2003 Series D, Due 2038	20,000,000	1,758,495	18,241,505	6.04%	1,101,787	20
21	2003 Series E, Due 2038	15,000,000	207,240	14,792,760	5.92%	875,731	21
22	2004 Series A, Due 2034	65,000,000	3,644,949	61,355,051	6.02%	3,693,574	22
23	Total Tax Exempt	$ 240,000,000	$ 6,493,134	$ 229,530,139	6.26%	$ 14,366,519	23
24	Total Fixed-Rate Debt	$ 940,000,000	$ 19,828,014	$ 916,195,259	7.71%	$ 70,649,306	24

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SOUTHWEST GAS CORPORATION
TOTAL ARIZONA
VARIABLE RATE DEBT COST OF DEBT
AT AUGUST 31, 2004

Line No.	Description (a)	Net Proceeds (b)	Interest Rate (c)	Cost of Debt (d)	Line No.
1	Term Facility[1]	$ 99,285,114	2.59%	$ 2,576,267	1
			Sch D-2, Sheet 1		
2	Big Bear 1993 Series A IDRB [2]	$ 49,239,747	2.71%	$ 1,334,209	2
3	Clark Co.2003 Series A & B IDRB [3]	94,477,881	1.77%	$ 1,674,899	3

[1] Based on $100 million designated long-term of the $250 million Bank Facility less $715 thousand of unamortized expense.
[2] The net amount represents $50 million face value less $ $760 thousand of unamortized balances.
[3] The net amount represents $100 million face value less $5.52 million of unamortized balances thousand of unamortized balances.

SOUTHWEST GAS CORPORATION
TOTAL ARIZONA
COST OF LONG-TERM DEBT
ORIGINAL NET PROCEEDS OF ISSUES OUTSTANDING [2]

Line No.	Description	Origination Date	Maturity Date	Coupon Rate	Offered	Gross Proceeds	Underwriter's Commission and Discounts Amount	Underwriter's Commission and Discounts Percent of Gross Proceeds	Debt and Issuance Expense Amount	Debt and Issuance Expense Percent of Gross Proceeds	Net Proceeds Amount	Net Proceeds Per $100 Unit	Cost of Money [1]	Line No.
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	
	Debentures													
1	7.5% Debenture, Due 2006	08/01/96	08/01/06	7.50%	$ 75,000,000	$ 75,000,000	$ 1,105,500	1.47%	$ 6,031,631	8.04%	$ 67,862,869	90.48	8.96%	1
2	8.0% Debenture, Due 2026	08/01/96	08/01/26	8.00%	75,000,000	75,000,000	894,750	1.19%	6,048,405	8.06%	68,056,845	90.74	8.89%	2
3	8.375% Note, Due 2011	02/13/01	02/15/11	8.38%	200,000,000	200,000,000	2,818,000	1.41%	288,784	0.14%	196,893,216	98.45	8.61%	3
4	7.625 Note, Due 2012	05/06/02	05/15/12	7.63%	200,000,000	200,000,000	2,052,000	1.03%	270,042	0.14%	197,677,958	98.84	7.79%	4
5	Total Debentures				$ 550,000,000	$ 550,000,000	$ 6,870,250	1.25%	$ 12,638,862	2.30%	$ 530,490,888	96.45		5
	Medium Term Notes													
6	7.59% MTN, Due 2017	01/17/97	01/17/17	7.59%	$ 25,000,000	$ 25,000,000	$ 187,500	0.75%	$ 33,400	0.13%	$ 24,779,100	99.12	7.68%	6
7	7.78% MTN, Due 2022	02/03/97	02/03/22	7.78%	25,000,000	25,000,000	187,500	0.75%	33,400	0.13%	24,779,100	99.12	7.86%	7
8	7.92% MTN, Due 2027	06/04/97	06/04/27	7.92%	25,000,000	25,000,000	187,500	0.75%	45,761	0.18%	24,766,739	99.07	8.00%	8
9	6.89% MTN, Due 2007	09/23/97	09/24/07	6.89%	17,500,000	17,500,000	102,325	0.58%	40,200	0.23%	17,357,475	99.19	7.00%	9
10	6.76% MTN, Due 2027	09/23/97	09/24/27	6.76%	7,500,000	7,500,000	46,875	0.63%	17,228	0.23%	7,435,897	99.15	6.88%	10
11	6.27% MTN, Due 2008	09/24/98	09/22/08	6.27%	25,000,000	25,000,000	156,250	0.63%	79,928	0.32%	24,763,822	99.06	6.40%	11
12	6.27% MTN, Due 2005	10/02/00	09/30/05	7.75%	25,000,000	25,000,000	125,000	0.50%	197,928	0.79%	24,677,072	98.71	8.07%	12
13	Total Medium Term Notes				$ 150,000,000	$ 150,000,000	$ 992,950	0.66%	$ 447,845	0.30%	$ 148,559,205	99.04		13
	Tax Exempt Clark County													
14	1993 Series A, Due 2033	12/15/93	12/01/33	6.50%	$ 75,000,000	$ 75,000,000	$ 1,406,250	1.88%	$ 330,048	0.44%	$ 73,263,702	97.68	6.67%	14
15	1999 Series A, Due 2038	10/05/99	12/01/38	6.10%	12,410,000	12,410,000	53,920	0.43%	658,490	5.31%	11,697,590	94.26	6.51%	15
16	1999 Series C, Due 2038	07/19/00	12/01/38	5.95%	14,320,000	14,320,000	38,342	0.27%	936,800	6.54%	13,344,858	93.19	6.42%	16
17	1999 Series D, Due 2038	09/26/01	12/01/38	5.55%	8,270,000	8,270,000	21,451	0.26%	523,760	6.33%	7,724,789	93.41	5.99%	17
18	2003 Series A, Due 2038	03/25/03	03/01/38	Var	50,000,000	50,000,000	128,076	0.26%	2,820,818	5.64%	47,051,106	94.10	Var	18
19	2003 Series B, Due 2038	03/25/03	03/01/38	Var	50,000,000	50,000,000	128,076	0.26%	2,820,818	5.64%	47,051,106	94.10	Var	19
20	2003 Series C, Due 2038	03/25/03	03/01/38	5.45%	30,000,000	30,000,000	200,538	0.67%	1,440,962	4.80%	28,358,500	94.53	5.92%	20
22	2003 Series D, Due 2038	03/25/03	03/01/38	5.25%	20,000,000	20,000,000	133,692	0.67%	1,533,688	7.67%	18,332,620	91.66	6.04%	22
21	2003 Series E, Due 2038	03/25/03	03/01/38	5.80%	15,000,000	15,000,000	100,269	0.67%	115,735	0.77%	14,783,996	98.56	5.92%	21
22	2004 Series A, Due 2027	07/16/04	12/01/38	5.25%	65,000,000	65,000,000	1,081,500	1.66%	2,610,686	4.02%	61,307,814	94.32	6.02%	22
23	Total Tax Exempt Clark County				$ 340,000,000	$ 340,000,000	$ 3,292,114	0.97%	$ 13,791,805	4.06%	$ 322,916,081	94.98		23
	Tax Exempt Big Bear													
24	1993 Series A, Due 2028	12/01/93	12/01/28	Var	$ 50,000,000	$ 50,000,000	$ 175,000	0.35%	$ 656,763	1.31%	$ 49,168,237	98.34	Var	24
25	Term Facility [4]	05/04/04	05/03/07	Var	$ 100,000,000	$ 100,000,000	$ -	0.00%	$ 545,897	0.55%	$ 99,454,103	99.45	Var	25
26	Total Debt Capital				$ 1,190,000,000	$ 1,190,000,000	$ 11,330,314	0.95%	$ 28,081,172	2.36%	$ 1,150,588,514	96.69		26

[1] Based on the Net Proceeds method.
[2] Based on Company records.
[3] Effective Rate at August 31, 2004
[4] A Commercial Paper program was initiated in October 2002 and is backed by $50 million of the term facility.

SOUTHWEST GAS CORPORATION
TOTAL ARIZONA
COST OF PREFERRED SECURITIES
AT AUGUST 31, 2004

Line No.	Description	Net Proceeds Per Security	Number of Securities	Net Proceeds	Effective Cost [1]	Annual Cost	Line No.
	(a)	(b)	(c)	(d)	(e)	(f)	
1	Trust Originated Preferred Securities Liquidation Amount $25[2]	$ 23.52	4,000,000	$ 94,111,144	8.20% Sch D-1, sh 1	$ 7,717,114	1

[1] See T. Wood's Testimony, Exhibit No.__(TKW-7).

[2] The 7.70% Trust Originated Preferred Securities were issued in a public offering on August 25, 2003 by Southwest Gas Capital II. Southwest Gas Capital II is a business trust which exists for the sole purpose of issuing Preferred Securities and Common Securities and investing the proceeds thereof in an equivalent amount of 7.70% Subordinated Deferrable Interest Notes due September 15, 2043 of Southwest Gas Corporation. Southwest Gas Corporation owns all of the common securities representing undivided beneficial interests in the assets of the Trust.

SOUTHWEST GAS CORPORATION
COST OF PREFERRED SECURITIES
ORIGINAL NET PROCEEDS OF ISSUES OUTSTANDING AT AUGUST 31, 2004

Line No.	Description	Annual Dividend Rate/Share	Total Issued		Underwriter's Commission		Reacquired Debt Expense		Issuance Expense		Net Proceeds	
			At Par	Gross Proceeds	Amount	Percent of Gross Proceeds	Amount	Percent of Gross Proceeds	Amount	Percent of Gross Proceeds	Amount	Amount Per Share
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
1	Trust Originated Preferred Securities Liquidation Amount $25[1]	7.70%	$ 100,000,000	$ 100,000,000	$ 3,150,000	3.150%	$ 2,221,449	2.221%	$ 537,824	0.538%	$ 94,090,727	$ 23.52

[1] The 7.70% Preferred Trust Securities were issued in a public offering on August 25, 2003 by Southwest Gas Capital II. Southwest Gas Capital II is a business trust which exists for the sole purpose of issuing Preferred Securities and Common Securities and investing the proceeds thereof in an equivalent amount of 7.70% junior subordinated debentures due September 15, 2043 of Southwest Gas Corporation. Southwest Gas Corporation owns all of the common securities representing undivided beneficial interests in the assets of the Trust.
Southwest Gas Capital II may redeem some or all of the preferred trust securities on or after August 25, 2008, or all of the preferred trust securities at any time upon the occurrence of a special event at a redemption price equal to $25 per preferred trust security plus accumulated and unpaid distributions, if any.

SOUTHWEST GAS CORPORATION
TOTAL ARIZONA
COST OF COMMON EQUITY

Line No.	Description (a)	Line No.
1	See F.J. Hanley's Testimony for details regarding the cost of common equity.	1

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SOUTHWEST GAS CORPORATION
TOTAL SYSTEM
COMPARATIVE BALANCE SHEETS

Line No.	Description	Balance At 8/31/04	Balance At 12/31/03	Balance At 12/31/02	Line No.
	(a)	(b)	(c)	(d)	
	Assets and Other Debits				
	Utility Plant				
1	Utility Plant (101, 105, 114, 118)	$ 3,044,869,150	$ 2,893,469,458	$ 2,649,950,414	1
2	Construction Work in Progress (107)	21,366,323	33,489,492	66,408,838	2
3	Total Utility Plant	$ 3,066,235,473	$ 2,926,958,950	$ 2,716,359,252	3
4	Less: Accumulated Provision for Depreciation and Amortization (108, 111, 119)	983,084,637	913,442,794	823,579,022	4
5	Net Utility Plant	$ 2,083,150,836	$ 2,013,516,156	$ 1,892,780,230	5
	Other Property and Investments				
6	Northern California Surcharge (120)	$ 7,390,694	$ 9,375,439	$ 9,701,340	6
7	Non-Utility Property (121)	410,036	410,036	410,036	7
8	Non-Utility Accumulated Depreciation (122)	-	-	-	8
9	Investment in Subsidiary and Associated Companies (123, 123.1)	103,878,478	98,284,509	90,512,393	9
10	Other Investments (124)	250,000	-	-	10
11	Special Funds (125, 128)	44,428,297	43,251,175	40,087,873	11
12	Total Other Property and Investments	$ 156,357,505	$ 151,321,159	$ 140,711,642	12
	Current and Accrued Assets				
13	Cash (131)	$ (11,786,944)	$ (3,922,702)	$ (11,097,128)	13
14	Working Funds (135)	552,044	405,928	472,726	14
15	Temporary Cash Investments (136)	10,083,675	7,023,359	9,713,178	15
16	Notes and Accounts Receivables Less Accumulated Provision for Uncollectible Accounts (141 - 144)	59,120,281	102,220,241	103,050,267	16
17	Receivables from Associated Companies (145-146)	23,715,869	25,007,230	18,764,538	17
18	Materials and Supplies (151, 154, 155, 163)	20,625,677	16,578,496	13,960,517	18
19	Liquefied Natural Gas Stored (164.1, 164.2)	7,563,546	8,900,293	12,187,589	19
20	Prepayments (165)	7,905,770	6,294,043	4,172,682	20
21	Interest and Dividends Receivable (171)	-	923	176	21
22	Accrued Utility Revenue (173)	28,200,000	66,700,000	65,073,000	22
23	Miscellaneous Current and Accrued Assets (174)	10,669,629	356,920	721,592	23
24	Total Current and Accrued Assets	$ 156,649,547	$ 229,564,731	$ 217,019,137	24
	Deferred Debits				
25	Unamortized Debt Discount and Expenses (181)	$ 12,019,300	$ 9,148,218	$ 4,784,557	25
26	Other Regulatory Assets (182)	34,148,721	45,169,522	37,794,093	26
27	Preliminary Survey and Investigation Charges (183)	185,385	118,400	-	27
28	Clearing Accounts (184)	600,475	41,541	(25,190)	28
29	Miscellaneous Deferred Debits (186)	6,472,447	6,128,672	414,826	29
30	Research & Development (188)	37,400	-	-	30
31	Loss on Reacquired Debt (189)	17,684,272	18,559,924	12,613,852	31
32	Accumulated Deferred Income Taxes (190)	36,680,538	36,680,538	26,040,574	32
33	Unrecovered Purchased Gas Costs (191)	53,579,892	9,151,173	(26,717,706)	33
34	Total Deferred Debits	$ 161,408,430	$ 124,997,988	$ 54,905,006	34
35	Total Assets and Other Debits	$ 2,557,566,318	$ 2,519,400,034	$ 2,305,416,015	35

SOUTHWEST GAS CORPORATION
TOTAL SYSTEM
COMPARATIVE BALANCE SHEETS

Line No.	Description	Balance At 8/31/04	Balance At 12/31/03	Balance At 12/31/02	Line No.
	(a)	(b)	(c)	(d)	
	Liabilities and Other Credits				
	Proprietary Capital				
1	Common Stock Issued (201)	$ 37,161,054	$ 35,861,974	$ 34,918,891	1
2	Preferred Stock Issued (204)	-	-	60,000,000	2
3	Premium on Capital Stock (207)	545,600,121	519,672,931	499,313,268	3
4	Other Paid in Capital (208-211)	-	-	-	4
5	Reacquired Capital Stock (217)	-	-	-	5
6	Capital Stock Expense (214)	(9,290,914)	(9,151,645)	(11,525,575)	6
7	Retained Earnings (216)	89,508,423	84,084,148	73,460,267	7
8	Total Proprietary Capital	$ 662,978,684	$ 630,467,408	$ 656,166,851	8
	Long-Term Debt				
9	Bonds (221, 222)	$ 1,090,000,000	$ 1,025,000,000	$ 990,000,000	9
10	Other Long-Term Debt (224, 226)	91,436,630	92,056,568	90,296,692	10
11	Other - Preferred Securities (224.1)	100,000,000	100,000,000	-	11
12	Total Long-Term Debt	$ 1,281,436,630	$ 1,217,056,568	$ 1,080,296,692	12
	Current and Accured Liabilities				
13	Notes Payable (231)	$ 27,000,000	$ 52,000,000	$ 53,000,000	13
14	Accounts Payable (232)	48,416,825	96,006,361	66,512,269	14
15	Payables to Associated Companies (233,234)	7,054,800	7,205,109	6,782,649	15
16	Customer Deposits (235)	47,635,986	44,290,398	34,313,441	16
17	Taxes Accrued (236)	27,363,958	(2,423,076)	20,391,462	17
18	Interest Accrued (237)	17,435,265	19,664,671	21,136,863	18
19	Dividends Declared (238)	7,243,564	7,017,580	6,824,257	19
20	Tax Collections Payable (241)	12,308,485	17,021,177	16,017,409	20
21	Miscellaneous Current and Accrued Liabilities (242)	62,442,379	61,376,708	62,971,415	21
22	Total Current and Accrued Liabilities	$ 256,901,262	$ 302,158,928	$ 287,949,765	22
	Deferred Credits				
23	Customer Advances for Construction (252)	$ 18,548,829	$ 16,411,995	$ 11,072,339	23
24	Other Deferred Credits (253)	33,186,736	31,557,551	28,281,880	24
25	Other Regulatory Liabilities (254)	8,116,127	8,462,353	8,995,660	25
26	Accumulated Deferred Investment Tax Credit (255)	12,354,653	12,933,037	13,800,613	26
27	Accumulated Deferred Income Taxes (282, 283)	280,815,888	296,402,685	216,402,215	27
28	Total Deferred Credits	$ 353,022,233	$ 365,767,621	$ 278,552,707	28
	Other Long-Term Liabilities				
29	Injuries and Damages Reserve (228)	$ 3,227,509	$ 3,949,509	$ 2,450,000	29
30	Provision for Rate Refunds (229)	-	-	-	30
31	Total Other Long-Term Liabilities	$ 3,227,509	$ 3,949,509	$ 2,450,000	31
32	Total Liabilities and Other Credits	$ 2,557,566,318	$ 2,519,400,034	$ 2,305,416,015	32

SOUTHWEST GAS CORPORATION
ARIZONA
COMPARATIVE INCOME STATEMENTS

Line No.	Description (a)	For the Test Year Ended 8/31/04 (b)	For the Year Ended 12/31/03 (c)	For the Year Ended 12/31/02 (d)	Line No.
1	Operating Revenue	$ 647,277,069	$ 593,690,708	$ 652,504,295	1
2	Operating Expenses and Taxes	596,770,019	256,669,683	251,716,903	2
3	Operating Income	$ 50,507,050	$ 337,021,025	$ 400,787,392	3
4	Other Income and Deductions	0	0	0	4
5	Income Before Interest Deductions	$ 50,507,050	$ 337,021,025	$ 400,787,392	5
6	Net Interest Deductions	40,472,048	41,108,025	38,803,204	6
7	Net Income	$ 10,035,002	$ 295,913,000	$ 361,984,188	7

SOUTHWEST GAS CORPORATION
STATEMENTS OF INCOME

Line No.	Description	Year Ended 8/31/04	Year Ended 12/31/03	Year Ended 12/31/02	Line No.
	(a)	(b)	(c)	(d)	
	Utility Operating Income				
1	Operating Revenues (400)	$ 1,140,678,129	$ 1,021,747,900	$ 1,099,250,200	1
	Operating Expenses:				
2	Operation Expense (401)	$ 796,656,193	$ 703,802,456	$ 778,950,993	2
3	Maintenance Expense (402)	48,563,434	44,994,299	44,416,957	3
4	Depreciation Expense (403)	111,874,446	106,762,298	99,722,513	4
5	Amortization of Other Limited Term Gas Plant (404.3)	9,191,279	7,312,002	8,996,405	5
6	Amortization of Utility Plant Acquisition Adjustment (406)	154,011	154,011	154,011	6
7	Amortization of Property Losses (407.1)	-	-	-	7
8	Amortization of Regulatory assets (407.3)	2,512,962	2,342,277	2,293,450	8
9	Taxes Other than Income Taxes (408.1)	36,376,016	35,052,524	33,538,884	9
10	Income Taxes - Federal (409.1)	(50,804,132)	(62,817,956)	4,247,159	10
11	Income Taxes - Other (409.1)	(6,683,857)	(4,967,445)	3,672,693	11
12	Provision for Deferred Income Taxes (410.1)	115,861,785	101,507,823	65,408,791	12
13	Provision for Deferred Income Taxes - Credit (411.1)	(40,775,637)	(21,425,016)	(57,797,737)	13
14	Investment Tax Credit Adjustment - Net (411.4)	(867,576)	(867,576)	(867,576)	14
15	Total Utility Operating Expenses	$ 1,022,058,924	$ 911,849,697	$ 982,736,543	15
16	Net Utility Operating Income	$ 118,619,205	$ 109,898,203	$ 116,513,657	16
	Other Income and Deductions				
	Other Income:				
17	Non-Utility Operating Income (415-418)	$ -	$ -	$ -	17
18	Equity in Earnings of Subsidiary Companies (418.1)	8,713,450	7,970,203	8,735,979	18
19	Interest and Dividend Income (419)	4,170,680	2,199,666	4,066,888	19
20	Allowance for Equity Funds Used During Construction (419.1)	890,489	1,068,626	1,231,487	20
21	Amortization of Investment Tax Credits (420)	-	-	-	21
22	Miscellaneous Non-Operating Income (421)	372,229	454,120	6,157,935	22
23	Total Other Income	$ 14,146,848	$ 11,692,615	$ 20,192,289	23
	Other (Income) Deductions:				
24	Miscellaneous Amortization (425)	$ 26,358	$ 26,358	$ 26,358	24
25	Miscellaneous (Income) Deductions (426)	792,387	(391,505)	6,895,634	25
26	Total (Income) Deductions	$ 818,745	$ (365,147)	$ 6,921,992	26
	Taxes Applicable to Other Income and Deductions				
27	Taxes Other than Income Taxes (408.2)	$ 10,604	$ 10,812	$ 7,895	27
28	Income Taxes - (409.2)	(251,841)	(756,905)	(1,062,678)	28
29	Provision for Deferred Income Taxes (410.2,411.2)	877,663	1,027,250	2,891,762	29
30	Investment Tax Credit Adjustment - Net (411.5)	-	-	-	30
31	Total Taxes Applicable to Other Income and Deductions	$ 636,426	$ 281,157	$ 1,836,979	31
32	Net Other Income and (Deductions)	$ 12,691,677	$ 11,776,605	$ 11,433,318	32
	Interest Charges				
33	Interest on Long-Term Debt (427)	$ 70,650,316	$ 71,552,024	$ 74,120,965	33
34	Amortization of Debt Discount and Expense (428)	2,961,435	2,752,402	2,277,873	34
35	Other Interest Expense (430-431)	10,708,364	10,332,633	9,472,949	35
36	Total Interest Charges	$ 84,320,115	$ 84,637,059	$ 85,871,787	36
37	Allowance for Borrowed Funds Used During Construction (432)	1,055,527	1,463,996	1,889,720	37
38	Net Interest Charges	$ 83,264,588	$ 83,173,063	$ 83,982,067	38
39	Net Income	$ 48,046,294	$ 38,501,745	$ 43,964,908	39

SOUTHWEST GAS CORPORATION
TOTAL SYSTEM
COMPARATIVE STATEMENT OF CASH FLOWS

Line No.	Description	Test Year Ended 8/31/04	Year Ended 12/31/03	Year Ended 12/31/02	Line No.
	(a)	(b)	(c)	(d)	
	CASH FLOWS FROM OPERATING ACTIVITIES:				
1	Net Income	$ 48,046,294	$ 38,501,745	$ 43,964,908	1
	Adjustments to reconcile net income to net cash provided by operating activities:				
2	Depreciation and amortization	123,732,698	116,570,588	111,166,379	2
3	Deferred income taxes	38,216,360	66,326,028	(19,096,072)	3
	Changes in current assets and liabilities:				
4	Accounts receivable	(1,019,191)	928,745	27,354,198	4
5	Accrued utility revenue	-	(1,627,000)	(1,300,000)	5
6	Unrecovered purchased gas costs	(81,682,508)	(35,868,879)	110,219,045	6
7	Accounts payable	8,135,968	31,828,301	(15,633,380)	7
8	Accrued taxes	7,945,147	(19,643,870)	32,520,012	8
9	Other current assets and liabilities	-	-	-	9
10	Other	(47,121,636)	(45,256,025)	(9,694,561)	10
11	Net cash provided by operating activities	$ 96,253,132	$ 151,759,633	$ 279,500,529	11
	CASH FLOWS FROM INVESTING ACTIVITIES:				
12	Construction expenditures	$ (262,645,182)	$ (240,711,179)	$ (261,990,867)	12
13	Other	27,506,253	28,782,995	22,086,706	13
14	Net cash used in investing activities	$ (235,138,929)	$ (211,928,184)	$ (239,904,161)	14
	CASH FLOWS FROM FINANCING ACTIVITIES:				
15	Issuance of common stock	$ 36,913,347	$ 21,290,246	$ 18,173,810	15
16	Issuance of preferred securities, net	(537,824)	96,312,176	-	16
17	Retirement of preferred securities	(60,000,000)	(60,000,000)	-	17
18	Dividends paid	(28,101,735)	(27,684,541)	(27,008,564)	18
19	Issuance of long-term debt, net	98,402,883	159,996,995	197,948,000	19
20	Retirement of long-term debt	-	(130,000,000)	(200,000,000)	20
21	Issuance (repayment) of short-term debt	27,000,000	(1,000,000)	(40,000,000)	21
22	Net cash provided by (used in) financing activitie	$ 73,676,671	$ 58,914,876	$ (50,886,754)	22
23	Change in cash and temporary cash investments	$ (65,209,126)	$ (1,253,675)	$ (11,290,386)	23
24	Cash at beginning of period	77,374,957	15,428,665	26,719,051	24
25	Cash at end of period	$ 12,165,831	$ 14,174,990	$ 15,428,665	25

SOUTHWEST GAS CORPORATION
TOTAL SYSTEM
STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY AND PREFERRED SECURITIES

Line No.	Description	Preferred Securities (1)		Common		Additional Paid-In Capital	Retained Earnings	Capital Stock Expense	Line No.
		Shares/Units	Amount	Shares	Amount				
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	
1	Balance December 31, 2001	2,400,000	$ 60,000,000	32,492,832	$ 34,122,708	$ 481,923,578	$ 56,667,140	$ (11,513,512)	1
2	Net Earnings	-	-	-	-	-	43,964,908	-	2
3	Cash Dividends Declared-Common	-	-	-	-	-	(27,171,781)	-	3
4	Common Stock Issue	-	-	796,183	796,183	17,389,690	-	(12,063)	4
5	Balance December 31, 2002	2,400,000	$ 60,000,000	33,289,015	$ 34,918,891	$ 499,313,268	$ 73,460,267	$ (11,525,575)	5
6	Redemption	(2,400,000)	(60,000,000)					2,386,430	6
7	Net Earnings	-	-	-	-	-	38,501,745	-	7
8	Cash Dividends Declared-Common	-	-	-	-	-	(27,877,864)	-	8
9	Common Stock Issue	-	-	943,083	943,083	20,359,663	-	(12,500)	9
10	Balance December 31, 2003	-	$ -	34,232,098	$ 35,861,974	$ 519,672,931	$ 84,084,148	$ (9,151,645)	10
11	Net Earnings	-	-	-	-	-	19,826,350	-	11
12	Cash Dividends Declared-Common	-	-	-	-	-	(14,402,075)	-	12
13	Common Stock Issue	-	-	1,299,080	1,299,080	25,927,190	-	(139,269)	13
14	Balance August 31, 2004	-	$ -	35,531,178	$ 37,161,054	$ 545,600,121	$ 89,508,423	$ (9,290,914)	14

(1) Represents 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. Preferred securities were redeemed in September 2003.

SOUTHWEST GAS CORPORATION
ARIZONA
DETAIL OF UTILITY PLANT - NET ADDITIONS
FOR THE YEAR ENDED AUGUST 31, 2004

Line No.	Description (a)	Account Number (b)	Balance at 31-Aug-04 (c)	Net Plant Additions (Deletions) (d)	Balance at 31-Dec-03 (e)	Line No.
	Intangible					
1	Organizational Costs	301	$ 42,653	$ 0	$ 42,653	1
2	Franchise and Consents	302	1,283,320	0	1,283,320	2
3	Miscellaneous Intangible	303	1,945,631	25,145	1,920,486	3
4	Total Intangible		$ 3,271,603	$ 25,145	$ 3,246,458	4
	Distribution					
5	Land and Land Rights	374.1	$ 351,685	$ 0	$ 351,685	5
6	Rights of Way	374.2	720,979	104,102	616,877	6
7	Structures	375	110,557	0	110,557	7
8	Mains	376	789,444,391	45,934,092	743,510,299	8
9	Measuring and Regulating Station	378	24,454,990	1,085,500	23,369,491	9
10	Services	380	525,003,667	17,860,451	507,143,216	10
11	Meters	381	156,809,964	10,671,025	146,138,939	11
12	Industrial Measuring and Reg. Station	385	6,528,499	246,841	6,281,658	12
13	Other Equipment	387	462,730	0	462,730	13
14	Total Distribution		$ 1,503,887,463	$ 75,902,010	$ 1,427,985,453	14
	General					
15	Land and Land Rights	389	$ 6,454,589	$ 0	$ 6,454,589	15
16	Structures & Improvements - General	390.1	26,278,185	445,468	25,832,716	16
17	Structures and Improve. - Leasehold	390.2	1,005,567	10,805	994,762	17
18	Office Furniture and Equipment	391	4,849,827	175,794	4,674,033	18
19	Computer Equipment	391.1	8,300,510	1,327,971	6,972,539	19
20	Transportation Equipment	392.1	30,447,147	2,333,754	28,113,393	20
21	Stores Equipment	393	481,909	26,256	455,653	21
22	Tools, Shop, Garage Equipment	394	4,869,019	398,016	4,471,003	22
23	Laboratory Equipment	395	425,322	0	425,322	23
24	Power Operated Equipment	396	3,807,547	186,711	3,620,836	24
25	Communication Equipment - General	397	2,218,433	29,804	2,188,629	25
26	Telemetering Equipment	397.2	554,473	0	554,473	26
27	Miscellaneous Equipment	398	830,204	30,000	800,204	27
28	Total General		$ 90,522,731	$ 4,964,580	$ 85,558,150	28
29	Total Plant in Service		$ 1,597,681,797	$ 80,891,736	$ 1,516,790,061	29
30	Construction Work in Progress		6,249,731	(8,490,118)	14,739,849	30
31	Less: Accumulated Depreciation/Amort.		546,349,029	35,669,478	510,679,551	31
32	Total Net Plant		$ 1,057,582,499	$ 36,732,140	$ 1,020,850,359	32

SOUTHWEST GAS CORPORATION
SYSTEM ALLOCABLE PLANT
DETAIL OF UTILITY PLANT - NET ADDITIONS
FOR THE YEAR ENDED AUGUST 31, 2004

Line No.	Description	Account Number	Balance at 31-Aug-04	Net Plant Additions (Deletions)	Balance at 31-Dec-03	Line No.
	(a)	(b)	(c)	(d)	(e)	
	Intangible					
1	Organizational Costs	301	$ 61,816	$ 0	$ 61,816	1
2	Miscellaneous Intangible	303	104,700,756	2,289,160	102,411,596	2
3	Total Intangible		$ 104,762,572	$ 2,289,160	$ 102,473,412	3
	General					
4	Land and Land Rights	389	$ 391,307	$ 0	$ 391,307	4
5	Structures and Improvements - Gen	390.1	11,831,108	0	11,831,108	5
6	Structure and Improve. - Leasehold	390.2	3,144,329	82,570	3,061,758	6
7	Office Furniture and Equipment	391	7,743,488	207,718	7,535,769	7
8	Computer Equipment	391.1	13,445,898	721,663	12,724,236	8
9	Transportation Equipment - Light	392.11	3,338,897	438,918	2,899,979	9
10	Transportation Equipment - Heavy	392.12	111,293	0	111,293	10
11	Stores Equipment	393	24,106	0	24,106	11
12	Tools, Shop, Garage Equipment	394	397,973	164,945	233,028	12
13	Laboratory Equipment	395	268,894	15,738	253,155	13
14	Communication Equipment	397.1	4,605,689	35,517	4,570,172	14
15	Telemetering Equipment	397.2	401,430	3,729	397,701	15
16	Miscellaneous Equipment	398	934,686	26,108	908,578	16
17	Total General		$ 46,639,097	$ 1,696,907	$ 44,942,190	17
18	Total Systems - Plant in Service		$ 151,401,669	$ 3,986,066	$ 147,415,603	18
19	Construction Work in Progress		929,241	(478,832)	1,408,072	19
20	Less: Accumulated Depreciation/Amort.		82,592,661	9,190,643	73,402,018	20
21	Total Net Plant		$ 69,738,248	$ (5,683,409)	$ 75,421,657	21

SOUTHWEST GAS CORPORATION
ARIZONA
COMPARATIVE DEPARTMENTAL OPERATING INCOME STATEMENTS

Line No.	Description (a)	For the TestYear Ended 8/31/04 (b)	For the Year Ended 12/31/03 (c)	For the Year Ended 12/31/02 (d)	Line No.
	Revenues				
1	Residential	$ 343,721,617	$ 309,874,359	$ 342,041,183	1
2	Small Commercial	153,667,156	139,953,245	158,792,305	2
3	Large Commercial	26,177,756	23,775,125	30,957,627	3
4	Small Industrial	24,609,297	22,297,004	27,253,289	4
5	Commercial-Compressed Nat. Gas	1,408,137	1,228,584	1,336,664	5
6	Irrigation/Water Pumping	12,718,204	11,664,286	10,508,866	6
7	Industrial-Essential Agriculture	6,213,502	6,116,022	9,612,842	7
8	Procurement Sales	59,580,963	58,894,947	54,340,966	8
9	Other Gas Sales	196,127	763,118	609,942	9
10	Transportation of Gas for Others	9,099,185	8,984,026	6,978,565	10
11	Rent from Gas Property	752,458	701,258	582,461	11
12	Other Gas Revenues	(8,293)	0	0	12
13	Miscellaneous Service Revenue	9,416,690	8,631,478	8,388,792	13
14	LIRA Program Recovery	(200,569)	(89,821)	390,029	14
15	Accrued Unbilled Revenues	(75,161)	897,077	710,764	15
16	Total Revenues	$ 647,277,069	$ 593,690,708	$ 652,504,295	16
	Operating Expenses				
17	Other Gas Supply	$ 327,853,609	$ 570,698	$ 613,355	17
18	Transmission	0	5,904	(4,212)	18
19	Distribution	75,753,130	70,154,844	65,851,849	19
20	Customer Accounts	33,133,096	33,063,560	34,184,827	20
21	Customer Service & Information	596,225	451,289	834,637	21
22	Sales	512,205	514,931	919,423	22
23	Administrative and General	48,643,559	44,713,886	40,385,834	23
24	Depreciation and Amortization	73,461,654	70,355,962	68,050,534	24
25	Interest on Customer Deposits	1,404,209	1,231,254	0	25
26	Taxes Other Than Income	29,122,261	28,003,506	27,204,986	26
27	Income Taxes - Federal	5,075,520	6,157,711	11,244,598	27
28	Income Taxes - State	1,214,551	1,446,138	2,431,072	28
29	Total Expenses	$ 596,770,019	$ 256,669,683	$ 251,716,903	29
30	Operating Income	$ 50,507,050	$ 337,021,025	$ 400,787,392	30

SOUTHWEST GAS CORPORATION
ARIZONA DIVISION
OPERATING STATISTICS
FOR THE TWELVE MONTHS ENDED AUGUST 31, 2004

Line No.	Description	Schedule No.	Recorded Test Year Data: Average Customers	Sales (Therms)	Average per Customer	Line No.
	(a)	(b)	(c)	(d)	(e)	
1	Residential Gas Service	G-5	771,088	267,837,474	347	1
2	Low Income Residential Gas Service	G-10	30,973	10,695,648	345	2
3	Special Residential Gas Service for A/C	G-15	157	228,821	1,458	3
4	Special Residential Gas Service for Electric Generation	G-16	0	0	-	4
5	Master Metered Mobile Home Park Gas Service	G-20	191	2,519,499	13,185	5
	General Gas Service	G-25				
6	Small		32,597	47,557,432	1,459	6
7	Medium		6,785	136,866,745	20,171	7
8	Large		105	44,280,034	423,732	8
9	Optional Gas Service	G-30	33	103,995,837	3,159,367	9
10	Gas Service to Armed Forces	G-35	8	3,308,091	400,981	10
11	Air Conditioning Gas Service	G-40	39	1,067,788	27,556	11
12	Street Lighting Gas Service	G-45	28	100,215	3,558	12
	Gas Service for Compression on Customer's Premises	G-55				
13	Small		26	196,184	7,619	13
14	Large		27	1,873,025	69,586	14
15	Residential		112	80,334	715	15
16	Cogeneration Gas Service	G-60	22	14,998,373	669,072	16
17	Small Essential Agriculture User Gas Service	G-75	97	7,932,305	81,427	17
18	Natural Gas Engine Gas Service	G-80	614	20,198,094	32,878	18
19	Resale Gas Service	G-95	1	(14,502)	(14,502)	19
20	Total Gas Sales		842,904	663,721,397	787	20
21	Transportation Service Including Special Contract	T-1/B-1	231	65,680,156	284,535	21
22	Total Arizona		843,135	729,401,553	865	22

SOUTHWEST GAS CORPORATION
ARIZONA DIVISION
OPERATING STATISTICS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2003

Line No.	Description	Schedule No.	Recorded Test Year Data: Average Customers	Sales (Therms)	Average per Customer	Line No.
	(a)	(b)	(c)	(d)	(e)	
1	Residential Gas Service	G-5	744,407	246,908,831	332	1
2	Low Income Residential Gas Service	G-10	29,765	9,961,331	335	2
3	Special Residential Gas Service for A/C	G-15	163	238,377	1,460	3
4	Special Residential Gas Service for Electric Generation	G-16	0	0	-	4
5	Master Metered Mobile Home Park Gas Service	G-20	191	2,517,554	13,164	5
	General Gas Service	G-25				
6	Small		32,401	45,446,868	1,403	6
7	Medium		6,731	132,727,148	19,718	7
8	Large		104	42,716,175	412,385	8
9	Optional Gas Service	G-30	49	110,809,491	2,246,138	9
10	Gas Service to Armed Forces	G-35	8	3,259,469	407,434	10
11	Air Conditioning Gas Service	G-40	35	1,064,025	30,546	11
12	Street Lighting Gas Service	G-45	30	101,103	3,418	12
	Gas Service for Compression on Customer's Premises	G-55				
13	Small		35	182,885	5,164	13
14	Large		26	1,791,093	68,016	14
15	Residential		112	86,505	771	15
16	Cogeneration Gas Service	G-60	22	15,194,921	706,741	16
17	Small Essential Agriculture User Gas Service	G-75	93	7,715,447	82,813	17
18	Natural Gas Engine Gas Service	G-80	614	21,950,600	35,755	18
19	Resale Gas Service	G-95	1	972,796	972,796	19
20	Total Gas Sales		814,787	643,644,619	790	20
21	Transportation Service Including Special Contract	T-1/B-1	234	67,093,045	286,825	21
22	Total Arizona		815,021	710,737,664	872	22

SOUTHWEST GAS CORPORATION
ARIZONA DIVISION
OPERATING STATISTICS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2002

Line No.	Description	Schedule No.	Recorded Test Year Data: Average Customers	Sales (Therms)	Average per Customer	Line No.
	(a)	(b)	(c)	(d)	(e)	
1	Residential Gas Service	G-5	720,061	254,771,067	354	1
2	Low Income Residential Gas Service	G-10	24,862	8,574,479	345	2
3	Special Residential Gas Service for A/C	G-15	185	271,105	1,469	3
4	Special Residential Gas Service for Electric Generation	G-16	0	0	-	4
5	Master Metered Mobile Home Park Gas Service	G-20	199	2,784,158	14,008	5
	General Gas Service	G-25				
6	Small		32,425	47,337,222	1,460	6
7	Medium		6,622	133,223,203	20,118	7
8	Large		118	51,611,995	438,940	8
9	Optional Gas Service	G-30	52	164,464,846	3,193,492	9
10	Gas Service to Armed Forces	G-35	10	5,497,107	536,303	10
11	Air Conditioning Gas Service	G-40	37	1,531,343	41,110	11
12	Street Lighting Gas Service	G-45	29	99,723	3,449	12
	Gas Service for Compression on Customer's Premises	G-55				
13	Small		47	104,285	2,211	13
14	Large		26	1,730,493	66,771	14
15	Residential		112	104,463	933	15
16	Cogeneration Gas Service	G-60	19	7,247,659	381,456	16
17	Small Essential Agriculture User Gas Service	G-75	100	11,251,287	112,889	17
18	Natural Gas Engine Gas Service	G-80	615	21,042,016	34,205	18
19	Resale Gas Service	G-95	1	757,284	757,284	19
20	Total Gas Sales		785,518	712,403,735	907	20
21	Transportation Service Including Special Contract	T-1/B-1	199	51,076,191	256,449	21
22	Total Arizona		785,717	763,479,926	972	22

SOUTHWEST GAS CORPORATION
ARIZONA
TAXES CHARGED TO OPERATIONS
AS RECORDED AT AUGUST 31, 2004

Line No.	Description (a)	For the Test Year Ended 8/31/04 (b)	For the Year Ended 12/31/03 (c)	For the Year Ended 12/31/02 (d)	Line No.
	Federal Taxes				
1	Federal Income Tax	$ 5,075,520	$ 6,157,711	$ 11,244,598	1
	State Taxes				
2	State Income Tax	$ 1,214,551	$ 1,446,138	$ 2,431,072	2
	Local Taxes				
3	Property and Miscellaneous	$ 29,122,261	$ 28,003,506	$ 27,204,986	3

SOUTHWEST GAS CORPORATION
NOTES TO FINANCIAL STATEMENTS

1. The Company uses the accrual method of accounting as prescribed by the Uniform System of Accounts.

2. The Company uses the straight line method for calculating depreciation expense. Depreciation rates by major classification can be found in the Workpapers, Schedule C-2.

3. The Allowance for Funds Used During Construction (AFUDC) rate for 2003 was 8.87% and is estimated to be 4.86% for 2004.

4. Additional information concerning these statements is contained in Southwest's 2003 Annual Report which is included in the instant application.

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SOUTHWEST GAS CORPORATION
ARIZONA
PROJECTED INCOME STATEMENTS - PRESENT AND PROPOSED RATES

Line No.	Description	Test Year Ended 8/31/04	Projected Year Present Rates 8/31/05	Projected Year Proposed Rates 8/31/05	Line No.
	(a)	(b)	(c)	(d)	
1	Operating Margin	$ 320,144,265	$ 323,345,708	$ 397,611,857	1
	Operating Expenses				
2	Other Gas Supply Expenses	$ 720,807	$ 740,391	$ 740,391	2
3	Distribution Expenses	75,753,130	78,643,225	78,643,225	3
4	Customer Accounts Expenses	33,133,096	34,003,279	34,159,137	4
5	Customer Service and Info. Expenses	596,225	548,496	548,496	5
6	Sales Expenses	512,205	0	0	6
7	Administrative and General Expenses	48,643,559	52,737,675	52,737,675	7
8	Depreciation and Amortization Expenses	73,461,654	81,787,051	81,787,051	8
9	Taxes Other than Income	29,122,261	34,458,777	34,458,777	9
10	Interest on Customer Deposits	1,404,209	717,364	717,364	10
11	Federal Income Taxes	5,075,520	(504,542)	23,626,658	11
12	State Income Taxes	1,214,551	20,434	5,184,439	12
13	Total Operating Expenses	$ 269,637,217	$ 283,152,150	$ 312,603,213	13
14	Operating Income	$ 50,507,047	$ 40,193,557	$ 85,008,644	14
15	Less: Interest Expense	40,472,048	40,521,530	40,521,530	15
16	Net Income	$ 10,035,000	$ (327,972)	$ 44,487,114	16
17	Earnings per Share of Average Common Stock Outstanding	N/A	N/A	N/A	17
18	Percent Return on Common Equity	N/A	N/A	N/A	18

SOUTHWEST GAS CORPORATION
PROJECTED CHANGES IN FINANCIAL POSITION
PRESENT AND PROPOSED RATES

In this proceeding Southwest Gas Corporation is requesting rate relief for the Arizona rate jurisdiction portion of its system only. Projections for the total Company's financial position/cash flow are not compiled or available.

SOUTHWEST GAS CORPORATION
ARIZONA
CONSTRUCTION EXPENDITURES BY PROPERTY CLASSIFICATION
FOR THE TWELVE MONTHS ENDED AUGUST 31, 2004
AND PROJECTED TWELVE MONTHS ENDING AUGUST 31, 2005, 2006, AND 2007

Line No.	Description (a)	Test Year Ended 8/31/04 (b)	Projected Year Ending 8/31/05 (c)	Projected Year Ending 8/31/06 (d)	Projected Year Ending 8/31/07 (e)	Line No.
	Intangible Plant					
1	Arizona Direct	$ 803,287	$ 1,175,000	$ 10,000	$ 20,000	1
2	System Allocable [1]	4,832,336	1,810,659	5,278,934	2,510,488	2
3	Total Intangible Plant	$ 5,635,623	$ 2,985,659	$ 5,288,934	$ 2,530,488	3
	Distribution Plant					
4	Arizona Direct	$ 175,510,703	$ 118,448,833	$ 89,292,563	$ 69,807,055	4
5	System Allocable [1]	0	0	0	0	5
6	Total Distribution Plant	$ 175,510,703	$ 118,448,833	$ 89,292,563	$ 69,807,055	6
	General Plant					
7	Arizona Direct	$ 7,968,191	$ 4,756,589	$ 4,302,692	$ 4,078,675	7
8	System Allocable [1]	2,533,982	6,033,500	5,173,240	5,246,928	8
9	Total General Plant	$ 10,502,173	$ 10,790,089	$ 9,475,932	$ 9,325,603	9
10	Total Arizona Plant Construction	$ 191,648,499	$ 132,224,581	$ 104,057,429	$ 81,663,146	10

[1] Allocation based on the 4-Factor (57.58%). Supporting Schedule C-1, Sh 18

SOUTHWEST GAS CORPORATION
ARIZONA
ASSUMPTIONS USED IN DEVELOPING PROJECTIONS

1. Customer Growth
2. Growth in Consumption and Customer Demand
   Margin related to customer growth and consumption is anticipated to increase by 1% in the year following the test year.

3. Changes in Expense
   Operation and Maintenance Expenses - The actual amounts for the recorded test year ended August 31, 2004, were adjusted to give the annual effect for known and measurable changes occurring during the test year ending August 31, 2004. The operation and maintenance expenses for the projected year ending August 31, 2005, were calculated by taking the adjusted test year and generally increasing the non-labor expenses by 3%.

   Depreciation and Amortization Expenses - The actual amounts for the recorded test year ended August 31, 2004 were adjusted to annualize depreciation expense at the end of the test period plant balances, and to reflect depreciation expense on projected construction expenditures.

4. Construction Requirements, Including Production Reserves and Changes in Plant Capacity
   Additions to gas plant were based upon anticipated construction expenditures.

5. Capital Structures Changes
6. Financing Costs, Interest Rates
   Items 5 and 6 are not applicable. In this proceeding Southwest Gas Corporation is requesting rate relief for only a portion of its three-state system.

G

SOUTHWEST GAS CORPORATION
ARIZONA
CLASS COST OF SERVICE STUDY SUMMARY AT PRESENT RATES
TEST YEAR ENDING AUGUST 31, 2004

Line No.	Description (a)	Allocation Factor No. (b)	Total Amount (c)	Residential (d)	MMMHP (e)	Small Gen. Service (f)	Medium Gen. Service (g)	Large Gen. Service (h)	Armed Forces (i)	Air Conditioning (j)	CNG - Small (k)	CNG - Large (l)	CNG - Residential (m)	Cogeneration (n)	Small Ess. Agr. (o)	Natural Gas Engines (p)	Street Lighting (q)	Special Residential A/C (r)	Line No.
	Rate Base																		
1	Direct Net Plant		$1,051,372,747	$ 818,802,798	$ 2,006,233	$ 93,471,429	$74,994,825	$ 39,340,610	$ 4,597,022	$ 433,679	$ 57,644	$ 849,410	$ 105,543	$ 3,403,847	$4,819,112	$ 8,290,863	$ 45,703	$ 154,029	1
2	Systems Allocable Net Plant		40,589,393	31,610,776	77,453	3,608,567	2,895,257	1,518,787	177,473	16,743	2,225	32,792	4,075	131,409	186,047	320,078	1,764	5,946	2
3	Cash Working Capital	11.2	(11,082,156)	(8,659,111)	(23,537)	(1,010,689)	(798,999)	(311,043)	(27,036)	(5,186)	(767)	(10,889)	(1,171)	(35,130)	(53,710)	(140,277)	(2,118)	(2,492)	3
4	Materials & Supplies	1.1	9,222,488	7,182,419	17,596	819,918	657,844	345,090	40,324	3,804	506	7,451	926	29,858	42,273	72,726	401	1,351	4
5	Prepayments	Direct Net Plant	2,740,815	2,134,530	5,230	243,670	195,503	102,557	11,984	1,131	150	2,214	275	8,873	12,563	21,813	119	402	5
6	Gas Plant Acquisition Adjustment	Direct Net Plant	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6
7	Customer Deposits	8	(23,912,141)	(22,804,946)	(5,242)	(909,540)	(192,412)	-	-	-	-	-	-	-	-	-	-	-	7
8	Customer Advances	8	(7,027,372)	(6,701,987)	(1,541)	(267,298)	(56,547)	-	-	-	-	-	-	-	-	-	-	-	8
9	Deferred Taxes	1.1	(136,591,328)	(106,454,387)	(260,835)	(12,152,430)	(9,750,245)	(5,114,761)	(597,669)	(56,384)	(7,494)	(110,434)	(13,722)	(442,542)	(628,544)	(1,077,914)	(5,942)	(20,026)	9
10	Deferred Gain Hdqtrs Bldg	4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	10
11	Total Rate Base		$ 925,212,447	$ 715,110,091	$ 1,815,360	$ 83,803,626	$67,945,226	$ 35,881,240	$ 4,202,096	$ 393,787	$ 52,264	$ 770,545	$ 95,925	$ 3,096,316	$4,379,741	$ 7,487,090	$ 39,928	$ 139,210	11
	Margin																		
12	Net Operating Margin	Direct	$ 305,070,666	$ 209,915,969	$ 883,856	$ 26,068,861	$45,685,407	$ 13,547,232	$ 638,779	$ 167,216	$ 29,537	$ 307,716	$ 21,167	$ 1,405,352	$2,549,950	$ 3,733,422	$ 47,592	$ 88,611	12
13	Special Contract Margin	Net Op. Marg.	$ 7,811,429	$ 5,237,346	$ 22,052	$ 650,411	$ 1,139,339	$ 338,000	$ 15,937	$ 4,172	$ 737	$ 7,677	$ 528	$ 35,063	$ 63,621	$ 93,148	$ 1,187	$ 2,211	13
14	Other Revenue	Net Op. Marg.	10,183,882	7,007,424	29,505	870,232	1,524,405	452,234	21,324	5,562	986	10,272	707	46,914	85,123	124,629	1,589	2,956	14
15	Total Revenue		$ 322,865,978	$ 222,160,739	$ 935,413	$ 27,589,504	$48,329,151	$ 14,337,466	$ 676,040	$ 176,970	$ 31,260	$ 325,666	$ 22,402	$ 1,487,329	$2,698,693	$ 3,951,199	$ 50,368	$ 93,780	15
	Operating Deductions																		
16	O & M		$(113,872,632)	$(88,975,085)	$(241,849)	$(10,385,151)	$(8,209,970)	$(3,196,065)	$(277,803)	$(53,290)	$(7,877)	$(111,890)	$(12,035)	$(360,977)	$(551,883)	$(1,441,389)	$(21,763)	$(25,606)	16
17	A & G	O & M	(52,481,195)	(41,006,506)	(111,462)	(4,786,270)	(3,783,781)	(1,472,991)	(128,033)	(24,580)	(3,630)	(51,567)	(5,546)	(166,366)	(254,350)	(664,302)	(10,030)	(11,801)	17
18	Depreciation Expense		(75,949,648)	(59,149,131)	(144,927)	(6,752,241)	(5,417,518)	(2,841,909)	(332,082)	(31,328)	(4,164)	(61,360)	(7,624)	(245,889)	(348,126)	(598,920)	(3,302)	(11,127)	18
19	Interest on Customer Deposits	8	(717,364)	(684,148)	(157)	(27,286)	(5,772)	-	-	-	-	-	-	-	-	-	-	-	19
20	Taxes other than Income	1.1	(33,455,124)	(26,054,850)	(63,839)	(2,974,300)	(2,386,367)	(1,251,835)	(146,279)	(13,800)	(1,834)	(27,029)	(3,358)	(108,312)	(153,346)	(263,819)	(1,454)	(4,901)	20
21	Total Operating Deductions		$(276,475,963)	$(215,869,520)	$(562,235)	$(24,925,248)	$(19,803,408)	$(8,762,800)	$(884,198)	$(122,978)	$(17,506)	$(251,846)	$(28,564)	$(881,543)	#########	$(2,968,429)	$(36,548)	$(53,436)	21
	State Income Tax																		
22	Taxable Income before Interest Exp.		$ 46,390,015	$ 6,291,219	$ 373,178	$ 2,664,255	$28,525,743	$ 5,574,866	$(208,157)	$ 53,992	$ 13,754	$ 73,820	$(6,162)	$ 605,785	$1,390,989	$ 982,770	$ 13,820	$ 40,344	22
23	Interest Expense	1.1	(40,521,530)	(31,557,924)	(77,323)	(3,802,533)	(2,890,416)	(1,516,248)	(177,176)	(16,715)	(2,222)	(32,738)	(4,068)	(131,190)	(185,736)	(319,543)	(1,761)	(5,937)	23
24	State Taxable Income		$ 5,868,486	$(25,266,705)	$ 295,854	$(938,278)	$25,635,327	$ 4,058,418	$(385,334)	$ 37,277	$ 11,532	$ 41,082	$(10,230)	$ 474,596	$1,205,253	$ 663,227	$ 12,058	$ 34,407	24
25	State Income Tax		408,916	(1,760,584)	20,615	(65,379)	1,786,270	282,791	(26,850)	2,597	804	2,863	(713)	33,070	83,982	46,214	840	2,398	25
26	South Georgia	1.1	77,020	59,983	147	6,847	5,494	2,882	337	32	4	62	8	249	353	607	3	11	26
27	Total State Income Tax		$ 485,936	$(1,700,601)	$ 20,762	$(58,532)	$ 1,791,763	$ 285,673	$(26,513)	$ 2,629	$ 808	$ 2,925	$(705)	$ 33,319	$ 84,335	$ 46,821	$ 844	$ 2,409	27
	Federal Income Tax																		
28	Taxable Income before Interest Exp.		$ 46,390,015	$ 6,291,219	$ 373,178	$ 2,664,255	$28,525,743	$ 5,574,866	$(208,157)	$ 53,992	$ 13,754	$ 73,820	$(6,162)	$ 605,785	$1,390,989	$ 982,770	$ 13,820	$ 40,344	28
29	Interest Expense		(40,521,530)	(31,557,924)	(77,323)	(3,802,533)	(2,890,416)	(1,516,248)	(177,176)	(16,715)	(2,222)	(32,738)	(4,068)	(131,190)	(185,736)	(319,543)	(1,761)	(5,937)	29
30	Federal Taxable Income		$ 5,868,486	$(25,266,705)	$ 295,854	$(938,278)	$25,635,327	$ 4,058,418	$(385,334)	$ 37,277	$ 11,532	$ 41,082	$(10,230)	$ 474,596	$1,205,253	$ 663,227	$ 12,058	$ 34,407	30
31	Federal Income Tax		$ 1,910,849	$(8,227,142)	$ 96,334	$(305,515)	$ 8,347,170	$ 1,321,470	$(125,469)	$ 12,138	$ 3,755	$ 13,377	$(3,331)	$ 154,534	$ 392,445	$ 215,955	$ 3,926	$ 11,203	31
32	I T C	1.1	(528,352)	(411,477)	(1,008)	(46,973)	(37,688)	(19,770)	(2,310)	(218)	(29)	(427)	(53)	(1,711)	(2,422)	(4,166)	(23)	(77)	32
33	South Georgia	1.1	288,233	224,474	550	25,625	20,560	10,785	1,260	119	16	233	29	933	1,321	2,273	13	42	33
34	Total Federal Income Tax		$ 1,670,730	$(8,414,146)	$ 95,876	$(326,862)	$ 8,330,042	$ 1,312,485	$(126,519)	$ 12,039	$ 3,742	$ 13,183	$(3,355)	$ 153,757	$ 391,344	$ 214,061	$ 3,916	$ 11,168	34
35	Regulatory Amortization	Depr. Exp.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	35
36	Net Income		$ 44,233,349	$ 16,405,966	$ 256,540	$ 3,049,649	$18,403,937	$ 3,976,509	$(55,125)	$ 39,324	$ 9,204	$ 57,712	$(2,102)	$ 418,709	$ 915,310	$ 721,888	$ 9,060	$ 26,767	36
37	Rate of Return on Rate Base		4.78%	2.29%	14.13%	3.64%	27.09%	11.08%	(1.31%)	9.99%	17.81%	7.49%	(2.19%)	13.52%	20.90%	9.64%	22.69%	19.23%	37

SCHEDULE G-1A
SHEET 1 of 1

SCHEDULE G-2 IS NOT APPLICABLE IN THE CLASS COST OF SERVICE STUDY AT PRESENT RATES

SOUTHWEST GAS CORPORATION
ARIZONA
CLASS COST OF SERVICE STUDY
TEST YEAR ENDING
AUGUST 31, 2004

Line No.	Account No.	Description	Allocation Factor No.	Total Amount	Residential Gas Service Demand	Residential Gas Service Customer	Residential Gas Service Commodity	MMMHP Gas Service Demand	MMMHP Gas Service Customer	MMMHP Gas Service Commodity	Small General Gas Service Demand	Small General Gas Service Customer	Small General Gas Service Commodity	Medium General Gas Service Demand	Medium General Gas Service Customer	Medium General Gas Service Commodity
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)
		Net Plant in Service - Direct														
		Intangible														
1	301	Organization	1.1	$ 42,653	$ 5,030	$ 27,629	$ 558	$ 43	$ 33	$ 5	$ 656	$ 3,042	$ 94	$ 1,633	$ 1,135	$ 275
2	302	Franchise & Consent	1.1	1,185,155	139,771	767,706	15,516	1,208	920	133	18,233	84,529	2,604	45,381	31,524	7,633
3	303	Misc. Intangible	1.1	278,178	32,807	180,195	3,642	284	216	31	4,280	19,840	611	10,652	7,399	1,792
4		Total Intangible		$ 1,505,987	$ 177,608	$ 975,530	$ 19,716	$ 1,535	$ 1,169	$ 170	$ 23,168	$ 107,411	$ 3,309	$ 57,666	$ 40,058	$ 9,699
5		Allocation Percentage	Intang. Plant	100.00%	11.79%	64.78%	1.31%	0.10%	0.08%	0.01%	1.54%	7.13%	0.22%	3.83%	2.66%	0.64%
		Production														
6	326	Other Land & Land Rights	3	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
7	332	Field Lines	3	-	-	-	-	-	-	-	-	-	-	-	-	-
8	334	Field Meas & Reg. Stations	3	-	-	-	-	-	-	-	-	-	-	-	-	-
9	336	Purification Equipment	3	-	-	-	-	-	-	-	-	-	-	-	-	-
10		Total Production		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
11		Allocation Percentage	Prod. Plant	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
		Transmission														
12	365	Land & Land Rights	1.0	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
13	365	Rights of Way	1.0	-	-	-	-	-	-	-	-	-	-	-	-	-
14	366	Structures-Compressor Stas.	1.0	-	-	-	-	-	-	-	-	-	-	-	-	-
15	366	Structures	1.0	-	-	-	-	-	-	-	-	-	-	-	-	-
16	367	Mains - Demand	1.0	-	-	-	-	-	-	-	-	-	-	-	-	-
17	367	Mains - Customer	4.0	-	-	-	-	-	-	-	-	-	-	-	-	-
18	367	Mains - Commodity	3.0	-	-	-	-	-	-	-	-	-	-	-	-	-
19	367	Mains-Bridge	1.0	-	-	-	-	-	-	-	-	-	-	-	-	-
20	368	Compressor Stations	1.0	-	-	-	-	-	-	-	-	-	-	-	-	-
21	369	Measuring & Reg. Sta. Equip.	1.0	-	-	-	-	-	-	-	-	-	-	-	-	-
22	370	Communication Equip.	1.0	-	-	-	-	-	-	-	-	-	-	-	-	-
23	371	Other Equipment	1.0	-	-	-	-	-	-	-	-	-	-	-	-	-
24		Total Transmission		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
25		Allocation Percentage	Trans. Plant	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
		Distribution														
26	374	Land & Land Rights	1.0	$ 351,685	$ 193,288	$ -	$ -	$ 1,671	$ -	$ -	$ 25,214	$ -	$ -	$ 62,756	$ -	$ -
27	374	Rights of Way	1.0	445,985	245,116	-	-	2,119	-	-	31,974	-	-	79,584	-	-
28	375	Structures	1.0	47,682	26,206	-	-	227	-	-	3,419	-	-	8,509	-	-
29	376	Mains - Demand	1.0	208,461,866	114,571,685	-	-	990,384	-	-	14,945,473	-	-	37,199,001	-	-
30	376	Mains - Customer	5.0	307,811,910	-	293,123,754	-	-	67,379	-	-	11,690,781	-	-	2,473,169	-
31	376	Mains - Commodity	3.0	1	-	-	0	-	-	0	-	-	0	-	-	0
32	378	Measuring & Reg. Station	3.0	23,180,184	-	-	10,911,762	-	-	93,846	-	-	1,831,398	-	-	5,368,058
33	380	Services - Demand	1.0	0	0	-	-	0	-	-	0	-	-	0	-	-
34	380	Services - Customer	7.0	305,210,571	-	246,322,712	-	-	293,451	-	-	44,031,688	-	-	10,804,180	-
35	381	Meters	6.0	125,628,203	-	92,283,117	-	-	396,110	-	-	13,834,403	-	-	12,663,169	-
36	385	Industrial Meas. & Reg. Sta.	3.0	3,942,124	-	-	1,855,702	-	-	15,960	-	-	311,456	-	-	912,915
37	386	Other Prop. on Cust. Premises	1.0	-	-	-	-	-	-	-	-	-	-	-	-	-
38	387	Other Equipment	1.0	(39,455)	(21,685)	-	-	(187)	-	-	(2,829)	-	-	(7,041)	-	-
39		Total Distribution		$ 975,240,756	$ 115,014,611	$ 631,729,584	$ 12,767,464	$ 994,212	$ 756,940	$ 109,806	$ 15,003,251	$ 69,556,872	$ 2,142,853	$ 37,342,809	$ 25,940,518	$ 6,280,973
40		Allocation Percentage	Dist. Plant	100.00%	11.79%	64.78%	1.31%	0.10%	0.08%	0.01%	1.54%	7.13%	0.22%	3.83%	2.66%	0.64%
41	389-398	Total General Plant	1.1	$ 74,626,005	$ 8,800,987	$ 48,340,325	$ 976,974	$ 76,078	$ 57,921	$ 8,402	$ 1,148,058	$ 5,322,533	$ 163,972	$ 2,857,494	$ 1,984,984	$ 480,624
42		Total Net Plant-Direct		$1,051,372,747	$ 123,993,206	$ 681,045,438	$ 13,764,154	$ 1,071,825	$ 816,030	$ 118,378	$ 16,174,478	$ 74,986,816	$ 2,310,135	$ 40,257,969	$ 27,965,560	$ 6,771,296
		Systems Allocable Plant														
43	301-303	Intangible Plant	1.1	$ 26,400,863	$ 3,113,575	$ 17,101,629	$ 345,630	$ 26,914	$ 20,491	$ 2,973	$ 406,155	$ 1,882,983	$ 58,009	$ 1,010,912	$ 702,239	$ 170,033
44	389-398	General Plant	1.1	$ 14,188,530	$ 1,673,318	$ 9,190,873	$ 185,751	$ 14,465	$ 11,013	$ 1,598	$ 218,278	$ 1,011,965	$ 31,176	$ 543,291	$ 377,402	$ 91,380
45		Total Systems Allocable		40,589,393	4,786,893	26,292,503	531,380	41,379	31,504	4,570	624,433	2,894,948	89,185	1,554,203	1,079,641	261,413
46		Total Net Plant		$1,091,962,140	$ 128,780,099	$ 707,337,941	$ 14,295,534	$ 1,113,204	$ 847,534	$ 122,948	$ 16,798,911	$ 77,881,764	$ 2,399,320	$ 41,812,172	$ 29,045,201	$ 7,032,709

SOUTHWEST GAS CORPORATION
ARIZONA
CLASS COST OF SERVICE STUDY
TEST YEAR ENDING
AUGUST 31, 2004

Line No.	Account No.	Description	Allocation Factor No.	Total Amount	Residential Gas Service			MMMHP Gas Service			Small General Gas Service			Medium General Gas Service		
					Demand	Customer	Commodity	Demand	Customer	Commodity	Demand	Customer	Commodity	Demand	Customer	Commodity
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)
		Other Rate Base Items														
1		Cash Working Capital	11.2	(11,082,156)	(587,328)	(7,670,516)	(401,267)	(5,077)	(15,009)	(3,451)	(76,615)	(866,727)	(67,347)	(190,693)	(410,903)	(197,404)
2		Materials & Supplies	1.1	9,222,489	1,087,650	5,974,032	120,737	9,402	7,158	1,038	141,880	657,773	20,264	353,137	245,310	59,397
3		Prepayments	1.1	2,740,815	323,237	1,775,412	35,882	2,794	2,127	309	42,165	195,483	6,022	104,948	72,903	17,652
4		Gas Plant Acquisition Adjustment	1.1	-	-	-	-	-	-	-	-	-	-	-	-	-
5		Customer Deposits	8.0	(23,912,141)	-	(22,804,948)	-	-	(5,242)	-	-	(909,540)	-	-	(192,412)	-
6		Customer Advances	8.0	(7,027,372)	-	(6,701,987)	-	-	(1,541)	-	-	(267,298)	-	-	(56,547)	-
7		Deferred Taxes	1.1	(136,691,328)	(16,120,635)	(88,544,244)	(1,789,509)	(139,350)	(106,094)	(15,391)	(2,102,880)	(9,749,204)	(300,346)	(5,234,029)	(3,635,865)	(880,351)
8		Deferred Gain Hdqtrs Bldg	4.0	-	-	-	-	-	-	-	-	-	-	-	-	-
9		Total Allocated Rate Base		925,212,447	113,483,024	589,365,690	12,261,378	980,973	728,934	105,453	14,803,461	66,942,251	2,057,913	36,845,535	25,067,688	6,032,003

SCHEDULE G-3A
SHEET 2 of 8

SOUTHWEST GAS CORPORATION
ARIZONA
CLASS COST OF SERVICE STUDY
TEST YEAR ENDING
AUGUST 31, 2004

Line No.	Account No.	Description	Allocation Factor No.	Large General Gas Service Demand	Large General Gas Service Customer	Large General Gas Service Commodity	Gas Service to Armed Forces Demand	Gas Service to Armed Forces Customer	Gas Service to Armed Forces Commodity	Air-Conditioning Gas Service Demand	Air-Conditioning Gas Service Customer	Air-Conditioning Gas Service Commodity	CNG - Small Demand	CNG - Small Customer	CNG - Small Commodity
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)
		Net Plant in Service - Direct													
		Intangible													
1	301	Organization	1.1	$ 1,315	$ 136	$ 144	$ 175	$ 5	$ 6	$ 6	$ 8	$ 4	$ 1	$ 1	$ 0
2	302	Franchise & Consent	1.1	36,548	3,791	4,008	4,860	149	172	169	220	100	34	21	10
3	303	Misc. Intangible	1.1	8,578	890	941	1,141	35	40	40	52	23	8	5	2
4		Total Intangible		$ 46,441	$ 4,817	$ 5,093	$ 6,176	$ 190	$ 219	$ 214	$ 280	$ 127	$ 43	$ 27	$ 13
5		Allocation Percentage	Intang. Plant	3.08%	0.32%	0.34%	0.41%	0.01%	0.01%	0.01%	0.02%	0.01%	0.00%	0.00%	0.00%
		Production													
6	326	Other Land & Land Rights	3	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
7	332	Field Lines	3	-	-	-	-	-	-	-	-	-	-	-	-
8	334	Field Meas & Reg. Stations	3	-	-	-	-	-	-	-	-	-	-	-	-
9	336	Purification Equipment	3	-	-	-	-	-	-	-	-	-	-	-	-
10		Total Production		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
11		Allocation Percentage	Prod. Plant	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
		Transmission													
12	365	Land & Land Rights	1.0	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
13	365	Rights of Way	1.0	-	-	-	-	-	-	-	-	-	-	-	-
14	366	Structures-Compressor Stas.	1.0	-	-	-	-	-	-	-	-	-	-	-	-
15	366	Structures	1.0	-	-	-	-	-	-	-	-	-	-	-	-
16	367	Mains - Demand	1.0	-	-	-	-	-	-	-	-	-	-	-	-
17	367	Mains - Customer	4.0	-	-	-	-	-	-	-	-	-	-	-	-
18	367	Mains - Commodity	3.0	-	-	-	-	-	-	-	-	-	-	-	-
19	367	Mains-Bridge	1.0	-	-	-	-	-	-	-	-	-	-	-	-
20	368	Compressor Stations	1.0	-	-	-	-	-	-	-	-	-	-	-	-
21	369	Measuring & Reg. Sta. Equip.	1.0	-	-	-	-	-	-	-	-	-	-	-	-
22	370	Communication Equip.	1.0	-	-	-	-	-	-	-	-	-	-	-	-
23	371	Other Equipment	1.0	-	-	-	-	-	-	-	-	-	-	-	-
24		Total Transmission		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
25		Allocation Percentage	Trans. Plant	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
		Distribution													
26	374	Land & Land Rights	1.0	$ 50,542	$ -	$ -	$ 6,721	$ -	$ -	$ 233	$ -	$ -	$ 47	$ -	$ -
27	374	Rights of Way	1.0	64,094	-	-	8,523	-	-	296	-	-	60	-	-
28	375	Structures	1.0	6,853	-	-	911	-	-	32	-	-	6	-	-
29	376	Mains - Demand	1.0	29,958,581	-	-	3,983,935	-	-	138,294	-	-	28,012	-	-
30	376	Mains - Customer	5.0	-	53,832	-	-	3,209	-	-	13,339	-	-	7,843	-
31	376	Mains - Commodity	3.0	-	-	0	-	-	0	-	-	0	-	-	0
32	378	Measuring & Reg. Station	3.0	-	-	2,818,916	-	-	121,252	-	-	70,276	-	-	6,976
33	380	Services - Demand	1.0	0	-	-	0	-	-	0	-	-	0	-	-
34	380	Services - Customer	7.0	-	830,855	-	-	54,623	-	-	159,542	-	-	6,958	-
35	381	Meters	6.0	-	2,234,479	-	-	65,102	-	-	8,338	-	-	2,387	-
36	385	Industrial Meas. & Reg. Sta.	3.0	-	-	479,397	-	-	20,621	-	-	11,951	-	-	1,186
37	386	Other Prop. on Cust. Premises	1.0	-	-	-	-	-	-	-	-	-	-	-	-
38	387	Other Equipment	1.0	(5,670)	-	-	(754)	-	-	(26)	-	-	(5)	-	-
39		Total Distribution		$ 30,074,398	$ 3,119,166	$ 3,298,314	$ 3,999,336	$ 122,934	$ 141,872	$ 138,829	$ 181,220	$ 82,227	$ 28,120	$ 17,187	$ 8,163
40		Allocation Percentage	Dist. Plant	3.08%	0.32%	0.34%	0.41%	0.01%	0.01%	0.01%	0.02%	0.01%	0.00%	0.00%	0.00%
41	389-398	Total General Plant	1.1	$ 2,301,311	$ 238,680	$ 252,389	$ 306,032	$ 9,407	$ 10,856	$ 10,623	$ 13,867	$ 6,292	$ 2,152	$ 1,315	$ 625
42		Total Net Plant-Direct		$ 32,422,151	$ 3,362,663	$ 3,555,796	$ 4,311,544	$ 132,531	$ 152,947	$ 149,666	$ 195,367	$ 88,646	$ 30,315	$ 18,529	$ 8,800
		Systems Allocable Plant													
43	301-303	Intangible Plant	1.1	$ 814,148	$ 84,439	$ 89,289	$ 108,267	$ 3,328	$ 3,841	$ 3,758	$ 4,906	$ 2,226	$ 761	$ 465	$ 221
44	389-398	General Plant	1.1	$ 437,545	$ 45,380	$ 47,986	$ 58,185	$ 1,789	$ 2,064	$ 2,020	$ 2,637	$ 1,196	$ 409	$ 250	$ 119
45		Total Systems Allocable		1,251,693	129,819	137,275	166,452	5,116	5,905	5,778	7,542	3,422	1,170	715	340
46		Total Net Plant		$ 33,673,843	$ 3,492,483	$ 3,693,071	$ 4,477,996	$ 137,647	$ 158,852	$ 155,444	$ 202,909	$ 92,069	$ 31,485	$ 19,244	$ 9,140

SOUTHWEST GAS CORPORATION
ARIZONA
CLASS COST OF SERVICE STUDY
TEST YEAR ENDING
AUGUST 31, 2004

Line No.	Account No.	Description	Allocation Factor No.	Large General Gas Service			Gas Service to Armed Forces			Air-Conditioning Gas Service			CNG - Small		
				Demand	Customer	Commodity	Demand	Customer	Commodity	Demand	Customer	Commodity	Demand	Customer	Commodity
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)
		Other Rate Base Items													
1		Cash Working Capital	11.2	(153,576)	(53,804)	(103,662)	(20,423)	(2,154)	(4,459)	(709)	(1,893)	(2,584)	(144)	(366)	(257)
2		Materials & Supplies	1.1	284,402	29,497	31,191	37,820	1,163	1,342	1,313	1,714	778	266	163	77
3		Prepayments	1.1	84,521	8,766	9,270	11,240	345	399	390	509	231	79	48	23
4		Gas Plant Acquisition Adjustment	1.1	-	-	-	-	-	-	-	-	-	-	-	-
5		Customer Deposits	8.0	-	-	-	-	-	-	-	-	-	-	-	-
6		Customer Advances	8.0	-	-	-	-	-	-	-	-	-	-	-	-
7		Deferred Taxes	1.1	(4,215,277)	(437,187)	(462,297)	(560,553)	(17,231)	(19,885)	(19,458)	(25,400)	(11,525)	(3,941)	(2,409)	(1,144)
8		Deferred Gain Hdqtrs Bldg	4.0	-	-	-	-	-	-	-	-	-	-	-	-
9		Total Allocated Rate Base		29,673,914	3,039,754	3,167,573	3,946,079	119,770	136,249	136,980	177,839	78,968	27,745	16,680	7,839

SOUTHWEST GAS CORPORATION
ARIZONA
CLASS COST OF SERVICE STUDY
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AUGUST 31, 2004

Line No.	Account No.	Description	Allocation Factor No.	CNG - Large Demand	CNG - Large Customer	CNG - Large Commodity	CNG - Residential Demand	CNG - Residential Customer	CNG - Residential Commodity	Cogeneration Gas Service Demand	Cogeneration Gas Service Customer	Cogeneration Gas Service Commodity	Small Essential Agr. User Gas Service Demand	Small Essential Agr. User Gas Service Customer	Small Essential Agr. User Gas Service Commodity
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)
		Net Plant in Service - Direct													
		Intangible													
1	301	Organization	1.1	$ 11	$ 19	$ 4	$ 1	$ 4	$ 0	$ 100	$ 8	$ 29	$ 143	$ 28	$ 25
2	302	Franchise & Consent	1.1	317	537	103	16	99	4	2,791	229	817	3,970	777	684
3	303	Misc. Intangible	1.1	75	126	24	4	23	1	655	54	192	932	182	161
4		Total Intangible		$ 403	$ 682	$ 131	$ 20	$ 126	$ 6	$ 3,547	$ 291	$ 1,038	$ 5,045	$ 988	$ 870
5		Allocation Percentage	Intang. Plant	0.03%	0.05%	0.01%	0.00%	0.01%	0.00%	0.24%	0.02%	0.07%	0.34%	0.07%	0.06%
		Production													
6	326	Other Land & Land Rights	3	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
7	332	Field Lines	3	-	-	-	-	-	-	-	-	-	-	-	-
8	334	Field Meas & Reg. Stations	3	-	-	-	-	-	-	-	-	-	-	-	-
9	336	Purification Equipment	3	-	-	-	-	-	-	-	-	-	-	-	-
10		Total Production		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
11		Allocation Percentage	Prod. Plant	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
		Transmission													
12	365	Land & Land Rights	1.0	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
13	365	Rights of Way	1.0	-	-	-	-	-	-	-	-	-	-	-	-
14	366	Structures-Compressor Stas.	1.0	-	-	-	-	-	-	-	-	-	-	-	-
15	366	Structures	1.0	-	-	-	-	-	-	-	-	-	-	-	-
16	367	Mains - Demand	1.0	-	-	-	-	-	-	-	-	-	-	-	-
17	367	Mains - Customer	4.0	-	-	-	-	-	-	-	-	-	-	-	-
18	367	Mains - Commodity	3.0	-	-	-	-	-	-	-	-	-	-	-	-
19	367	Mains-Bridge	1.0	-	-	-	-	-	-	-	-	-	-	-	-
20	368	Compressor Stations	1.0	-	-	-	-	-	-	-	-	-	-	-	-
21	369	Measuring & Reg. Sta. Equip.	1.0	-	-	-	-	-	-	-	-	-	-	-	-
22	370	Communication Equip.	1.0	-	-	-	-	-	-	-	-	-	-	-	-
23	371	Other Equipment	1.0	-	-	-	-	-	-	-	-	-	-	-	-
24		Total Transmission		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
25		Allocation Percentage	Trans. Plant	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
		Distribution													
26	374	Land & Land Rights	1.0	$ 439	$ -	$ -	$ 22	$ -	$ -	$ 3,860	$ -	$ -	$ 5,491	$ -	$ -
27	374	Rights of Way	1.0	557	-	-	27	-	-	4,895	-	-	6,963	-	-
28	375	Structures	1.0	60	-	-	3	-	-	523	-	-	744	-	-
29	376	Mains - Demand	1.0	260,180	-	-	12,796	-	-	2,287,869	-	-	3,254,588	-	-
30	376	Mains - Customer	5.0	-	9,626	-	-	39,215	-	-	8,200	-	-	40,017	-
31	376	Mains - Commodity	3.0	-	-	0	-	-	0	-	-	0	-	-	0
32	378	Measuring & Reg. Station	3.0	-	-	72,658	-	-	3,050	-	-	574,275	-	-	481,347
33	380	Services - Demand	1.0	0	-	-	0	-	-	0	-	-	0	-	-
34	380	Services - Customer	7.0	-	167,146	-	-	30,998	-	-	119,187	-	-	349,122	-
35	381	Meters	6.0	-	264,930	-	-	11,272	-	-	61,329	-	-	250,633	-
36	385	Industrial Meas. & Reg. Sta.	3.0	-	-	12,357	-	-	519	-	-	97,664	-	-	81,860
37	386	Other Prop. on Cust. Premises	1.0	-	-	-	-	-	-	-	-	-	-	-	-
38	387	Other Equipment	1.0	(49)	-	-	(2)	-	-	(433)	-	-	(616)	-	-
39		Total Distribution		$ 261,186	$ 441,702	$ 85,015	$ 12,845	$ 81,486	$ 3,569	$ 2,296,714	$ 188,716	$ 671,938	$ 3,267,170	$ 639,773	$ 563,207
40		Allocation Percentage	Dist. Plant	0.03%	0.05%	0.01%	0.00%	0.01%	0.00%	0.24%	0.02%	0.07%	0.34%	0.07%	0.06%
41	389-398	Total General Plant	1.1	$ 19,986	$ 33,799	$ 6,505	$ 983	$ 6,235	$ 273	$ 175,746	$ 14,441	$ 51,417	$ 250,006	$ 48,956	$ 43,097
42		Total Net Plant-Direct		$ 281,575	$ 476,183	$ 91,652	$ 13,848	$ 87,847	$ 3,848	$ 2,478,006	$ 203,448	$ 724,393	$ 3,522,221	$ 689,716	$ 607,174
		Systems Allocable Plant													
43	301-303	Intangible Plant	1.1	$ 7,071	$ 11,957	$ 2,301	$ 348	$ 2,206	$ 97	$ 62,175	$ 5,109	$ 18,190	$ 88,446	$ 17,319	$ 15,247
44	389-398	General Plant	1.1	$ 3,800	$ 6,426	$ 1,237	$ 187	$ 1,186	$ 52	$ 33,414	$ 2,746	$ 9,776	$ 47,533	$ 9,308	$ 8,194
45		Total Systems Allocable		10,871	18,384	3,538	535	3,391	149	95,589	7,854	27,966	135,979	26,627	23,441
46		Total Net Plant		$ 292,446	$ 494,566	$ 95,190	$ 14,382	$ 91,238	$ 3,996	$ 2,571,595	$ 211,302	$ 752,359	$ 3,658,201	$ 716,343	$ 630,615

SOUTHWEST GAS CORPORATION
ARIZONA
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Line No.	Account No.	Description	Allocation Factor No.	CNG - Large			CNG - Residential			Cogeneration Gas Service			Small Essential Agr. User Gas Service		
				Demand	Customer	Commodity	Demand	Customer	Commodity	Demand	Customer	Commodity	Demand	Customer	Commodity
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)
		Other Rate Base Items													
1		Cash Working Capital	11.2	(1,334)	(6,883)	(2,672)	(66)	(993)	(112)	(11,728)	(2,284)	(21,118)	(16,684)	(19,325)	(17,701)
2		Materials & Supplies	1.1	2,470	4,177	804	121	771	34	21,719	1,785	6,354	30,896	6,050	5,326
3		Prepayments	1.1	734	1,241	239	36	229	10	6,455	530	1,888	9,182	1,798	1,583
4		Gas Plant Acquisition Adjustment	1.1	-	-	-	-	-	-	-	-	-	-	-	-
5		Customer Deposits	8.0	-	-	-	-	-	-	-	-	-	-	-	-
6		Customer Advances	8.0	-	-	-	-	-	-	-	-	-	-	-	-
7		Deferred Taxes	1.1	(36,608)	(61,910)	(11,916)	(1,800)	(11,421)	(500)	(321,911)	(26,451)	(94,180)	(457,932)	(89,672)	(78,940)
8		Deferred Gain Hdqtrs Bldg	4.0	-	-	-	-	-	-	-	-	-	-	-	-
9		Total Allocated Rate Base		257,708	431,192	81,645	12,674	79,823	3,428	2,266,130	184,883	645,304	3,223,663	615,195	540,883

SCHEDULE G-3A
SHEET 6 of 8

SOUTHWEST GAS CORPORATION
ARIZONA
CLASS COST OF SERVICE STUDY
TEST YEAR ENDING
AUGUST 31, 2004

Line No.	Account No.	Description	Allocation Factor No.	Natural Gas Engine Gas Service Demand	Natural Gas Engine Gas Service Customer	Natural Gas Engine Gas Service Commodity	Street Lighting Gas Service Demand	Street Lighting Gas Service Customer	Street Lighting Gas Service Commodity	Special Residential Gas Service - A/C Demand	Special Residential Gas Service - A/C Customer	Special Residential Gas Service - A/C Commodity
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
		Net Plant in Service - Direct										
		Intangible										
1	301	Organization	1.1	$ 33	$ 261	$ 42	$ 1	$ 1	$ 0	$ 2	$ 3	$ 0
2	302	Franchise & Consent	1.1	927	7,261	1,157	21	25	5	66	96	12
3	303	Misc. Intangible	1.1	218	1,704	272	5	6	1	15	22	3
4		Total Intangible		$ 1,178	$ 9,227	$ 1,471	$ 27	$ 32	$ 7	$ 83	$ 122	$ 16
5		Allocation Percentage	Intang. Plant	0.08%	0.61%	0.10%	0.00%	0.00%	0.00%	0.01%	0.01%	0.00%
		Production										
6	328	Other Land & Land Rights	3	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$
7	332	Field Lines	3	-	-	-	-	-	-	-	-	-
8	334	Field Meas & Reg. Stations	3	-	-	-	-	-	-	-	-	-
9	336	Purification Equipment	3	-	-	-	-	-	-	-	-	-
10		Total Production		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$
11		Allocation Percentage	Prod. Plant	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
		Transmission										
12	365	Land & Land Rights	1.0	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$
13	365	Rights of Way	1.0	-	-	-	-	-	-	-	-	-
14	366	Structures-Compressor Stas.	1.0	-	-	-	-	-	-	-	-	-
15	366	Structures	1.0	-	-	-	-	-	-	-	-	-
16	367	Mains - Demand	1.0	-	-	-	-	-	-	-	-	-
17	367	Mains - Customer	4.0	-	-	-	-	-	-	-	-	-
18	367	Mains - Commodity	3.0	-	-	-	-	-	-	-	-	-
19	367	Mains-Bridge	1.0	-	-	-	-	-	-	-	-	-
20	368	Compressor Stations	1.0	-	-	-	-	-	-	-	-	-
21	369	Measuring & Reg. Sta. Equip.	1.0	-	-	-	-	-	-	-	-	-
22	370	Communication Equip.	1.0	-	-	-	-	-	-	-	-	-
23	371	Other Equipment	1.0	-	-	-	-	-	-	-	-	-
24		Total Transmission		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$
25		Allocation Percentage	Trans. Plant	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
		Distribution										
26	374	Land & Land Rights	1.0	$ 1,282	$ -	$ -	$ 29	$ -	$ -	$ 91	$ -	$
27	374	Rights of Way	1.0	1,826	-	-	37	-	-	115	-	-
28	375	Structures	1.0	174	-	-	4	-	-	12	-	-
29	376	Mains - Demand	1.0	759,858	-	-	17,399	-	-	53,811	-	-
30	376	Mains - Customer	5.0	-	215,238	-	-	10,339	-	-	55,971	-
31	376	Mains - Commodity	3.0	-	-	0	-	-	0	-	-	0
32	378	Measuring & Reg. Station	3.0	-	-	813,954	-	-	3,822	-	-	8,593
33	380	Services - Demand	1.0	0	-	-	0	-	-	0	-	-
34	380	Services - Customer	7.0	-	2,029,991	-	-	10,116	-	-	-	-
35	381	Meters	6.0	-	3,730,102	-	-	-	-	-	22,831	-
36	385	Industrial Meas. & Reg. Sta.	3.0	-	-	138,425	-	-	650	-	-	1,461
37	386	Other Prop. on Cust. Premises	1.0	-	-	-	-	-	-	-	-	-
38	387	Other Equipment	1.0	(144)	-	-	(3)	-	-	(10)	-	-
39		Total Distribution		$ 762,796	$ 5,975,331	$ 952,379	$ 17,467	$ 20,455	$ 4,472	$ 54,019	$ 78,802	$ 10,055
40		Allocation Percentage	Dist. Plant	0.08%	0.61%	0.10%	0.00%	0.00%	0.00%	0.01%	0.01%	0.00%
41	389-398	Total General Plant	1.1	$ 58,370	$ 457,236	$ 72,877	$ 1,337	$ 1,565	$ 342	$ 4,134	$ 6,030	$ 769
42		Total Net Plant-Direct		$ 822,344	$ 6,441,794	$ 1,026,726	$ 18,830	$ 22,052	$ 4,821	$ 58,236	$ 84,953	$ 10,840
		Systems Allocable Plant										
43	301-303	Intangible Plant	1.1	$ 20,850	$ 161,759	$ 25,782	$ 473	$ 554	$ 121	$ 1,462	$ 2,133	$ 272
44	389-398	General Plant	1.1	$ 11,098	$ 86,934	$ 13,856	$ 254	$ 298	$ 65	$ 786	$ 1,146	$ 146
45		Total Systems Allocable		31,747	248,692	39,638	727	851	186	2,248	3,280	418
46		Total Net Plant		$ 854,091	$ 6,690,487	$ 1,066,364	$ 19,557	$ 22,903	$ 5,007	$ 60,484	$ 88,233	$ 11,258

SOUTHWEST GAS CORPORATION
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CLASS COST OF SERVICE STUDY
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Line No.	Account No.	Description	Allocation Factor No.	Natural Gas Engine Gas Service			Street Lighting Gas Service			Special Residential Gas Service - A/C		
				Demand	Customer	Commodity	Demand	Customer	Commodity	Demand	Customer	Commodity
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
		Other Rate Base Items										
1		Cash Working Capital	11.2	(3,895)	(106,449)	(29,932)	(89)	(1,888)	(141)	(276)	(1,900)	(316)
2		Materials & Supplies	1.1	7,213	56,506	9,006	165	193	42	511	745	95
3		Prepayments	1.1	2,144	16,793	2,677	49	57	13	152	221	28
4		Gas Plant Acquisition Adjustment	1.1	-	-	-	-	-	-	-	-	-
5		Customer Deposits	8.0	-	-	-	-	-	-	-	-	-
6		Customer Advances	8.0	-	-	-	-	-	-	-	-	-
7		Deferred Taxes	1.1	(106,915)	(837,512)	(133,487)	(2,448)	(2,867)	(627)	(7,571)	(11,045)	(1,409)
8		Deferred Gain Hdqtrs Bldg	4.0	-	-	-	-	-	-	-	-	-
9		Total Allocated Rate Base		752,638	5,819,825	914,627	17,234	18,399	4,295	53,299	76,255	9,656

SOUTHWEST GAS CORPORATION
ARIZONA
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AUGUST 31, 2004

Line No.	Account No.	Description	Allocation Factor No.	Total Amount	Residential Gas Service Demand	Residential Gas Service Customer	Residential Gas Service Commodity	MMMHP Gas Service Demand	MMMHP Gas Service Customer	MMMHP Gas Service Commodity	Small General Gas Service Demand	Small General Gas Service Customer	Small General Gas Service Commodity	Medium General Gas Service Demand	Medium General Gas Service Customer	Medium General Gas Service Commodity
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)
		Direct Depreciation Expense														
1	301-303	Intangible	Intang. Plant	$ 209,988	$ 24,765	$ 136,024	$ 2,749	$ 214	$ 163	$ 24	$ 3,230	$ 14,977	$ 461	$ 8,041	$ 5,585	$ 1,352
2	325.5-336	Production Plant	Prod. Plant	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
3	366.1-371	Transmission	Trans. Plant	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
4	374.1-387	Distribution	Dist. Plant	$ 62,360,935	$ 7,354,511	$ 40,395,407	$ 816,405	$ 63,574	$ 48,402	$ 7,021	$ 959,370	$ 4,447,755	$ 137,023	$ 2,387,854	$ 1,658,744	$ 401,631
5	389-398	General	1.1	$ 4,820,934	$ 568,555	$ 3,122,846	$ 63,114	$ 4,915	$ 3,742	$ 543	$ 74,166	$ 343,842	$ 10,593	$ 184,598	$ 128,232	$ 31,049
6		Total Direct Dep. Exp.		$ 67,391,857	$ 7,947,831	$ 43,654,277	$ 882,267	$ 68,703	$ 52,307	$ 7,588	$ 1,036,767	$ 4,806,574	$ 148,077	$ 2,580,492	$ 1,792,562	$ 434,033
		Systems Allocable Depreciation Expense														
7	301-303	Intangible	Intang. Plant	$ 4,688,595	$ 552,947	$ 3,037,121	$ 61,381	$ 4,780	$ 3,639	$ 528	$ 72,130	$ 334,404	$ 10,302	$ 179,530	$ 124,712	$ 30,197
8	389-398	General	1.1	$ 2,373,988	$ 279,975	$ 1,537,793	$ 31,079	$ 2,420	$ 1,843	$ 267	$ 36,522	$ 169,319	$ 5,216	$ 90,902	$ 63,146	$ 15,290
		System Allocable Amortization														
9		Miscellaneous Intangible	1.1	-	-	-	-	-	-	-	-	-	-	-	-	-
10		Structures-Leasehold Improvements	1.1	-	-	-	-	-	-	-	-	-	-	-	-	-
11		Total System Allocable Amortization		-	-	-	-	-	-	-	-	-	-	-	-	-
12		Total System Alloc Dep. Exp. & Amortization		7,062,583	832,923	4,574,914	92,461	7,200	5,482	795	108,652	503,723	15,518	270,432	187,858	45,486
13		Total Depreciation Expense		74,454,440	8,780,753	48,229,191	974,728	75,903	57,788	8,383	1,145,418	5,310,297	163,595	2,850,925	1,980,420	479,519
14		Amortization-Limited Term Gas Plant	1.1	-	-	-	-	-	-	-	-	-	-	-	-	-
15		Amortization-Gas Plant Acquisition	1.1	(52,996)	(6,250)	(34,329)	(694)	(54)	(41)	(6)	(815)	(3,780)	(116)	(2,029)	(1,410)	(341)
16		Amortization of PBOP Costs	1.1	337,524	39,806	218,637	4,419	344	262	38	5,193	24,073	742	12,924	8,978	2,174
17		Amortization of Service Investigation	7.0	-	-	-	-	-	-	-	-	-	-	-	-	-
18		Amortization of TRIMP Costs	1.1	1,183,333	139,556	766,525	15,492	1,206	918	133	18,205	84,399	2,600	45,311	31,476	7,621
19		Amortization of SOX Implementation	1.1	27,346	3,225	17,714	358	28	21	3	421	1,950	60	1,047	727	176
20		Total Depreciation & Amortization Expense		$ 75,949,648	$ 8,957,090	$ 49,197,738	$ 994,303	$ 77,427	$ 58,949	$ 8,551	$ 1,168,421	$ 5,416,939	$ 166,881	$ 2,908,177	$ 2,020,192	$ 489,149

SOUTHWEST GAS CORPORATION
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Line No.	Account No.	Description	Allocation Factor No.	Total Amount	Residential Gas Service			MMMHP Gas Service			Small General Gas Service			Medium General Gas Service		
					Demand	Customer	Commodity	Demand	Customer	Commodity	Demand	Customer	Commodity	Demand	Customer	Commodity
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)
		Operation and Maintenance Expense														
		Gas Supply Expense														
1	800	Natural Gas Wellhead Purchases	3.0	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
2	803	Natural Gas Transmission Line Purch	3.0	-	-	-	-	-	-	-	-	-	-	-	-	-
3	805	Purchased Gas Cost Adj.	3.0	-	-	-	-	-	-	-	-	-	-	-	-	-
4	810	Gas Used for Compressor Sta. Fuel--	3.0	-	-	-	-	-	-	-	-	-	-	-	-	-
5	813	Other Gas Supply Expense	3.0	-	-	-	-	-	-	-	-	-	-	-	-	-
6		Labor & Labor Loading	3.0	683,189	-	-	321,602	-	-	2,766	-	-	53,977	-	-	158,213
7		Materials & Expenses	3.0	57,202	-	-	26,927	-	-	232	-	-	4,519	-	-	13,247
8		Total Gas Supply Expense		$ 740,391	$ -	$ -	$ 348,529	$ -	$ -	$ 2,998	$ -	$ -	$ 58,496	$ -	$ -	$ 171,460
		Transmission Expenses														
9	850	Operation Supervision & Engin.														
10		Labor & Labor Loading	5.0	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
11		Materials & Expenses	5.0	-	-	-	-	-	-	-	-	-	-	-	-	-
12	851	System Control & Load Dispatch														
13		Labor & Labor Loading	3.0	-	-	-	-	-	-	-	-	-	-	-	-	-
14		Materials & Expenses	3.0	-	-	-	-	-	-	-	-	-	-	-	-	-
15	852	Communication System Exp.														
16		Labor & Labor Loading	1.0	-	-	-	-	-	-	-	-	-	-	-	-	-
17		Materials & Expenses	1.0	-	-	-	-	-	-	-	-	-	-	-	-	-
18	853	Compressor Station														
19		Labor & Labor Loading	1.0	-	-	-	-	-	-	-	-	-	-	-	-	-
20		Materials & Expenses	1.0	-	-	-	-	-	-	-	-	-	-	-	-	-
21	854	Gas for Compressor Station Fuel	3.0	-	-	-	-	-	-	-	-	-	-	-	-	-
22	856	Mains Expense														
23		Labor & Labor Loading	6.0	-	-	-	-	-	-	-	-	-	-	-	-	-
24		Materials & Expenses	6.0	-	-	-	-	-	-	-	-	-	-	-	-	-
25	857	Meas. & Res. Sta. Exp.														
26		Labor & Labor Loading	1.0	-	-	-	-	-	-	-	-	-	-	-	-	-
27		Materials & Expenses	1.0	-	-	-	-	-	-	-	-	-	-	-	-	-
28	858	Trans. & comp. of Gas by Others	3.0	-	-	-	-	-	-	-	-	-	-	-	-	-
29	860	Rents	1.0	-	-	-	-	-	-	-	-	-	-	-	-	-
30	861	Maint. Supervision & Eng.														
31		Labor & Labor Loading	7.0	-	-	-	-	-	-	-	-	-	-	-	-	-
32		Materials & Expenses	7.0	-	-	-	-	-	-	-	-	-	-	-	-	-
33	862	Maint. of Struct. & Imp.	1.0	-	-	-	-	-	-	-	-	-	-	-	-	-
34	863	Maint. of Mains														
35		Labor & Labor Loading	6.0	-	-	-	-	-	-	-	-	-	-	-	-	-
36		Materials & Expenses	6.0	-	-	-	-	-	-	-	-	-	-	-	-	-
37	864	Maint. of Comp. Sta. Equip.														
38		Labor & Labor Loading	3.0	-	-	-	-	-	-	-	-	-	-	-	-	-
39		Materials & Expenses	3.0	-	-	-	-	-	-	-	-	-	-	-	-	-
40	865	Maint. of Meas. & Reg. Sta. Equip.														
41		Labor & Labor Loading	1.0	-	-	-	-	-	-	-	-	-	-	-	-	-
42		Materials & Expenses	1.0	-	-	-	-	-	-	-	-	-	-	-	-	-
43		Total Transmission Expense		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

SOUTHWEST GAS CORPORATION
ARIZONA
CLASS COST OF SERVICE STUDY
TEST YEAR ENDING
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Line No.	Account No.	Description	Allocation Factor No.	Total Amount	Residential Gas Service Demand	Residential Gas Service Customer	Residential Gas Service Commodity	MMMHP Gas Service Demand	MMMHP Gas Service Customer	MMMHP Gas Service Commodity	Small General Gas Service Demand	Small General Gas Service Customer	Small General Gas Service Commodity	Medium General Gas Service Demand	Medium General Gas Service Customer	Medium General Gas Service Commodity
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)
		Distribution Expenses														
1	870	Operation Supervision & Eng.														
2		Labor & Labor Loading	5.5	$ 7,314,234	$ 390,455	$ 4,522,517	$ 402,417	$ 3,375	$ 12,751	$ 3,461	$ 50,933	$ 592,281	$ 67,541	$ 126,772	$ 413,564	$ 197,970
3		Materials & Expenses	5.5	1,144,604	61,102	707,729	62,974	528	1,995	542	7,971	92,686	10,569	19,839	64,719	30,980
4	871	Distribution Load Dispatching														
5		Labor & Labor Loading	3.0	531,430	-	-	250,163	-	-	2,152	-	-	41,987	-	-	123,068
6		Materials & Expenses	3.0	128,930	-	-	60,692	-	-	522	-	-	10,186	-	-	29,858
7	874	Mains & Svcs. Expense														
8		Labor & Labor Loading	4.4	5,227,680	729,100	3,432,876	0	6,303	2,296	0	95,109	354,601	0	236,723	84,493	0
9		Materials & Expenses	4.4	5,914,196	824,848	3,883,692	0	7,130	2,598	0	107,598	401,168	0	267,811	95,589	0
10	875	Meas. & Reg. Sta. Exp.-Gen.														
11		Labor & Labor Loading	3.0	1,964,122	-	-	924,584	-	-	7,952	-	-	155,179	-	-	454,851
12		Materials & Expenses	3.0	777,755	-	-	366,118	-	-	3,149	-	-	61,448	-	-	180,112
13	878	Meter & House Reg. Exp.														
14		Labor & Labor Loading	6.0	5,796,552	-	4,251,224	-	-	18,248	-	-	637,312	-	-	583,357	-
15		Materials & Expenses	6.0	875,104	-	641,806	-	-	2,755	-	-	96,215	-	-	88,069	-
16	879	Customer Installation Exp.														
17		Labor & Labor Loading	6.0	6,850,542	-	5,024,226	-	-	21,566	-	-	753,195	-	-	689,429	-
18		Materials & Expenses	6.0	1,043,174	-	765,070	-	-	3,284	-	-	114,694	-	-	104,984	-
19	880	Other Expenses														
20		Labor & Labor Loading	5.5	6,293,097	335,943	3,891,130	346,236	2,904	10,971	2,978	43,823	509,593	58,111	109,074	355,827	170,331
21		Materials & Expenses	5.5	4,262,589	227,549	2,635,632	234,521	1,967	7,431	2,017	29,683	345,170	39,361	73,880	241,017	115,373
22	881	Rents	5.5	1,980,383	105,719	1,224,505	108,958	914	3,452	937	13,791	160,365	18,287	34,325	111,976	53,602
23		Total Distribution-Operations		$ 50,104,393	$ 2,674,716	$ 30,980,406	$ 2,756,664	$ 23,121	$ 87,346	$ 23,708	$ 348,907	$ 4,057,280	$ 462,670	$ 868,424	$ 2,833,023	$ 1,356,145
		Operation and Maintenance Expense														
		Distribution Expenses														
24	885	Maint. Supervision & Eng.														
25		Labor & Labor Loading	6.6	$ 2,374,262	$ 280,170	$ 1,454,107	$ 84,874	$ 2,422	$ 1,458	$ 730	$ 36,547	$ 157,768	$ 14,245	$ 90,965	$ 50,929	$ 41,754
26		Materials & Expenses	6.6	254,842	30,072	156,077	9,110	260	156	78	3,923	16,934	1,529	9,764	5,466	4,482
27	886	Maint. of Structures & Imp.														
28		Labor & Labor Loading	1.0	13,682	7,520	-	-	65	-	-	981	-	-	2,442	-	-
29		Materials & Expenses	1.0	50,707	27,869	-	-	241	-	-	3,635	-	-	9,048	-	-
30	887	Maint. of Mains														
31		Labor & Labor Loading	2.2	7,503,706	1,665,225	4,260,364	0	14,395	979	0	217,223	169,918	0	540,663	35,946	0
32		Materials & Expenses	2.2	5,977,097	1,326,440	3,393,605	0	11,466	780	0	173,029	135,349	0	430,667	28,633	0
33	889	Maint. of Meas. & Reg. Sta-Gen														
34		Labor & Labor Loading	3.0	1,118,151	-	-	526,355	-	-	4,527	-	-	88,342	-	-	258,941
35		Materials & Expenses	3.0	829,877	-	-	390,654	-	-	3,360	-	-	65,566	-	-	192,183
36	892	Maint. of Services														
37		Labor & Labor Loading	3.3	5,317,554	0	4,291,575	-	0	5,113	-	0	767,145	-	0	188,237	-
38		Materials & Expenses	3.3	2,909,486	0	2,348,125	-	0	2,797	-	0	419,742	-	0	102,993	-
39	893	Maint of Meter & House Reg.														
40		Labor & Labor Loading	6.0	1,126,714	-	826,339	-	-	3,547	-	-	123,879	-	-	113,391	-
41		Materials & Expenses	6.0	805,373	-	590,665	-	-	2,535	-	-	88,548	-	-	81,052	-
42	894	Maint of Other Equip.														
43		Labor & Labor Loading	6.6	150,319	17,738	92,062	5,374	153	92	46	2,314	9,989	902	5,759	3,224	2,644
44		Materials & Expenses	6.6	44,303	5,228	27,133	1,584	45	27	14	682	2,944	266	1,697	950	779
45		Total Distribution-Maintenance		$ 28,476,074	$ 3,360,262	$ 17,440,053	$ 1,017,950	$ 29,047	$ 17,486	$ 8,755	$ 438,334	$ 1,892,215	$ 170,850	$ 1,091,006	$ 610,821	$ 500,782
46		Total Distribution O & M		$ 78,580,466	$ 6,034,978	$ 48,420,459	$ 3,774,613	$ 52,168	$ 104,832	$ 32,463	$ 787,242	$ 5,949,495	$ 633,520	$ 1,959,430	$ 3,443,843	$ 1,856,927

SOUTHWEST GAS CORPORATION
ARIZONA
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AUGUST 31, 2004

Line No.	Account No.	Description	Allocation Factor No.	Total Amount	Residential Gas Service Demand	Residential Gas Service Customer	Residential Gas Service Commodity	MMMHP Gas Service Demand	MMMHP Gas Service Customer	MMMHP Gas Service Commodity	Small General Gas Service Demand	Small General Gas Service Customer	Small General Gas Service Commodity	Medium General Gas Service Demand	Medium General Gas Service Customer	Medium General Gas Service Commodity
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)
		Customer Accounts Expenses														
1	901	Supervision														
2		Labor & Labor Loading	10.1	$ 3,574,463	$ -	$ 3,144,808	$ -	$ -	$ 5,106	$ -	$ -	$ 305,704	$ -	$ -	$ 80,475	$ -
3		Materials & Expenses	10.1	218,328	-	192,084	-	-	312	-	-	18,672	-	-	4,915	-
4	902	Meter Reading Exp.														
5		Labor & Labor Loading	13.0	5,130,538	-	4,494,167	-	-	7,657	-	-	451,691	-	-	119,438	-
6		Materials & Expenses	13.0	1,285,812	-	1,126,325	-	-	1,919	-	-	113,202	-	-	29,933	-
7	903	Customer Records & Collections														
8		Labor & Labor Loading	13.0	14,174,373	-	12,416,242	-	-	21,154	-	-	1,247,907	-	-	329,976	-
9		Materials & Expenses	13.0	6,602,396	-	5,783,462	-	-	9,853	-	-	581,273	-	-	153,702	-
10	903	Customer Records & Collections - LCS														
11		Labor & Labor Loading - LCS	13.0	1,077,228	-	943,613	-	-	1,608	-	-	94,839	-	-	25,078	-
12		Materials & Expenses - LCS	13.0	47,923	-	41,979	-	-	72	-	-	4,219	-	-	1,116	-
13	904	Uncollectible Accounts Exp.	4.0	1,498,151	-	1,426,662	-	-	328	-	-	56,900	-	-	12,037	-
14	905	Misc. Customer Accounts Exp.														
15		Labor & Labor Loading	10.1	372,869	-	326,049	-	-	533	-	-	31,889	-	-	8,395	-
16		Materials & Expenses	10.1	21,199	-	18,651	-	-	30	-	-	1,813	-	-	477	-
17		Total Customer Accounts Expenses		$ 34,003,279	$ -	$ 29,916,043	$ -	$ -	$ 48,570	$ -	$ -	$ 2,908,110	$ -	$ -	$ 765,542	$ -
		Customer Service & Info. Exp.														
18	908	Customer Assistance Exp.														
19		Labor & Labor Loading	13.0	$ 275,434	$ -	$ 241,270	$ -	$ -	$ 411	$ -	$ -	$ 24,249	$ -	$ -	$ 6,412	$ -
20		Materials & Expenses	13.0	248,457	-	217,640	-	-	371	-	-	21,874	-	-	5,784	-
21	909	Info. & Instructional Exp.														
22		Labor & Labor Loading	13.0	-	-	-	-	-	-	-	-	-	-	-	-	-
23		Materials & Expenses	13.0	-	-	-	-	-	-	-	-	-	-	-	-	-
24	910	Misc. C.S. & I. Expense														
25		Labor & Labor Loading	13.0	773	-	677	-	-	1	-	-	68	-	-	18	-
26		Materials & Expenses	13.0	23,832	-	20,876	-	-	36	-	-	2,098	-	-	555	-
27		Total Customer Service & Info. Exp.		$ 548,496	$ -	$ 480,462	$ -	$ -	$ 819	$ -	$ -	$ 48,289	$ -	$ -	$ 12,769	$ -
		Sales Expense														
28	911	Supervision														
29		Labor & Labor Loading	4.0	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
30		Materials & Expenses	4.0	-	-	-	-	-	-	-	-	-	-	-	-	-
31	912	Demonstrating & Selling Exp.														
32		Labor & Labor Loading	4.0	-	-	-	-	-	-	-	-	-	-	-	-	-
33		Materials & Expenses	4.0	-	-	-	-	-	-	-	-	-	-	-	-	-
34	913	Advertising Expense														
35		Labor & Labor Loading	4.0	-	-	-	-	-	-	-	-	-	-	-	-	-
36		Materials & Expenses	4.0	-	-	-	-	-	-	-	-	-	-	-	-	-
37		Total Sales Expense		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
38		Total O & M Expense		$ 113,872,632	$ 6,034,978	$ 78,816,984	$ 4,123,143	$ 52,168	$ 154,220	$ 35,461	$ 787,242	$ 8,905,894	$ 692,016	$ 1,959,430	$ 4,222,155	$ 2,028,386
39		Allocation Percentage	Total O&M	100.00%	5.30%	69.22%	3.62%	0.05%	0.14%	0.03%	0.69%	7.82%	0.61%	1.72%	3.71%	1.78%
		Other Operating Deductions														
40		Administrative & General Expense	Total O&M	52,481,195	2,781,378	36,324,869	1,900,259	24,043	71,077	16,343	362,821	4,104,515	318,934	903,055	1,945,891	934,835
41		Interest on Customer Deposits	8.0	717,364	-	684,148	-	-	157	-	-	27,286	-	-	5,772	-
42		Taxes Other Than Income	1.1	33,455,124	3,945,516	21,671,153	437,981	34,106	25,966	3,767	514,679	2,386,112	73,509	1,281,026	889,876	215,465
43		Total Allocated Operating Deductions		$ 200,526,315	$ 12,761,872	$ 137,497,135	$ 6,461,382	$ 110,317	$ 251,421	$ 55,571	$ 1,664,741	$ 15,423,807	$ 1,084,459	$ 4,143,510	$ 7,063,694	$ 3,178,687
		Tax Adjustments														
44		Interest Expense	1.1	40,521,530	4,778,890	26,248,543	530,492	41,310	31,451	4,562	623,389	2,890,108	89,036	1,551,604	1,077,836	260,976
45		State South Georgia	1.1	77,020	9,083	49,891	1,008	79	60	9	1,185	5,493	169	2,949	2,049	496
46		Investment Tax Credit	1.1	(528,352)	(62,311)	(342,249)	(6,917)	(539)	(410)	(59)	(8,128)	(37,684)	(1,161)	(20,231)	(14,054)	(3,403)
47		Federal South Georgia	1.1	288,233	33,993	186,708	3,773	294	224	32	4,434	20,558	633	11,037	7,667	1,856

SCHEDULE G-4A
SHEET 4 of 20

SOUTHWEST GAS CORPORATION
ARIZONA
CLASS COST OF SERVICE STUDY
TEST YEAR ENDING
AUGUST 31, 2004

Line No.	Account No.	Description	Allocation Factor No.	Total Amount	Residential Gas Service Demand	Residential Gas Service Customer	Residential Gas Service Commodity	MMMHP Gas Service Demand	MMMHP Gas Service Customer	MMMHP Gas Service Commodity	Small General Gas Service Demand	Small General Gas Service Customer	Small General Gas Service Commodity	Medium General Gas Service Demand	Medium General Gas Service Customer	Medium General Gas Service Commodity
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)
		Summary of Allocated Cost of Service														
		Rate Base														
1		Direct Net Plant		$1,051,372,747	$123,993,206	$ 681,045,438	$13,764,154	$ 1,071,825	$ 816,030	$ 118,378	$16,174,478	$ 74,986,816	$ 2,310,135	$40,257,969	$27,965,560	$ 6,771,296
2		Systems Allocable Net Plant		40,589,393	4,786,893	26,292,503	531,380	41,379	31,504	4,570	624,433	2,894,948	89,185	1,554,203	1,079,641	261,413
3		Cash Working Capital	1.1	(11,082,156)	(587,328)	(7,670,516)	(401,267)	(5,077)	(15,009)	(3,451)	(76,615)	(866,727)	(67,347)	(190,693)	(410,903)	(197,404)
4		Materials & Supplies	1.1	9,222,489	1,087,650	5,974,032	120,737	9,402	7,158	1,038	141,880	657,773	20,264	353,137	245,310	59,397
5		Prepayments	1.1	2,740,815	323,237	1,775,412	35,882	2,794	2,127	309	42,165	195,483	6,022	104,948	72,903	17,652
6		Gas Plant Acquisition Adjustment	1.1	-	-	-	-	-	-	-	-	-	-	-	-	-
7		Customer Deposits	8.0	(23,912,141)	-	(22,804,948)	-	-	(5,242)	-	-	(909,540)	-	-	(192,412)	-
8		Customer Advances	8.0	(7,027,372)	-	(6,701,987)	-	-	(1,541)	-	-	(267,298)	-	-	(56,547)	-
9		Deferred Taxes	1.1	(136,691,328)	(16,120,635)	(88,544,244)	(1,789,509)	(139,350)	(106,094)	(15,391)	(2,102,880)	(9,749,204)	(300,346)	(5,234,029)	(3,635,865)	(880,351)
10		Deferred Gain Hdqtrs Bldg	7.0	-	-	-	-	-	-	-	-	-	-	-	-	-
11		Total Rate Base		$ 925,212,447	$113,483,024	$ 589,365,690	$12,261,378	$ 980,973	$ 728,934	$ 105,453	$14,803,461	$ 66,942,251	$ 2,057,913	$36,845,535	$25,067,688	$ 6,032,003
12		Net Operating Margin	Direct	$ 305,070,666	$131,352,292	$ 78,563,677	$ -	$ 770,456	$ 113,400	$ -	$18,198,521	$ 7,870,340	$ -	$38,173,087	$ 7,492,320	$ -
13		Special Contract & Optional Margin	Net Op. Marg.	$ 7,611,429	$ 3,277,204	$ 1,960,142	$ -	$ 19,223	$ 2,829	$ -	$ 454,048	$ 196,363	$ -	$ 952,408	$ 186,931	$ -
14		Late Charges	Direct	$ 1,386,957	597,173	357,178	-	3,503	516	-	82,737	35,781	-	173,548	34,063	-
15		Service Establishment Charges	Direct	$ 6,950,610	2,992,679	1,789,964	-	17,554	2,584	-	414,628	179,315	-	869,721	170,702	-
16		Reconnect / Reread Charges	Direct	$ 547,658	235,802	141,036	-	1,383	204	-	32,670	14,129	-	68,528	13,450	-
17		Other Revenue - Labor	Direct	$ 1,705	734	439	-	4	1	-	102	44	-	213	42	-
18		Other Revenue - Parts & Material	Direct	$ 5,764	2,482	1,484	-	15	2	-	344	149	-	721	142	-
19		Other Revenue - Field Collection Fee	Direct	$ 388,540	167,291	100,059	-	981	144	-	23,178	10,024	-	48,617	9,542	-
20		Other Revenue - Returned Item Fee	Direct	$ 135,450	58,320	34,882	-	342	50	-	8,080	3,494	-	16,949	3,327	-
21		Other Revenue - Rental Income	Net Op. Marg.	767,198	330,327	197,573	-	1,938	285	-	45,766	19,792	-	95,998	18,842	-
22		Total Revenue		322,865,978	139,014,304	83,146,435	-	815,398	120,015	-	19,260,073	8,329,431	-	40,399,791	7,929,360	-
23		O & M		(113,872,632)	(6,034,978)	(78,816,964)	(4,123,143)	(52,168)	(154,220)	(35,461)	(787,242)	(8,905,894)	(692,016)	(1,959,430)	(4,222,155)	(2,028,386)
24		A & G	Total O&M	(52,481,195)	(2,781,378)	(36,324,869)	(1,900,259)	(24,043)	(71,077)	(16,343)	(362,821)	(4,104,515)	(318,934)	(903,055)	(1,945,891)	(934,835)
25		Depreciation Expense		(75,949,648)	(8,957,090)	(49,197,738)	(994,303)	(77,427)	(58,949)	(8,551)	(1,168,421)	(5,416,939)	(166,881)	(2,908,177)	(2,020,192)	(489,149)
26		Interest on Customer Deposits	8.0	(717,364)	-	(684,148)	-	-	(157)	-	-	(27,286)	-	-	(5,772)	-
27		Taxes other than Income	1.1	(33,455,124)	(3,945,516)	(21,671,153)	(437,981)	(34,106)	(25,966)	(3,767)	(514,679)	(2,386,112)	(73,509)	(1,281,026)	(889,876)	(215,465)
		State Income Tax														
28		Taxable Income before Interest Exp.		$ 46,390,015	$117,295,342	$(103,548,437)	$(7,455,685)	$ 627,654	$(190,355)	$(64,122)	$16,426,911	$(12,511,315)	$(1,251,340)	$33,348,104	$(1,154,525)	$(3,667,835)
29		Interest Expense	1.1	(40,521,530)	(4,778,890)	(26,248,543)	(530,492)	(41,310)	(31,451)	(4,562)	(623,389)	(2,890,108)	(89,036)	(1,551,604)	(1,077,836)	(260,976)
30		State Taxable Income		$ 5,868,486	$112,516,452	$(129,796,981)	$(7,986,177)	$ 586,345	$(221,806)	$(68,685)	$15,803,521	$(15,401,423)	$(1,340,376)	$31,796,499	$(2,232,361)	$(3,928,811)
31		State Income Tax		408,916	7,840,146	(9,044,254)	(556,477)	40,856	(15,455)	(4,786)	1,101,189	(1,073,171)	(93,397)	2,215,580	(155,551)	(273,760)
32		South Georgia	1.1	77,020	9,083	49,891	1,008	79	60	9	1,185	5,493	169	2,949	2,049	496
33		State Income Tax		485,936	7,849,230	(8,994,363)	(555,468)	40,935	(15,396)	(4,777)	1,102,374	(1,067,678)	(93,228)	2,218,529	(153,502)	(273,264)
		Federal Income Tax														
34		Taxable Income before Interest Exp.		46,390,015	117,295,342	(103,548,437)	(7,455,685)	627,654	(190,355)	(64,122)	16,426,911	(12,511,315)	(1,251,340)	33,348,104	(1,154,525)	(3,667,835)
35		Interest Expense	1.1	(40,521,530)	(4,778,890)	(26,248,543)	(530,492)	(41,310)	(31,451)	(4,562)	(623,389)	(2,890,108)	(89,036)	(1,551,604)	(1,077,836)	(260,976)
36		Federal Taxable Income		5,868,486	112,516,452	(129,796,981)	(7,986,177)	586,345	(221,806)	(68,685)	15,803,521	(15,401,423)	(1,340,376)	31,796,499	(2,232,361)	(3,928,811)
37		Federal Income Tax		$ 1,910,849	$ 36,636,707	$(42,263,454)	$(2,600,395)	$ 190,921	$(72,223)	$(22,365)	$ 5,145,816	$(5,014,888)	$(436,443)	$10,353,322	$(726,884)	$(1,279,268)
38		I T C	1.1	(528,352)	(62,311)	(342,249)	(6,917)	(539)	(410)	(59)	(8,128)	(37,684)	(1,161)	(20,231)	(14,054)	(3,403)
39		South Georgia	1.1	288,233	33,993	186,708	3,773	294	224	32	4,434	20,558	633	11,037	7,667	1,856
40		Total Federal Income Tax		$ 1,670,730	$ 36,608,389	$(42,418,996)	$(2,603,538)	$ 190,676	$(72,409)	$(22,392)	$ 5,142,122	$(5,032,014)	$(436,970)	$10,344,127	$(733,271)	$(1,280,815)
41		Regulatory Amortization	1.1	-	-	-	-	-	-	-	-	-	-	-	-	-
42		Net Income		$ 44,233,349	$ 72,837,723	$(52,135,079)	$(4,296,678)	$ 396,043	$(102,550)	$(36,953)	$10,182,414	$(6,411,623)	$(721,142)	$20,785,447	$(267,752)	$(2,113,757)
43		Rate of Return on Rate Base		4.78%	64.18%	(8.85%)	(35.04%)	40.37%	(14.07%)	(35.04%)	68.78%	(9.58%)	(35.04%)	56.41%	(1.07%)	(35.04%)
44		Rate of Return by Class Total				2.29%			14.13%			3.64%			27.09%	

SCHEDULE G-4A
SHEET 5 of 20

SOUTHWEST GAS CORPORATION
ARIZONA
CLASS COST OF SERVICE STUDY
TEST YEAR ENDING
AUGUST 31, 2004

Line No.	Account No.	Description	Allocation Factor No.	Large General Gas Service			Gas Service to Armed Forces			Air-Conditioning Gas Service			CNG - Small		
				Demand	Customer	Commodity	Demand	Customer	Commodity	Demand	Customer	Commodity	Demand	Customer	Commodity
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)
		Direct Depreciation Expense													
1	301-303	Intangible	Intang. Plant	$ 6,476	$ 672	$ 710	$ 861	$ 26	$ 31	$ 30	$ 39	$ 18	$ 6	$ 4	$ 2
2	325.5-336	Production Plant	Prod. Plant	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
3	366.1-371	Transmission	Trans. Plant	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
4	374.1-387	Distribution	Dist. Plant	$ 1,923,082	$ 199,452	$ 210,908	$ 255,734	$ 7,861	$ 9,072	$ 8,877	$ 11,588	$ 5,258	$ 1,798	$ 1,099	$ 522
5	389-398	General	1.1	$ 148,668	$ 15,419	$ 16,305	$ 19,770	$ 608	$ 701	$ 686	$ 896	$ 406	$ 139	$ 85	$ 40
6		Total Direct Dep. Exp.		$ 2,078,225	$ 215,543	$ 227,923	$ 276,365	$ 8,495	$ 9,804	$ 9,593	$ 12,523	$ 5,682	$ 1,943	$ 1,188	$ 564
		Systems Allocable Depreciation Expense													
7	301-303	Intangible	Intang. Plant	$ 144,587	$ 14,996	$ 15,857	$ 19,227	$ 591	$ 682	$ 667	$ 871	$ 395	$ 135	$ 83	$ 39
8	389-398	General	1.1	$ 73,209	$ 7,593	$ 8,029	$ 9,735	$ 299	$ 345	$ 338	$ 441	$ 200	$ 68	$ 42	$ 20
		System Allocable Amortization													
9		Miscellaneous Intangible	1.1	-	-	-	-	-	-	-	-	-	-	-	-
10		Structures-Leasehold Improvements	1.1	-	-	-	-	-	-	-	-	-	-	-	-
11		Total System Allocable Amortization		-	-	-	-	-	-	-	-	-	-	-	-
12		Total System Alloc Dep. Exp. & Amortization		217,795	22,589	23,886	28,963	890	1,027	1,005	1,312	595	204	124	59
13		Total Depreciation Expense		2,296,020	238,132	251,809	305,328	9,385	10,831	10,599	13,835	6,278	2,147	1,312	623
14		Amortization-Limited Term Gas Plant	1.1	-	-	-	-	-	-	-	-	-	-	-	-
15		Amortization-Gas Plant Acquisition	1.1	(1,634)	(169)	(179)	(217)	(7)	(8)	(8)	(10)	(4)	(2)	(1)	(0)
16		Amortization of PBOP Costs	1.1	10,409	1,080	1,142	1,384	43	49	48	63	28	10	6	3
17		Amortization of Service Investigation	7.0	-	-	-	-	-	-	-	-	-	-	-	-
18		Amortization of TRIMP Costs	1.1	36,492	3,785	4,002	4,853	149	172	168	220	100	34	21	10
19		Amortization of SOX Implementation	1.1	843	87	92	112	3	4	4	5	2	1	0	0
20		Total Depreciation & Amortization Expense		$ 2,342,129	$ 242,914	$ 256,866	$ 311,460	$ 9,574	$ 11,049	$ 10,812	$ 14,113	$ 6,404	$ 2,190	$ 1,339	$ 636

SOUTHWEST GAS CORPORATION
ARIZONA
CLASS COST OF SERVICE STUDY
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Line No.	Account No.	Description	Allocation Factor No.	Large General Gas Service Demand	Large General Gas Service Customer	Large General Gas Service Commodity	Gas Service to Armed Forces Demand	Gas Service to Armed Forces Customer	Gas Service to Armed Forces Commodity	Air-Conditioning Gas Service Demand	Air-Conditioning Gas Service Customer	Air-Conditioning Gas Service Commodity	CNG - Small Demand	CNG - Small Customer	CNG - Small Commodity
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)
		Operation and Maintenance Expense													
		Gas Supply Expense													
1	800	*Natural Gas Wellhead Purchases*	3.0	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
2	803	Natural Gas Transmission Line Purch	3.0	-	-	-	-	-	-	-	-	-	-	-	-
3	805	Purchased Gas Cost Adj.	3.0	-	-	-	-	-	-	-	-	-	-	-	-
4	810	Gas Used for Compressor Sta. Fuel--	3.0	-	-	-	-	-	-	-	-	-	-	-	-
5	813	Other Gas Supply Expense	3.0	-	-	-	-	-	-	-	-	-	-	-	-
6		Labor & Labor Loading	3.0	-	-	83,082	-	-	3,574	-	-	2,071	-	-	206
7		Materials & Expenses	3.0	-	-	6,956	-	-	299	-	-	173	-	-	17
8		Total Gas Supply Expense		$ -	$ -	$ 90,038	$ -	$ -	$ 3,873	$ -	$ -	$ 2,245	$ -	$ -	$ 223
		Transmission Expenses													
9	850	Operation Supervision & Engin.													
10		Labor & Labor Loading	5.0	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
11		Materials & Expenses	5.0	-	-	-	-	-	-	-	-	-	-	-	-
12	851	System Control & Load Dispatch													
13		Labor & Labor Loading	3.0	-	-	-	-	-	-	-	-	-	-	-	-
14		Materials & Expenses	3.0	-	-	-	-	-	-	-	-	-	-	-	-
15	852	Communication System Exp.													
16		Labor & Labor Loading	1.0	-	-	-	-	-	-	-	-	-	-	-	-
17		Materials & Expenses	1.0	-	-	-	-	-	-	-	-	-	-	-	-
18	853	Compressor Station													
19		Labor & Labor Loading	1.0	-	-	-	-	-	-	-	-	-	-	-	-
20		Materials & Expenses	1.0	-	-	-	-	-	-	-	-	-	-	-	-
21	854	Gas for Compressor Station Fuel	3.0	-	-	-	-	-	-	-	-	-	-	-	-
22	856	Mains Expense													
23		Labor & Labor Loading	6.0	-	-	-	-	-	-	-	-	-	-	-	-
24		Materials & Expenses	6.0	-	-	-	-	-	-	-	-	-	-	-	-
25	857	Meas. & Res. Sta. Exp.													
26		Labor & Labor Loading	1.0	-	-	-	-	-	-	-	-	-	-	-	-
27		Materials & Expenses	1.0	-	-	-	-	-	-	-	-	-	-	-	-
28	858	Trans. & comp. of Gas by Others	3.0	-	-	-	-	-	-	-	-	-	-	-	-
29	860	Rents	1.0	-	-	-	-	-	-	-	-	-	-	-	-
30	861	Maint. Supervision & Eng.													
31		Labor & Labor Loading	7.0	-	-	-	-	-	-	-	-	-	-	-	-
32		Materials & Expenses	7.0	-	-	-	-	-	-	-	-	-	-	-	-
33	862	Maint. of Struct. & Imp.	1.0	-	-	-	-	-	-	-	-	-	-	-	-
34	863	Maint. of Mains													
35		Labor & Labor Loading	6.0	-	-	-	-	-	-	-	-	-	-	-	-
36		Materials & Expenses	6.0	-	-	-	-	-	-	-	-	-	-	-	-
37	864	Maint. of Comp. Sta. Equip.													
38		Labor & Labor Loading	3.0	-	-	-	-	-	-	-	-	-	-	-	-
39		Materials & Expenses	3.0	-	-	-	-	-	-	-	-	-	-	-	-
40	865	Maint. of Meas. & Reg. Sta. Equip.													
41		Labor & Labor Loading	1.0	-	-	-	-	-	-	-	-	-	-	-	-
42		Materials & Expenses	1.0	-	-	-	-	-	-	-	-	-	-	-	-
43		Total Transmission Expense		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

SOUTHWEST GAS CORPORATION
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Line No.	Account No.	Description	Allocation Factor No.	Large General Gas Service Demand	Large General Gas Service Customer	Large General Gas Service Commodity	Gas Service to Armed Forces Demand	Gas Service to Armed Forces Customer	Gas Service to Armed Forces Commodity	Air-Conditioning Gas Service Demand	Air-Conditioning Gas Service Customer	Air-Conditioning Gas Service Commodity	CNG - Small Demand	CNG - Small Customer	CNG - Small Commodity
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)
		Distribution Expenses													
1	870	Operation Supervision & Eng.													
2		Labor & Labor Loading	5.5	$ 102,097	$ 68,006	$ 103,959	$ 13,577	$ 2,091	$ 4,472	$ 471	$ 832	$ 2,592	$ 95	$ 120	$ 257
3		Materials & Expenses	5.5	15,977	10,642	16,269	2,125	327	700	74	130	406	15	19	40
4	871	Distribution Load Dispatching													
5		Labor & Labor Loading	3.0	-	-	64,627	-	-	2,780	-	-	1,611	-	-	160
6		Materials & Expenses	3.0	-	-	15,679	-	-	674	-	-	391	-	-	39
7	874	Mains & Svcs. Expense													
8		Labor & Labor Loading	4.4	190,647	5,630	0	25,353	368	0	880	1,100	0	178	94	0
9		Materials & Expenses	4.4	215,684	6,369	0	28,682	416	0	996	1,245	0	202	107	0
10	875	Meas. & Reg. Sta. Exp.-Gen.													
11		Labor & Labor Loading	3.0	-	-	238,855	-	-	10,274	-	-	5,955	-	-	591
12		Materials & Expenses	3.0	-	-	94,582	-	-	4,068	-	-	2,358	-	-	234
13	878	Meter & House Reg. Exp.													
14		Labor & Labor Loading	6.0	-	102,936	-	-	2,999	-	-	384	-	-	110	-
15		Materials & Expenses	6.0	-	15,540	-	-	453	-	-	58	-	-	17	-
16	879	Customer Installation Exp.													
17		Labor & Labor Loading	6.0	-	121,653	-	-	3,544	-	-	454	-	-	130	-
18		Materials & Expenses	6.0	-	18,525	-	-	540	-	-	69	-	-	20	-
19	880	Other Expenses													
20		Labor & Labor Loading	5.5	87,844	58,512	89,446	11,682	1,799	3,847	406	716	2,230	82	103	221
21		Materials & Expenses	5.5	59,500	39,633	60,586	7,912	1,218	2,606	275	485	1,510	56	70	150
22	881	Rents	5.5	27,644	18,413	28,148	3,676	566	1,211	128	225	702	26	32	70
23		Total Distribution-Operations		$ 699,393	$ 465,860	$ 712,149	$ 93,006	$ 14,321	$ 30,632	$ 3,229	$ 5,697	$ 17,754	$ 654	$ 821	$ 1,762
		Operation and Maintenance Expense													
		Distribution Expenses													
24	885	Maint. Supervision & Eng.													
25		Labor & Labor Loading	6.6	$ 73,260	$ 5,379	$ 21,926	$ 9,742	$ 237	$ 943	$ 338	$ 442	$ 547	$ 68	$ 40	$ 54
26		Materials & Expenses	6.6	7,863	577	2,353	1,046	25	101	36	47	59	7	4	6
27	886	Maint. of Structures & Imp.													
28		Labor & Labor Loading	1.0	1,966	-	-	261	-	-	9	-	-	2	-	-
29		Materials & Expenses	1.0	7,287	-	-	969	-	-	34	-	-	7	-	-
30	887	Maint. of Mains													
31		Labor & Labor Loading	2.2	435,429	782	0	57,904	47	0	2,010	194	0	407	114	0
32		Materials & Expenses	2.2	346,842	623	0	46,124	37	0	1,601	154	0	324	91	0
33	889	Maint. of Meas. & Reg. Sta-Gen													
34		Labor & Labor Loading	3.0	-	-	135,977	-	-	5,849	-	-	3,390	-	-	337
35		Materials & Expenses	3.0	-	-	100,920	-	-	4,341	-	-	2,516	-	-	250
36	892	Maint. of Services													
37		Labor & Labor Loading	3.3	0	14,476	-	0	952	-	0	2,780	-	0	121	-
38		Materials & Expenses	3.3	0	7,920	-	0	521	-	0	1,521	-	0	66	-
39	893	Maint of Meter & House Reg.													
40		Labor & Labor Loading	6.0	-	20,008	-	-	583	-	-	75	-	-	21	-
41		Materials & Expenses	6.0	-	14,302	-	-	417	-	-	53	-	-	15	-
42	894	Maint of Other Equip.													
43		Labor & Labor Loading	6.6	4,638	341	1,388	617	15	60	21	28	35	4	3	3
44		Materials & Expenses	6.6	1,367	100	409	182	4	18	6	8	10	1	1	1
45		Total Distribution-Maintenance		$ 878,652	$ 64,509	$ 262,974	$ 116,844	$ 2,837	$ 11,311	$ 4,056	$ 5,303	$ 6,556	$ 822	$ 476	$ 651
46		Total Distribution O & M		$ 1,578,046	$ 530,368	$ 975,124	$ 209,851	$ 17,158	$ 41,944	$ 7,285	$ 11,000	$ 24,310	$ 1,475	$ 1,297	$ 2,413

SOUTHWEST GAS CORPORATION
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Line No.	Account No.	Description	Allocation Factor No.	Large General Gas Service Demand	Large General Gas Service Customer	Large General Gas Service Commodity	Gas Service to Armed Forces Demand	Gas Service to Armed Forces Customer	Gas Service to Armed Forces Commodity	Air-Conditioning Gas Service Demand	Air-Conditioning Gas Service Customer	Air-Conditioning Gas Service Commodity	CNG - Small Demand	CNG - Small Customer	CNG - Small Commodity
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)
		Customer Accounts Expenses													
1	901	Supervision													
2		Labor & Labor Loading	10.1	$ -	$ 2,325	$ -	$ -	$ 515	$ -	$ -	$ 874	$ -	$ -	$ 255	$ -
3		Materials & Expenses	10.1	-	142	-	-	31	-	-	53	-	-	16	-
4	902	Meter Reading Exp.													
5		Labor & Labor Loading	13.0	-	3,466	-	-	775	-	-	1,309	-	-	379	-
6		Materials & Expenses	13.0	-	869	-	-	194	-	-	328	-	-	95	-
7	903	Customer Records & Collections													
8		Labor & Labor Loading	13.0	-	9,577	-	-	2,141	-	-	3,615	-	-	1,046	-
9		Materials & Expenses	13.0	-	4,461	-	-	997	-	-	1,684	-	-	487	-
10	903	Customer Records & Collections - LCS													
11		Labor & Labor Loading - LCS	13.0	-	728	-	-	163	-	-	275	-	-	80	-
12		Materials & Expenses - LCS	13.0	-	32	-	-	7	-	-	12	-	-	4	-
13	904	Uncollectible Accounts Exp.	4.0	-	262	-	-	16	-	-	65	-	-	38	-
14	905	Misc. Customer Accounts Exp.													
15		Labor & Labor Loading	10.1	-	243	-	-	54	-	-	91	-	-	27	-
16		Materials & Expenses	10.1	-	14	-	-	3	-	-	5	-	-	2	-
17		Total Customer Accounts Expenses		$ -	$ 22,119	$ -	$ -	$ 4,895	$ -	$ -	$ 8,311	$ -	$ -	$ 2,428	$ -
		Customer Service & Info. Exp.													
18	908	Customer Assistance Exp.													
19		Labor & Labor Loading	13.0	$ -	$ 186	$ -	$ -	$ 42	$ -	$ -	$ 70	$ -	$ -	$ 20	$ -
20		Materials & Expenses	13.0	-	168	-	-	38	-	-	63	-	-	18	-
21	909	Info. & Instructional Exp.													
22		Labor & Labor Loading	13.0	-	-	-	-	-	-	-	-	-	-	-	-
23		Materials & Expenses	13.0	-	-	-	-	-	-	-	-	-	-	-	-
24	910	Misc. C.S. & I. Expense													
25		Labor & Labor Loading	13.0	-	1	-	-	0	-	-	0	-	-	0	-
26		Materials & Expenses	13.0	-	16	-	-	4	-	-	6	-	-	2	-
27		Total Customer Service & Info. Exp.		$ -	$ 371	$ -	$ -	$ 83	$ -	$ -	$ 140	$ -	$ -	$ 40	$ -
		Sales Expense													
28	911	Supervision													
29		Labor & Labor Loading	4.0	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
30		Materials & Expenses	4.0	-	-	-	-	-	-	-	-	-	-	-	-
31	912	Demonstrating & Selling Exp.													
32		Labor & Labor Loading	4.0	-	-	-	-	-	-	-	-	-	-	-	-
33		Materials & Expenses	4.0	-	-	-	-	-	-	-	-	-	-	-	-
34	913	Advertising Expense													
35		Labor & Labor Loading	4.0	-	-	-	-	-	-	-	-	-	-	-	-
36		Materials & Expenses	4.0	-	-	-	-	-	-	-	-	-	-	-	-
37		Total Sales Expense		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
38		Total O & M Expense		$ 1,578,046	$ 552,858	$ 1,065,162	$ 209,851	$ 22,136	$ 45,816	$ 7,285	$ 19,451	$ 26,555	$ 1,475	$ 3,766	$ 2,636
39		Allocation Percentage	Total O&M	1.39%	0.49%	0.94%	0.18%	0.02%	0.04%	0.01%	0.02%	0.02%	0.00%	0.00%	0.00%
		Other Operating Deductions													
40		Administrative & General Expense	Total O&M	727,284	254,799	490,908	96,715	10,202	21,116	3,357	8,964	12,238	680	1,735	1,215
41		Interest on Customer Deposits	8.0	-	-	-	-	-	-	-	-	-	-	-	-
42		Taxes Other Than Income	1.1	1,031,686	107,001	113,147	137,195	4,217	4,867	4,762	6,217	2,821	965	590	280
43		Total Allocated Operating Deductions		$ 3,337,016	$ 914,658	$ 1,669,217	$ 443,761	$ 36,555	$ 71,799	$ 15,404	$ 34,632	$ 41,614	$ 3,120	$ 6,091	$ 4,131
		Tax Adjustments													
44		Interest Expense	1.1	1,249,600	129,602	137,046	166,174	5,108	5,895	5,768	7,530	3,417	1,168	714	339
45		State South Georgia	1.1	2,375	246	260	316	10	11	11	14	6	2	1	1
46		Investment Tax Credit	1.1	(16,293)	(1,690)	(1,787)	(2,167)	(67)	(77)	(75)	(98)	(45)	(15)	(9)	(4)
47		Federal South Georgia	1.1	8,889	922	975	1,182	36	42	41	54	24	8	5	2

SOUTHWEST GAS CORPORATION
ARIZONA
CLASS COST OF SERVICE STUDY
TEST YEAR ENDING
AUGUST 31, 2004

Line No.	Account No.	Description	Allocation Factor No.	Large General Gas Service Demand	Large General Gas Service Customer	Large General Gas Service Commodity	Gas Service to Armed Forces Demand	Gas Service to Armed Forces Customer	Gas Service to Armed Forces Commodity	Air-Conditioning Gas Service Demand	Air-Conditioning Gas Service Customer	Air-Conditioning Gas Service Commodity	CNG - Small Demand	CNG - Small Customer	CNG - Small Commodity
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)
		Summary of Allocated Cost of Service													
		Rate Base													
1		Direct Net Plant		$32,422,151	$ 3,362,663	$ 3,555,796	$ 4,311,544	$ 132,531	$ 152,947	$ 149,666	$ 195,367	$ 88,646	$ 30,315	$ 18,529	$ 8,800
2		Systems Allocable Net Plant		1,251,693	129,819	137,275	166,452	5,116	5,905	5,778	7,542	3,422	1,170	715	340
3		Cash Working Capital	1.1	(153,576)	(53,804)	(103,662)	(20,423)	(2,154)	(4,459)	(709)	(1,893)	(2,584)	(144)	(366)	(257)
4		Materials & Supplies	1.1	284,402	29,497	31,191	37,820	1,163	1,342	1,313	1,714	778	266	163	77
5		Prepayments	1.1	84,521	8,766	9,270	11,240	345	399	390	509	231	79	48	23
6		Gas Plant Acquisition Adjustment	1.1	-	-	-	-	-	-	-	-	-	-	-	-
7		Customer Deposits	8.0	-	-	-	-	-	-	-	-	-	-	-	-
8		Customer Advances	8.0	-	-	-	-	-	-	-	-	-	-	-	-
9		Deferred Taxes	1.1	(4,215,277)	(437,187)	(462,297)	(560,553)	(17,231)	(19,885)	(19,458)	(25,400)	(11,525)	(3,941)	(2,409)	(1,144)
10		Deferred Gain Hdqtrs Bldg	7.0	-	-	-	-	-	-	-	-	-	-	-	-
11		Total Rate Base		$29,673,914	$ 3,039,754	$ 3,167,573	$ 3,946,079	$ 119,770	$ 136,249	$ 136,980	$ 177,839	$ 78,968	$ 27,745	$ 16,680	$ 7,839
12		Net Operating Margin	Direct	$12,641,232	$ 906,000	$ -	$ 600,979	$ 37,800	$ -	$ 139,816	$ 27,400	$ -	$ 24,257	$ 5,280	$ -
13		Special Contract & Optional Margin	Net Op. Marg.	$ 315,395	$ 22,604	$ -	$ 14,994	$ 943	$ -	$ 3,488	$ 684	$ -	$ 605	$ 132	$ -
14		Late Charges	Direct	57,471	4,119	-	2,732	172	-	636	125	-	110	24	-
15		Service Establishment Charges	Direct	288,013	20,642	-	13,692	861	-	3,186	624	-	553	120	-
16		Reconnect / Reread Charges	Direct	22,693	1,626	-	1,079	68	-	251	49	-	44	9	-
17		Other Revenue - Labor	Direct	71	5	-	3	0	-	1	0	-	0	0	-
18		Other Revenue - Parts & Material	Direct	239	17	-	11	1	-	3	1	-	0	0	-
19		Other Revenue - Field Collection Fee	Direct	16,100	1,154	-	765	48	-	178	35	-	31	7	-
20		Other Revenue - Returned Item Fee	Direct	5,613	402	-	267	17	-	62	12	-	11	2	-
21		Other Revenue - Rental Income	Net Op. Marg.	31,790	2,278	-	1,511	95	-	352	69	-	61	13	-
22		Total Revenue		13,378,617	958,849	-	636,035	40,005	-	147,972	28,998	-	25,672	5,588	-
23		O & M		(1,578,046)	(552,858)	(1,065,162)	(209,851)	(22,136)	(45,816)	(7,285)	(19,451)	(26,555)	(1,475)	(3,766)	(2,636)
24		A & G	Total O&M	(727,284)	(254,799)	(490,908)	(96,715)	(10,202)	(21,116)	(3,357)	(8,964)	(12,238)	(680)	(1,735)	(1,215)
25		Depreciation Expense		(2,342,129)	(242,914)	(256,866)	(311,460)	(9,574)	(11,049)	(10,812)	(14,113)	(6,404)	(2,190)	(1,339)	(636)
26		Interest on Customer Deposits	8.0	-	-	-	-	-	-	-	-	-	-	-	-
27		Taxes other than Income	1.1	(1,031,686)	(107,001)	(113,147)	(137,195)	(4,217)	(4,867)	(4,762)	(6,217)	(2,821)	(965)	(590)	(280)
		State Income Tax													
28		Taxable Income before Interest Exp.		$ 7,699,472	$(198,723)	$(1,926,082)	$(119,186)	$(6,124)	$(82,848)	$ 121,756	$(19,746)	$(48,017)	$ 20,362	$(1,841)	$(4,767)
29		Interest Expense	1.1	(1,249,600)	(129,602)	(137,046)	(166,174)	(5,108)	(5,895)	(5,768)	(7,530)	(3,417)	(1,168)	(714)	(339)
30		State Taxable Income		$ 6,449,872	$(328,326)	$(2,063,128)	$(285,359)	$(11,232)	$(88,743)	$ 115,967	$(27,276)	$(51,434)	$ 19,193	$(2,555)	$(5,106)
31		State Income Tax		449,427	(22,878)	(143,759)	(19,884)	(783)	(6,184)	8,082	(1,901)	(3,584)	1,337	(178)	(356)
32		South Georgia	1.1	2,375	246	260	316	10	11	11	14	6	2	1	1
33		State Income Tax		451,802	(22,631)	(143,498)	(19,568)	(773)	(6,172)	8,093	(1,886)	(3,577)	1,340	(177)	(355)
		Federal Income Tax													
34		Taxable Income before Interest Exp.		7,699,472	(198,723)	(1,926,082)	(119,186)	(6,124)	(82,848)	121,756	(19,746)	(48,017)	20,362	(1,841)	(4,767)
35		Interest Expense	1.1	(1,249,600)	(129,602)	(137,046)	(166,174)	(5,108)	(5,895)	(5,768)	(7,530)	(3,417)	(1,168)	(714)	(339)
36		Federal Taxable Income		6,449,872	(328,326)	(2,063,128)	(285,359)	(11,232)	(88,743)	115,987	(27,276)	(51,434)	19,193	(2,555)	(5,106)
37		Federal Income Tax		$ 2,100,156	$(106,907)	$(671,779)	$(92,916)	$(3,657)	$(28,896)	$ 37,767	$(8,881)	$(16,748)	$ 6,250	$(832)	$(1,663)
38		I T C	1.1	(16,293)	(1,690)	(1,787)	(2,167)	(67)	(77)	(75)	(98)	(45)	(15)	(9)	(4)
39		South Georgia	1.1	8,889	922	975	1,182	36	42	41	54	24	8	5	2
40		Total Federal Income Tax		$ 2,092,751	$(107,675)	$(672,591)	$(93,901)	$(3,688)	$(28,931)	$ 37,733	$(8,926)	$(16,768)	$ 6,243	$(836)	$(1,665)
41		Regulatory Amortization	1.1	-	-	-	-	-	-	-	-	-	-	-	-
42		Net Income		$ 5,154,919	$(68,417)	$(1,109,993)	$(5,717)	$(1,664)	$(47,745)	$ 75,930	$(8,934)	$(27,672)	$ 12,780	$(828)	$(2,747)
43		Rate of Return on Rate Base		17.37%	(2.25%)	(35.04%)	(0.14%)	(1.39%)	(35.04%)	55.43%	(5.02%)	(35.04%)	46.06%	(4.97%)	(35.04%)
44		Rate of Return by Class Total			11.08%			(1.31%)			9.99%			17.61%	

SCHEDULE G-4A
SHEET 10 of 20

SOUTHWEST GAS CORPORATION
ARIZONA
CLASS COST OF SERVICE STUDY
TEST YEAR ENDING
AUGUST 31, 2004

Line No.	Account No.	Description	Allocation Factor No.	CNG - Large Demand	CNG - Large Customer	CNG - Large Commodity	CNG - Residential Demand	CNG - Residential Customer	CNG - Residential Commodity	Cogeneration Gas Service Demand	Cogeneration Gas Service Customer	Cogeneration Gas Service Commodity	Small Essential Agr. User Gas Service Demand	Small Essential Agr. User Gas Service Customer	Small Essential Agr. User Gas Service Commodity
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)
		Direct Depreciation Expense													
1	301-303	Intangible	Intang. Plant	$ 56	$ 95	$ 18	$ 3	$ 18	$ 1	$ 495	$ 41	$ 145	$ 703	$ 138	$ 121
2	325.5-336	Production Plant	Prod. Plant	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
3	366.1-371	Transmission	Trans. Plant	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
4	374.1-387	Distribution	Dist. Plant	$ 16,701	$ 28,244	$ 5,436	$ 821	$ 5,211	$ 228	$ 146,861	$ 12,067	$ 42,967	$ 208,916	$ 40,910	$ 36,014
5	389-398	General	1.1	$ 1,291	$ 2,183	$ 420	$ 63	$ 403	$ 18	$ 11,353	$ 933	$ 3,322	$ 16,151	$ 3,163	$ 2,784
6		Total Direct Dep. Exp.		$ 18,049	$ 30,523	$ 5,875	$ 888	$ 5,631	$ 247	$ 158,709	$ 13,041	$ 46,433	$ 225,771	$ 44,210	$ 38,919
		Systems Allocable Depreciation Expense													
7	301-303	Intangible	Intang. Plant	$ 1,256	$ 2,124	$ 409	$ 62	$ 392	$ 17	$ 11,042	$ 907	$ 3,230	$ 15,707	$ 3,076	$ 2,708
8	389-398	General	1.1	$ 636	$ 1,075	$ 207	$ 31	$ 198	$ 9	$ 5,591	$ 459	$ 1,636	$ 7,953	$ 1,557	$ 1,371
		System Allocable Amortization													
9		Miscellaneous Intangible	1.1	-	-	-	-	-	-	-	-	-	-	-	-
10		Structures-Leasehold Improvements	1.1	-	-	-	-	-	-	-	-	-	-	-	-
11		Total System Allocable Amortization		-	-	-	-	-	-	-	-	-	-	-	-
12		Total System Alloc Dep. Exp. & Amortization		1,891	3,199	616	93	590	26	16,633	1,367	4,866	23,660	4,633	4,079
13		Total Depreciation Expense		19,940	33,722	6,490	981	6,221	272	175,342	14,407	51,299	249,431	48,843	42,998
14		Amortization-Limited Term Gas Plant	1.1	-	-	-	-	-	-	-	-	-	-	-	-
15		Amortization-Gas Plant Acquisition	1.1	(14)	(24)	(5)	(1)	(4)	(0)	(125)	(10)	(37)	(178)	(35)	(31)
16		Amortization of PBOP Costs	1.1	90	153	29	4	28	1	795	65	233	1,131	221	195
17		Amortization of Service Investigation	7.0	-	-	-	-	-	-	-	-	-	-	-	-
18		Amortization of TRIMP Costs	1.1	317	536	103	16	99	4	2,787	229	815	3,964	776	683
19		Amortization of SOX Implementation	1.1	7	12	2	0	2	0	64	5	19	92	18	16
20		Total Depreciation & Amortization Expense		$ 20,341	$ 34,399	$ 6,621	$ 1,000	$ 6,346	$ 278	$ 178,863	$ 14,697	$ 52,329	$ 254,440	$ 49,824	$ 43,861

SOUTHWEST GAS CORPORATION
ARIZONA
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Line No.	Account No.	Description	Allocation Factor No.	CNG - Large Demand	CNG - Large Customer	CNG - Large Commodity	CNG - Residential Demand	CNG - Residential Customer	CNG - Residential Commodity	Cogeneration Gas Service Demand	Cogeneration Gas Service Customer	Cogeneration Gas Service Commodity	Small Essential Agr. User Gas Service Demand	Small Essential Agr. User Gas Service Customer	Small Essential Agr. User Gas Service Commodity
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)
		Operation and Maintenance Expense													
		Gas Supply Expense													
1	800	Natural Gas Wellhead Purchases	3.0	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
2	803	Natural Gas Transmission Line Purch	3.0	-	-	-	-	-	-	-	-	-	-	-	-
3	805	Purchased Gas Cost Adj.	3.0	-	-	-	-	-	-	-	-	-	-	-	-
4	810	Gas Used for Compressor Sta. Fuel--	3.0	-	-	-	-	-	-	-	-	-	-	-	-
5	813	Other Gas Supply Expense	3.0	-	-	-	-	-	-	-	-	-	-	-	-
6		Labor & Labor Loading	3.0	-	-	2,141	-	-	90	-	-	16,926	-	-	14,187
7		Materials & Expenses	3.0	-	-	179	-	-	8	-	-	1,417	-	-	1,188
8		Total Gas Supply Expense		$ -	$ -	$ 2,321	$ -	$ -	$ 97	$ -	$ -	$ 18,343	$ -	$ -	$ 15,375
		Transmission Expenses													
9	850	Operation Supervision & Engin.													
10		Labor & Labor Loading	5.0	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
11		Materials & Expenses	5.0	-	-	-	-	-	-	-	-	-	-	-	-
12	851	System Control & Load Dispatch													
13		Labor & Labor Loading	3.0	-	-	-	-	-	-	-	-	-	-	-	-
14		Materials & Expenses	3.0	-	-	-	-	-	-	-	-	-	-	-	-
15	852	Communication System Exp.													
16		Labor & Labor Loading	1.0	-	-	-	-	-	-	-	-	-	-	-	-
17		Materials & Expenses	1.0	-	-	-	-	-	-	-	-	-	-	-	-
18	853	Compressor Station													
19		Labor & Labor Loading	1.0	-	-	-	-	-	-	-	-	-	-	-	-
20		Materials & Expenses	1.0	-	-	-	-	-	-	-	-	-	-	-	-
21	854	Gas for Compressor Station Fuel	3.0	-	-	-	-	-	-	-	-	-	-	-	-
22	856	Mains Expense													
23		Labor & Labor Loading	6.0	-	-	-	-	-	-	-	-	-	-	-	-
24		Materials & Expenses	6.0	-	-	-	-	-	-	-	-	-	-	-	-
25	857	Meas. & Res. Sta. Exp.													
26		Labor & Labor Loading	1.0	-	-	-	-	-	-	-	-	-	-	-	-
27		Materials & Expenses	1.0	-	-	-	-	-	-	-	-	-	-	-	-
28	858	Trans. & comp. of Gas by Others	3.0	-	-	-	-	-	-	-	-	-	-	-	-
29	860	Rents	1.0	-	-	-	-	-	-	-	-	-	-	-	-
30	861	Maint. Supervision & Eng.													
31		Labor & Labor Loading	7.0	-	-	-	-	-	-	-	-	-	-	-	-
32		Materials & Expenses	7.0	-	-	-	-	-	-	-	-	-	-	-	-
33	862	Maint. of Struct. & Imp.	1.0	-	-	-	-	-	-	-	-	-	-	-	-
34	863	Maint. of Mains													
35		Labor & Labor Loading	6.0	-	-	-	-	-	-	-	-	-	-	-	-
36		Materials & Expenses	6.0	-	-	-	-	-	-	-	-	-	-	-	-
37	864	Maint. of Comp. Sta. Equip.													
38		Labor & Labor Loading	3.0	-	-	-	-	-	-	-	-	-	-	-	-
39		Materials & Expenses	3.0	-	-	-	-	-	-	-	-	-	-	-	-
40	865	Maint. of Meas. & Reg. Sta. Equip.													
41		Labor & Labor Loading	1.0	-	-	-	-	-	-	-	-	-	-	-	-
42		Materials & Expenses	1.0	-	-	-	-	-	-	-	-	-	-	-	-
43		Total Transmission Expense		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

SOUTHWEST GAS CORPORATION
ARIZONA
CLASS COST OF SERVICE STUDY
TEST YEAR ENDING
AUGUST 31, 2004

Line No.	Account No.	Description	Allocation Factor No.	CNG - Large Demand	CNG - Large Customer	CNG - Large Commodity	CNG - Residential Demand	CNG - Residential Customer	CNG - Residential Commodity	Cogeneration Gas Service Demand	Cogeneration Gas Service Customer	Cogeneration Gas Service Commodity	Small Essential Agr. User Gas Service Demand	Small Essential Agr. User Gas Service Customer	Small Essential Agr. User Gas Service Commodity
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)
		Distribution Expenses													
1	870	Operation Supervision & Eng.													
2		Labor & Labor Loading	5.5	$ 887	$ 8,308	$ 2,680	$ 44	$ 567	$ 112	$ 7,797	$ 2,218	$ 21,179	$ 11,091	$ 8,616	$ 17,752
3		Materials & Expenses	5.5	139	1,300	419	7	89	18	1,220	347	3,314	1,736	1,348	2,778
4	871	Distribution Load Dispatching													
5		Labor & Labor Loading	3.0	-	-	1,666	-	-	70	-	-	13,166	-	-	11,035
6		Materials & Expenses	3.0	-	-	404	-	-	17	-	-	3,194	-	-	2,677
7	874	Mains & Svcs. Expense													
8		Labor & Labor Loading	4.4	1,656	1,125	0	81	447	0	14,559	811	0	20,711	2,476	0
9		Materials & Expenses	4.4	1,873	1,273	0	92	505	0	16,471	917	0	23,431	2,802	0
10	875	Meas. & Reg. Sta. Exp.-Gen.													
11		Labor & Labor Loading	3.0	-	-	6,157	-	-	258	-	-	48,660	-	-	40,786
12		Materials & Expenses	3.0	-	-	2,438	-	-	102	-	-	19,268	-	-	16,150
13	878	Meter & House Reg. Exp.													
14		Labor & Labor Loading	6.0	-	12,205	-	-	519	-	-	2,825	-	-	11,546	-
15		Materials & Expenses	6.0	-	1,843	-	-	78	-	-	427	-	-	1,743	-
16	879	Customer Installation Exp.													
17		Labor & Labor Loading	6.0	-	14,424	-	-	614	-	-	3,339	-	-	13,645	-
18		Materials & Expenses	6.0	-	2,196	-	-	93	-	-	508	-	-	2,078	-
19	880	Other Expenses													
20		Labor & Labor Loading	5.5	763	7,148	2,305	38	488	97	6,708	1,908	18,222	9,543	7,413	15,273
21		Materials & Expenses	5.5	517	4,842	1,562	25	331	66	4,544	1,293	12,343	6,464	5,021	10,345
22	881	Rents	5.5	240	2,249	726	12	154	30	2,111	601	5,734	3,003	2,333	4,806
23		Total Distribution-Operations		$ 6,074	$ 56,913	$ 18,356	$ 299	$ 3,885	$ 771	$ 53,411	$ 15,193	$ 145,080	$ 75,979	$ 59,022	$ 121,604
		Operation and Maintenance Expense													
		Distribution Expenses													
24	885	Maint. Supervision & Eng.													
25		Labor & Labor Loading	6.6	$ 636	$ 817	$ 565	$ 31	$ 188	$ 24	$ 5,595	$ 404	$ 4,467	$ 7,959	$ 1,324	$ 3,744
26		Materials & Expenses	6.6	68	88	61	3	20	3	601	43	479	854	142	402
27	886	Maint. of Structures & Imp.													
28		Labor & Labor Loading	1.0	17	-	-	1	-	-	150	-	-	214	-	-
29		Materials & Expenses	1.0	63	-	-	3	-	-	557	-	-	792	-	-
30	887	Maint. of Mains													
31		Labor & Labor Loading	2.2	3,782	140	0	186	570	0	33,253	119	0	47,303	582	0
32		Materials & Expenses	2.2	3,012	111	0	148	454	0	26,488	95	0	37,680	463	0
33	889	Maint. of Meas. & Reg. Sta-Gen													
34		Labor & Labor Loading	3.0	-	-	3,505	-	-	147	-	-	27,701	-	-	23,219
35		Materials & Expenses	3.0	-	-	2,601	-	-	109	-	-	20,560	-	-	17,233
36	892	Maint. of Services													
37		Labor & Labor Loading	3.3	0	2,912	-	0	540	-	0	2,077	-	0	6,083	-
38		Materials & Expenses	3.3	0	1,593	-	0	295	-	0	1,136	-	0	3,328	-
39	893	Maint of Meter & House Reg.													
40		Labor & Labor Loading	6.0	-	2,372	-	-	101	-	-	549	-	-	2,244	-
41		Materials & Expenses	6.0	-	1,696	-	-	72	-	-	393	-	-	1,604	-
42	894	Maint of Other Equip.													
43		Labor & Labor Loading	6.6	40	52	36	2	12	2	354	26	283	504	84	237
44		Materials & Expenses	6.6	12	15	11	1	4	0	104	8	83	149	25	70
45		Total Distribution-Maintenance		$ 7,631	$ 9,796	$ 6,778	$ 375	$ 2,256	$ 285	$ 67,101	$ 4,849	$ 53,574	$ 95,454	$ 15,879	$ 44,905
46		Total Distribution O & M		$ 13,705	$ 66,709	$ 25,134	$ 674	$ 6,141	$ 1,055	$ 120,512	$ 20,043	$ 198,654	$ 171,433	$ 74,900	$ 166,508

SOUTHWEST GAS CORPORATION
ARIZONA
CLASS COST OF SERVICE STUDY
TEST YEAR ENDING
AUGUST 31, 2004

Line No.	Account No.	Description	Allocation Factor No.	CNG - Large Demand	CNG - Large Customer	CNG - Large Commodity	CNG - Residential Demand	CNG - Residential Customer	CNG - Residential Commodity	Cogeneration Gas Service Demand	Cogeneration Gas Service Customer	Cogeneration Gas Service Commodity	Small Essential Agr. User Gas Service Demand	Small Essential Agr. User Gas Service Customer	Small Essential Agr. User Gas Service Commodity
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)
		Customer Accounts Expenses													
1	901	Supervision													
2		Labor & Labor Loading	10.1	$ -	$ 416	$ -	$ -	$ 421	$ -	$ -	$ 354	$ -	$ -	$ 12,783	$ -
3		Materials & Expenses	10.1	-	25	-	-	26	-	-	22	-	-	781	-
4	902	Meter Reading Exp.													
5		Labor & Labor Loading	13.0	-	620	-	-	601	-	-	528	-	-	19,284	-
6		Materials & Expenses	13.0	-	155	-	-	151	-	-	132	-	-	4,833	-
7	903	Customer Records & Collections													
8		Labor & Labor Loading	13.0	-	1,712	-	-	1,661	-	-	1,459	-	-	53,276	-
9		Materials & Expenses	13.0	-	798	-	-	774	-	-	679	-	-	24,816	-
10	903	Customer Records & Collections - LCS													
11		Labor & Labor Loading - LCS	13.0	-	130	-	-	126	-	-	111	-	-	4,049	-
12		Materials & Expenses - LCS	13.0	-	6	-	-	6	-	-	5	-	-	180	-
13	904	Uncollectible Accounts Exp.	4.0	-	47	-	-	191	-	-	40	-	-	195	-
14	905	Misc. Customer Accounts Exp.													
15		Labor & Labor Loading	10.1	-	43	-	-	44	-	-	37	-	-	1,333	-
16		Materials & Expenses	10.1	-	2	-	-	2	-	-	2	-	-	76	-
17		Total Customer Accounts Expenses		$ -	$ 3,955	$ -	$ -	$ 4,002	$ -	$ -	$ 3,369	$ -	$ -	$ 121,605	$ -
		Customer Service & Info. Exp.													
18	908	Customer Assistance Exp.													
19		Labor & Labor Loading	13.0	$ -	$ 33	$ -	$ -	$ 32	$ -	$ -	$ 28	$ -	$ -	$ 1,035	$ -
20		Materials & Expenses	13.0	-	30	-	-	29	-	-	26	-	-	934	-
21	909	Info. & Instructional Exp.													
22		Labor & Labor Loading	13.0	-	-	-	-	-	-	-	-	-	-	-	-
23		Materials & Expenses	13.0	-	-	-	-	-	-	-	-	-	-	-	-
24	910	Misc. C.S. & I. Expense													
25		Labor & Labor Loading	13.0	-	0	-	-	0	-	-	0	-	-	3	-
26		Materials & Expenses	13.0	-	3	-	-	3	-	-	2	-	-	90	-
27		Total Customer Service & Info. Exp.		$ -	$ 66	$ -	$ -	$ 64	$ -	$ -	$ 56	$ -	$ -	$ 2,062	$ -
		Sales Expense													
28	911	Supervision													
29		Labor & Labor Loading	4.0	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
30		Materials & Expenses	4.0	-	-	-	-	-	-	-	-	-	-	-	-
31	912	Demonstrating & Selling Exp.													
32		Labor & Labor Loading	4.0	-	-	-	-	-	-	-	-	-	-	-	-
33		Materials & Expenses	4.0	-	-	-	-	-	-	-	-	-	-	-	-
34	913	Advertising Expense													
35		Labor & Labor Loading	4.0	-	-	-	-	-	-	-	-	-	-	-	-
36		Materials & Expenses	4.0	-	-	-	-	-	-	-	-	-	-	-	-
37		Total Sales Expense		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
38		Total O & M Expense		$ 13,705	$ 70,730	$ 27,455	$ 674	$ 10,208	$ 1,153	$ 120,512	$ 23,468	$ 216,997	$ 171,433	$ 198,567	$ 181,883
39		Allocation Percentage	Total O&M	0.01%	0.06%	0.02%	0.00%	0.01%	0.00%	0.11%	0.02%	0.19%	0.15%	0.17%	0.16%
		Other Operating Deductions													
40		Administrative & General Expense	Total O&M	6,316	32,598	12,653	311	4,705	531	55,541	10,816	100,009	79,009	91,515	83,826
41		Interest on Customer Deposits	8.0	-	-	-	-	-	-	-	-	-	-	-	-
42		Taxes Other Than Income	1.1	8,960	15,152	2,916	441	2,795	122	78,788	6,474	23,050	112,079	21,947	19,321
43		Total Allocated Operating Deductions		$ 28,981	$ 118,480	$ 43,025	$ 1,425	$ 17,708	$ 1,806	$ 254,840	$ 40,758	$ 340,056	$ 362,521	$ 312,029	$ 285,029
		Tax Adjustments													
44		Interest Expense	1.1	10,852	18,353	3,532	534	3,386	148	95,429	7,841	27,919	135,752	26,583	23,401
45		State South Georgia	1.1	21	35	7	1	6	0	181	15	53	258	51	44
46		Investment Tax Credit	1.1	(142)	(239)	(46)	(7)	(44)	(2)	(1,244)	(102)	(364)	(1,770)	(347)	(305)
47		Federal South Georgia	1.1	77	131	25	4	24	1	679	56	199	966	189	166

SOUTHWEST GAS CORPORATION
ARIZONA
CLASS COST OF SERVICE STUDY
TEST YEAR ENDING
AUGUST 31, 2004

Line No.	Account No.	Description	Allocation Factor No.	CNG - Large Demand	CNG - Large Customer	CNG - Large Commodity	CNG - Residential Demand	CNG - Residential Customer	CNG - Residential Commodity	Cogeneration Gas Service Demand	Cogeneration Gas Service Customer	Cogeneration Gas Service Commodity	Small Essential Agr. User Gas Service Demand	Small Essential Agr. User Gas Service Customer	Small Essential Agr. User Gas Service Commodity
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)
		Summary of Allocated Cost of Service													
		Rate Base													
1		Direct Net Plant		$ 281,575	$ 476,183	$ 91,652	$ 13,848	$ 87,847	$ 3,848	$ 2,476,006	$ 203,448	$ 724,393	$ 3,522,221	$ 689,716	$ 607,174
2		Systems Allocable Net Plant		10,871	18,384	3,538	535	3,391	149	95,589	7,854	27,966	135,979	26,627	23,441
3		Cash Working Capital	1.1	(1,334)	(6,883)	(2,672)	(66)	(993)	(112)	(11,728)	(2,284)	(21,118)	(16,684)	(19,325)	(17,701)
4		Materials & Supplies	1.1	2,470	4,177	804	121	771	34	21,719	1,785	6,354	30,896	6,050	5,326
5		Prepayments	1.1	734	1,241	239	36	229	10	6,455	530	1,888	9,182	1,798	1,583
6		Gas Plant Acquisition Adjustment	1.1	-	-	-	-	-	-	-	-	-	-	-	-
7		Customer Deposits	8.0	-	-	-	-	-	-	-	-	-	-	-	-
8		Customer Advances	8.0	-	-	-	-	-	-	-	-	-	-	-	-
9		Deferred Taxes	1.1	(36,608)	(61,910)	(11,916)	(1,800)	(11,421)	(500)	(321,911)	(26,451)	(94,180)	(457,932)	(89,672)	(78,940)
10		Deferred Gain Hdqtrs Bldg	7.0	-	-	-	-	-	-	-	-	-	-	-	-
11		Total Rate Base		$ 257,708	$ 431,192	$ 81,645	$ 12,674	$ 79,823	$ 3,428	$ 2,266,130	$ 184,883	$ 645,304	$ 3,223,663	$ 615,195	$ 540,883
12		Net Operating Margin	Direct	$ 252,636	$ 55,080	$ -	$ 10,607	$ 10,560	$ -	$ 1,340,792	$ 64,560	$ -	$ 2,448,925	$ 101,025	$ -
13		Special Contract & Optional Margin	Net Op. Marg.	$ 6,303	$ 1,374	$ -	$ 265	$ 263	$ -	$ 33,452	$ 1,611	$ -	$ 61,100	$ 2,521	$ -
14		Late Charges	Direct	1,149	250	-	48	48	-	6,096	294	-	11,134	459	-
15		Service Establishment Charges	Direct	5,756	1,255	-	242	241	-	30,548	1,471	-	55,795	2,302	-
16		Reconnect / Reread Charges	Direct	454	99	-	19	19	-	2,407	116	-	4,396	181	-
17		Other Revenue - Labor	Direct	1	0	-	0	0	-	7	0	-	14	1	-
18		Other Revenue - Parts & Material	Direct	5	1	-	0	0	-	25	1	-	46	2	-
19		Other Revenue - Field Collection Fee	Direct	322	70	-	14	13	-	1,708	82	-	3,119	129	-
20		Other Revenue - Returned Item Fee	Direct	112	24	-	5	5	-	595	29	-	1,087	45	-
21		Other Revenue - Rental Income	Net Op. Marg.	635	139	-	27	27	-	3,372	162	-	6,159	254	-
22		Total Revenue		267,373	58,293	-	11,226	11,176	-	1,419,003	68,326	-	2,591,775	106,918	-
23		O & M		(13,705)	(70,730)	(27,455)	(674)	(10,208)	(1,153)	(120,512)	(23,468)	(216,997)	(171,433)	(198,567)	(181,883)
24		A & G	Total O&M	(6,316)	(32,598)	(12,653)	(311)	(4,705)	(531)	(55,541)	(10,816)	(100,009)	(79,009)	(91,515)	(83,826)
25		Depreciation Expense		(20,341)	(34,399)	(6,621)	(1,000)	(6,346)	(278)	(178,863)	(14,697)	(52,329)	(254,440)	(49,824)	(43,861)
26		Interest on Customer Deposits	8.0	-	-	-	-	-	-	-	-	-	-	-	-
27		Taxes other than Income	1.1	(8,960)	(15,152)	(2,916)	(441)	(2,795)	(122)	(78,788)	(6,474)	(23,050)	(112,079)	(21,947)	(19,321)
		State Income Tax													
28		Taxable Income before Interest Exp.		$ 218,051	$(94,586)	$(49,645)	$ 8,800	$(12,878)	$(2,084)	$ 985,299	$ 12,871	$(392,385)	$ 1,974,814	$(254,935)	$(328,890)
29		Interest Expense	1.1	(10,852)	(18,353)	(3,532)	(534)	(3,386)	(148)	(95,429)	(7,841)	(27,919)	(135,752)	(26,583)	(23,401)
30		State Taxable Income		$ 207,199	$(112,939)	$(53,178)	$ 8,266	$(16,264)	$(2,233)	$ 889,870	$ 5,030	$(420,304)	$ 1,839,062	$(281,517)	$(352,292)
31		State Income Tax		14,438	(7,870)	(3,705)	576	(1,133)	(156)	62,006	350	(29,287)	128,146	(19,616)	(24,548)
32		South Georgia	1.1	21	35	7	1	6	0	181	15	53	258	51	44
33		State Income Tax		14,458	(7,835)	(3,699)	577	(1,127)	(155)	62,188	365	(29,234)	128,404	(19,566)	(24,503)
		Federal Income Tax													
34		Taxable Income before Interest Exp.		218,051	(94,586)	(49,645)	8,800	(12,878)	(2,084)	985,299	12,871	(392,385)	1,974,814	(254,935)	(328,890)
35		Interest Expense	1.1	(10,852)	(18,353)	(3,532)	(534)	(3,386)	(148)	(95,429)	(7,841)	(27,919)	(135,752)	(26,583)	(23,401)
36		Federal Taxable Income		207,199	(112,939)	(53,178)	8,266	(16,264)	(2,233)	889,870	5,030	(420,304)	1,839,062	(281,517)	(352,292)
37		Federal Income Tax		$ 67,466	$(36,774)	$(17,315)	$ 2,692	$(5,296)	$(727)	$ 289,752	$ 1,638	$(136,856)	$ 598,821	$(91,665)	$(114,710)
38		I T C	1.1	(142)	(239)	(46)	(7)	(44)	(2)	(1,244)	(102)	(364)	(1,770)	(347)	(305)
39		South Georgia	1.1	77	131	25	4	24	1	679	56	199	966	189	166
40		Total Federal Income Tax		$ 67,402	$(36,883)	$(17,336)	$ 2,688	$(5,316)	$(728)	$ 289,187	$ 1,591	$(137,022)	$ 598,016	$(91,823)	$(114,849)
41		Regulatory Amortization	1.1	-	-	-	-	-	-	-	-	-	-	-	-
42		Net Income		$ 136,191	$(49,868)	$(28,610)	$ 5,535	$(6,435)	$(1,201)	$ 633,925	$ 10,914	$(226,130)	$ 1,248,394	$(143,546)	$(189,538)
43		Rate of Return on Rate Base		52.85%	(11.57%)	(35.04%)	43.67%	(8.06%)	(35.04%)	27.97%	5.90%	(35.04%)	38.73%	(23.33%)	(35.04%)
44		Rate of Return by Class Total			7.49%			(2.19%)			13.52%			20.90%	

SOUTHWEST GAS CORPORATION
ARIZONA
CLASS COST OF SERVICE STUDY
TEST YEAR ENDING
AUGUST 31, 2004

Line No.	Account No.	Description	Allocation Factor No.	Natural Gas Engine Gas Service Demand	Natural Gas Engine Gas Service Customer	Natural Gas Engine Gas Service Commodity	Street Lighting Gas Service Demand	Street Lighting Gas Service Customer	Street Lighting Gas Service Commodity	Special Residential Gas Service - A/C Demand	Special Residential Gas Service - A/C Customer	Special Residential Gas Service - A/C Commodity
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
		Direct Depreciation Expense										
1	301-303	Intangible	Intang. Plant	$ 164	$ 1,287	$ 205	$ 4	$ 4	$ 1	$ 12	$ 17	$ 2
2	325.5-336	Production Plant	Prod. Plant	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
3	366.1-371	Transmission	Trans. Plant	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
4	374.1-387	Distribution	Dist. Plant	$ 48,776	$ 382,087	$ 60,899	$ 1,117	$ 1,308	$ 286	$ 3,454	$ 5,039	$ 643
5	389-398	General	1.1	$ 3,771	$ 29,538	$ 4,708	$ 86	$ 101	$ 22	$ 267	$ 390	$ 50
6		Total Direct Dep. Exp.		$ 52,711	$ 412,912	$ 65,812	$ 1,207	$ 1,413	$ 309	$ 3,733	$ 5,445	$ 695
		Systems Allocable Depreciation Expense										
7	301-303	Intangible	Intang. Plant	$ 3,667	$ 28,727	$ 4,579	$ 84	$ 98	$ 21	$ 260	$ 379	$ 48
8	389-398	General	1.1	$ 1,857	$ 14,546	$ 2,318	$ 43	$ 50	$ 11	$ 131	$ 192	$ 24
		System Allocable Amortization										
9		Miscellaneous Intangible	1.1	-	-	-	-	-	-	-	-	-
10		Structures-Leasehold Improvements	1.1	-	-	-	-	-	-	-	-	-
11		Total System Allocable Amortization		-	-	-	-	-	-	-	-	-
12		Total System Alloc Dep. Exp. & Amortization		5,524	43,273	6,897	126	148	32	391	571	73
13		Total Depreciation Expense		58,235	456,185	72,709	1,333	1,562	341	4,124	6,016	768
14		Amortization-Limited Term Gas Plant	1.1	-	-	-	-	-	-	-	-	-
15		Amortization-Gas Plant Acquisition	1.1	(41)	(325)	(52)	(1)	(1)	(0)	(3)	(4)	(1)
16		Amortization of PBOP Costs	1.1	264	2,068	330	6	7	2	19	27	3
17		Amortization of Service Investigation	7.0	-	-	-	-	-	-	-	-	-
18		Amortization of TRIMP Costs	1.1	926	7,250	1,156	21	25	5	66	96	12
19		Amortization of SOX Implementation	1.1	21	168	27	0	1	0	2	2	0
20		Total Depreciation & Amortization Expense		$ 59,405	$ 465,346	$ 74,169	$ 1,360	$ 1,593	$ 348	$ 4,207	$ 6,137	$ 783

SOUTHWEST GAS CORPORATION
ARIZONA
CLASS COST OF SERVICE STUDY
TEST YEAR ENDING
AUGUST 31, 2004

Line No.	Account No.	Description	Allocation Factor No.	Natural Gas Engine Gas Service Demand	Natural Gas Engine Gas Service Customer	Natural Gas Engine Gas Service Commodity	Street Lighting Gas Service Demand	Street Lighting Gas Service Customer	Street Lighting Gas Service Commodity	Special Residential Gas Service - A/C Demand	Special Residential Gas Service - A/C Customer	Special Residential Gas Service - A/C Commodity
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
		Operation and Maintenance Expense										
		Gas Supply Expense										
1	800	Natural Gas Wellhead Purchases	3.0	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
2	803	Natural Gas Transmission Line Purch	3.0	-	-	-	-	-	-	-	-	-
3	805	Purchased Gas Cost Adj.	3.0	-	-	-	-	-	-	-	-	-
4	810	Gas Used for Compressor Sta. Fuel--	3.0	-	-	-	-	-	-	-	-	-
5	813	Other Gas Supply Expense	3.0	-	-	-	-	-	-	-	-	-
6		Labor & Labor Loading	3.0	-	-	23,990	-	-	113	-	-	253
7		Materials & Expenses	3.0	-	-	2,009	-	-	9	-	-	21
8		Total Gas Supply Expense		$ -	$ -	$ 25,998	$ -	$ -	$ 122	$ -	$ -	$ 274
		Transmission Expenses										
9	850	Operation Supervision & Engin.										
10		Labor & Labor Loading	5.0	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
11		Materials & Expenses	5.0	-	-	-	-	-	-	-	-	-
12	851	System Control & Load Dispatch										
13		Labor & Labor Loading	3.0	-	-	-	-	-	-	-	-	-
14		Materials & Expenses	3.0	-	-	-	-	-	-	-	-	-
15	852	Communication System Exp.										
16		Labor & Labor Loading	1.0	-	-	-	-	-	-	-	-	-
17		Materials & Expenses	1.0	-	-	-	-	-	-	-	-	-
18	853	Compressor Station										
19		Labor & Labor Loading	1.0	-	-	-	-	-	-	-	-	-
20		Materials & Expenses	1.0	-	-	-	-	-	-	-	-	-
21	854	Gas for Compressor Station Fuel	3.0	-	-	-	-	-	-	-	-	-
22	856	Mains Expense										
23		Labor & Labor Loading	6.0	-	-	-	-	-	-	-	-	-
24		Materials & Expenses	6.0	-	-	-	-	-	-	-	-	-
25	857	Meas. & Res. Sta. Exp.										
26		Labor & Labor Loading	1.0	-	-	-	-	-	-	-	-	-
27		Materials & Expenses	1.0	-	-	-	-	-	-	-	-	-
28	858	Trans. & comp. of Gas by Others	3.0	-	-	-	-	-	-	-	-	-
29	860	Rents	1.0	-	-	-	-	-	-	-	-	-
30	861	Maint. Supervision & Eng.										
31		Labor & Labor Loading	7.0	-	-	-	-	-	-	-	-	-
32		Materials & Expenses	7.0	-	-	-	-	-	-	-	-	-
33	862	Maint. of Struct. & Imp.	1.0	-	-	-	-	-	-	-	-	-
34	863	Maint. of Mains										
35		Labor & Labor Loading	6.0	-	-	-	-	-	-	-	-	-
36		Materials & Expenses	6.0	-	-	-	-	-	-	-	-	-
37	864	Maint. of Comp. Sta. Equip.										
38		Labor & Labor Loading	3.0	-	-	-	-	-	-	-	-	-
39		Materials & Expenses	3.0	-	-	-	-	-	-	-	-	-
40	865	Maint. of Meas. & Reg. Sta. Equip.										
41		Labor & Labor Loading	1.0	-	-	-	-	-	-	-	-	-
42		Materials & Expenses	1.0	-	-	-	-	-	-	-	-	-
43		Total Transmission Expense		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

SOUTHWEST GAS CORPORATION
ARIZONA
CLASS COST OF SERVICE STUDY
TEST YEAR ENDING
AUGUST 31, 2004

Line No.	Account No.	Description	Allocation Factor No.	Natural Gas Engine Gas Service Demand	Natural Gas Engine Gas Service Customer	Natural Gas Engine Gas Service Commodity	Street Lighting Gas Service Demand	Street Lighting Gas Service Customer	Street Lighting Gas Service Commodity	Special Residential Gas Service - A/C Demand	Special Residential Gas Service - A/C Customer	Special Residential Gas Service - A/C Commodity
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
		Distribution Expenses										
1	870	Operation Supervision & Eng.										
2		Labor & Labor Loading	5.5	$ 2,590	$ 116,144	$ 30,018	$ 59	$ 70	$ 141	$ 183	$ 855	$ 317
3		Materials & Expenses	5.5	405	18,175	4,698	9	11	22	29	134	50
4	871	Distribution Load Dispatching										
5		Labor & Labor Loading	3.0	-	-	18,661	-	-	88	-	-	197
6		Materials & Expenses	3.0	-	-	4,527	-	-	21	-	-	48
7	874	Mains & Svcs. Expense										
8		Labor & Labor Loading	4.4	4,836	14,288	0	111	130	0	342	356	0
9		Materials & Expenses	4.4	5,471	16,164	0	125	147	0	387	403	0
10	875	Meas. & Reg. Sta. Exp.-Gen.										
11		Labor & Labor Loading	3.0	-	-	68,969	-	-	324	-	-	728
12		Materials & Expenses	3.0	-	-	27,310	-	-	128	-	-	288
13	878	Meter & House Reg. Exp.										
14		Labor & Labor Loading	6.0	-	171,835	-	-	-	-	-	1,052	-
15		Materials & Expenses	6.0	-	25,942	-	-	-	-	-	159	-
16	879	Customer Installation Exp.										
17		Labor & Labor Loading	6.0	-	203,080	-	-	-	-	-	1,243	-
18		Materials & Expenses	6.0	-	30,924	-	-	-	-	-	189	-
19	880	Other Expenses										
20		Labor & Labor Loading	5.5	2,228	99,929	25,827	51	60	121	158	735	273
21		Materials & Expenses	5.5	1,509	67,686	17,494	35	41	82	107	498	185
22	881	Rents	5.5	701	31,447	8,128	16	19	38	50	231	86
23		Total Distribution-Operations		$ 17,739	$ 795,615	$ 205,631	$ 406	$ 478	$ 966	$ 1,256	$ 5,856	$ 2,171
		Operation and Maintenance Expense										
		Distribution Expenses										
24	885	Maint. Supervision & Eng.										
25		Labor & Labor Loading	6.6	$ 1,858	$ 10,886	$ 6,331	$ 43	$ 50	$ 30	$ 132	$ 168	$ 67
26		Materials & Expenses	6.6	199	1,168	680	5	5	3	14	18	7
27	886	Maint. of Structures & Imp.										
28		Labor & Labor Loading	1.0	50	-	-	1	-	-	4	-	-
29		Materials & Expenses	1.0	185	-	-	4	-	-	13	-	-
30	887	Maint. of Mains										
31		Labor & Labor Loading	2.2	11,044	3,128	0	253	150	0	782	813	0
32		Materials & Expenses	2.2	8,797	2,492	0	201	120	0	623	648	0
33	889	Maint. of Meas. & Reg. Sta-Gen										
34		Labor & Labor Loading	3.0	-	-	39,263	-	-	184	-	-	415
35		Materials & Expenses	3.0	-	-	29,140	-	-	137	-	-	308
36	892	Maint. of Services										
37		Labor & Labor Loading	3.3	0	35,368	-	0	176	-	0	-	-
38		Materials & Expenses	3.3	0	19,351	-	0	96	-	0	-	-
39	893	Maint of Meter & House Reg.										
40		Labor & Labor Loading	6.0	-	33,401	-	-	-	-	-	204	-
41		Materials & Expenses	6.0	-	23,875	-	-	-	-	-	146	-
42	894	Maint of Other Equip.										
43		Labor & Labor Loading	6.6	118	689	401	3	3	2	8	11	4
44		Materials & Expenses	6.6	35	203	118	1	1	1	2	3	1
45		Total Distribution-Maintenance		$ 22,286	$ 130,561	$ 75,933	$ 510	$ 602	$ 357	$ 1,578	$ 2,012	$ 802
46		Total Distribution O & M		$ 40,025	$ 926,177	$ 281,564	$ 917	$ 1,080	$ 1,322	$ 2,834	$ 7,867	$ 2,973

SOUTHWEST GAS CORPORATION
ARIZONA
CLASS COST OF SERVICE STUDY
TEST YEAR ENDING
AUGUST 31, 2004

Line No.	Account No.	Description	Allocation Factor No.	Natural Gas Engine Gas Service Demand	Natural Gas Engine Gas Service Customer	Natural Gas Engine Gas Service Commodity	Street Lighting Gas Service Demand	Street Lighting Gas Service Customer	Street Lighting Gas Service Commodity	Special Residential Gas Service - A/C Demand	Special Residential Gas Service - A/C Customer	Special Residential Gas Service - A/C Commodity
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
		Customer Accounts Expenses										
1	901	Supervision										
2		Labor & Labor Loading	10.1	$ -	$ 17,329	$ -	$ -	$ 1,894	$ -	$ -	$ 1,206	$
3		Materials & Expenses	10.1	-	1,058	-	-	116	-	-	74	-
4	902	Meter Reading Exp.										
5		Labor & Labor Loading	13.0	-	25,998	-	-	2,853	-	-	1,773	-
6		Materials & Expenses	13.0	-	6,516	-	-	715	-	-	444	-
7	903	Customer Records & Collections										
8		Labor & Labor Loading	13.0	-	71,827	-	-	7,883	-	-	4,897	-
9		Materials & Expenses	13.0	-	33,457	-	-	3,672	-	-	2,281	-
10	903	Customer Records & Collections - LCS										
11		Labor & Labor Loading - LCS	13.0	-	5,459	-	-	599	-	-	372	-
12		Materials & Expenses - LCS	13.0	-	243	-	-	27	-	-	17	-
13	904	Uncollectible Accounts Exp.	4.0	-	1,048	-	-	50	-	-	272	-
14	905	Misc. Customer Accounts Exp.										
15		Labor & Labor Loading	10.1	-	1,808	-	-	198	-	-	126	-
16		Materials & Expenses	10.1	-	103	-	-	11	-	-	7	-
17		Total Customer Accounts Expenses		$ -	$ 164,845	$ -	$ -	$ 18,017	$ -	$ -	$ 11,468	$
		Customer Service & Info. Exp.										
18	908	Customer Assistance Exp.										
19		Labor & Labor Loading	13.0	$ -	$ 1,396	$ -	$ -	$ 153	$ -	$ -	$ 95	$
20		Materials & Expenses	13.0	-	1,259	-	-	138	-	-	86	-
21	909	Info. & Instructional Exp.										
22		Labor & Labor Loading	13.0	-	-	-	-	-	-	-	-	-
23		Materials & Expenses	13.0	-	-	-	-	-	-	-	-	-
24	910	Misc. C.S. & I. Expense										
25		Labor & Labor Loading	13.0	-	4	-	-	0	-	-	0	-
26		Materials & Expenses	13.0	-	121	-	-	13	-	-	8	-
27		Total Customer Service & Info. Exp.		$ -	$ 2,779	$ -	$ -	$ 305	$ -	$ -	$ 190	$
		Sales Expense										
28	911	Supervision										
29		Labor & Labor Loading	4.0	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$
30		Materials & Expenses	4.0	-	-	-	-	-	-	-	-	-
31	912	Demonstrating & Selling Exp.										
32		Labor & Labor Loading	4.0	-	-	-	-	-	-	-	-	-
33		Materials & Expenses	4.0	-	-	-	-	-	-	-	-	-
34	913	Advertising Expense										
35		Labor & Labor Loading	4.0	-	-	-	-	-	-	-	-	-
36		Materials & Expenses	4.0	-	-	-	-	-	-	-	-	-
37		Total Sales Expense		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$
38		*Total O & M Expense*		$ 40,025	$ 1,093,801	$ 307,562	$ 917	$ 19,402	$ 1,444	$ 2,834	$ 19,525	$ 3,247
39		Allocation Percentage	Total O&M	0.04%	0.96%	0.27%	0.00%	0.02%	0.00%	0.00%	0.02%	0.00%
		Other Operating Deductions										
40		Administrative & General Expense	Total O&M	18,447	504,107	141,748	422	8,942	666	1,306	8,999	1,497
41		Interest on Customer Deposits	8.0	-	-	-	-	-	-	-	-	-
42		Taxes Other Than Income	1.1	26,167	204,981	32,671	599	702	153	1,853	2,703	345
43		Total Allocated Operating Deductions		$ 84,639	$ 1,802,889	$ 481,982	$ 1,938	$ 29,046	$ 2,263	$ 5,994	$ 31,227	$ 5,089
		Tax Adjustments										
44		Interest Expense	1.1	31,694	248,277	39,572	726	850	186	2,244	3,274	418
45		State South Georgia	1.1	60	472	75	1	2	0	4	6	1
46		Investment Tax Credit	1.1	(413)	(3,237)	(516)	(9)	(11)	(2)	(29)	(43)	(5)
47		Federal South Georgia	1.1	225	1,766	281	5	6	1	16	23	3

SOUTHWEST GAS CORPORATION
ARIZONA
CLASS COST OF SERVICE STUDY
TEST YEAR ENDING
AUGUST 31, 2004

Line No.	Account No.	Description	Allocation Factor No.	Natural Gas Engine Gas Service Demand	Natural Gas Engine Gas Service Customer	Natural Gas Engine Gas Service Commodity	Street Lighting Gas Service Demand	Street Lighting Gas Service Customer	Street Lighting Gas Service Commodity	Special Residential Gas Service - A/C Demand	Special Residential Gas Service - A/C Customer	Special Residential Gas Service - A/C Commodity
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
		Summary of Allocated Cost of Service										
		Rate Base										
1		Direct Net Plant		$ 822,344	$ 6,441,794	$ 1,026,726	$ 18,830	$ 22,052	$ 4,821	$ 58,236	$ 84,953	$ 10,840
2		Systems Allocable Net Plant		31,747	248,692	39,638	727	851	186	2,248	3,280	418
3		Cash Working Capital	1.1	(3,895)	(106,449)	(29,932)	(89)	(1,888)	(141)	(276)	(1,900)	(316)
4		Materials & Supplies	1.1	7,213	56,506	9,006	165	193	42	511	745	95
5		Prepayments	1.1	2,144	16,793	2,677	49	57	13	152	221	28
6		Gas Plant Acquisition Adjustment	1.1	-	-	-	-	-	-	-	-	-
7		Customer Deposits	8.0	-	-	-	-	-	-	-	-	-
8		Customer Advances	8.0	-	-	-	-	-	-	-	-	-
9		Deferred Taxes	1.1	(106,915)	(837,512)	(133,487)	(2,448)	(2,867)	(627)	(7,571)	(11,045)	(1,409)
10		Deferred Gain Hdqtrs Bldg	7.0	-	-	-	-	-	-	-	-	-
11		Total Rate Base		$ 752,638	$ 5,819,825	$ 914,627	$ 17,234	$ 18,399	$ 4,295	$ 53,299	$ 76,255	$ 9,656
12		Net Operating Margin	Direct	$ 3,443,622	$ 289,800	$ -	$ 47,592	$ -	$ -	$ 73,539	$ 15,072	$ -
13		Special Contract & Optional Margin	Net Op. Marg.	$ 85,917	$ 7,230	$ -	$ 1,187	$ -	$ -	$ 1,835	$ 376	$ -
14		Late Charges	Direct	15,656	1,318	-	216	-	-	334	69	-
15		Service Establishment Charges	Direct	78,458	6,603	-	1,084	-	-	1,675	343	-
16		Reconnect / Reread Charges	Direct	6,182	520	-	85	-	-	132	27	-
17		Other Revenue - Labor	Direct	19	2	-	0	-	-	0	0	-
18		Other Revenue - Parts & Material	Direct	65	5	-	1	-	-	1	0	-
19		Other Revenue - Field Collection Fee	Direct	4,386	369	-	61	-	-	94	19	-
20		Other Revenue - Returned Item Fee	Direct	1,529	129	-	21	-	-	33	7	-
21		Other Revenue - Rental Income	Net Op. Marg.	8,660	729	-	120	-	-	185	38	-
22		Total Revenue		3,644,495	306,705	-	50,368	-	-	77,829	15,951	-
23		O & M		(40,025)	(1,093,801)	(307,562)	(917)	(19,402)	(1,444)	(2,834)	(19,525)	(3,247)
24		A & G	Total O&M	(18,447)	(504,107)	(141,748)	(422)	(8,942)	(666)	(1,306)	(8,999)	(1,497)
25		Depreciation Expense		(59,405)	(465,346)	(74,169)	(1,360)	(1,593)	(348)	(4,207)	(6,137)	(783)
26		Interest on Customer Deposits	8.0	-	-	-	-	-	-	-	-	-
27		Taxes other than Income	1.1	(26,167)	(204,981)	(32,671)	(599)	(702)	(153)	(1,853)	(2,703)	(345)
		State Income Tax										
28		Taxable Income before Interest Exp.		$ 3,500,451	$(1,961,530)	$(556,151)	$ 47,070	$(30,639)	$(2,611)	$ 67,628	$(21,412)	$(5,872)
29		Interest Expense	1.1	(31,694)	(248,277)	(39,572)	(726)	(850)	(186)	(2,244)	(3,274)	(418)
30		State Taxable Income		$ 3,468,756	$(2,209,807)	$(595,722)	$ 46,344	$(31,489)	$(2,797)	$ 65,383	$(24,687)	$(6,289)
31		State Income Tax		241,703	(153,979)	(41,510)	3,229	(2,194)	(195)	4,556	(1,720)	(438)
32		South Georgia	1.1	60	472	75	1	2	0	4	6	1
33		State Income Tax		241,763	(153,507)	(41,435)	3,231	(2,193)	(195)	4,560	(1,714)	(437)
		Federal Income Tax										
34		Taxable Income before Interest Exp.		3,500,451	(1,961,530)	(556,151)	47,070	(30,639)	(2,611)	67,628	(21,412)	(5,872)
35		Interest Expense	1.1	(31,694)	(248,277)	(39,572)	(726)	(850)	(186)	(2,244)	(3,274)	(418)
36		Federal Taxable Income		3,468,756	(2,209,807)	(595,722)	46,344	(31,489)	(2,797)	65,383	(24,687)	(6,289)
37		Federal Income Tax		$ 1,129,469	$(719,540)	$(193,974)	$ 15,090	$(10,253)	$(911)	$ 21,290	$(8,038)	$(2,048)
38		I T C	1.1	(413)	(3,237)	(516)	(9)	(11)	(2)	(29)	(43)	(5)
39		South Georgia	1.1	225	1,766	281	5	6	1	16	23	3
40		Total Federal Income Tax		$ 1,129,281	$(721,011)	$(194,209)	$ 15,086	$(10,258)	$(912)	$ 21,276	$(8,058)	$(2,050)
41		Regulatory Amortization	1.1	-	-	-	-	-	-	-	-	-
42		Net Income		$ 2,129,407	$(1,067,012)	$(320,507)	$ 28,753	$(18,188)	$(1,505)	$ 41,791	$(11,641)	$(3,384)
43		Rate of Return on Rate Base		282.93%	(18.68%)	(35.04%)	166.84%	(98.86%)	(35.04%)	78.41%	(15.27%)	(35.04%)
44		Rate of Return by Class Total			9.64%			22.69%			19.23%	

SOUTHWEST GAS CORPORATION
EMBEDDED CLASS COST OF SERVICE MODEL
DATA ENTRY AND CLASSIFICATION OF COSTS

Line No.	Acct No.	Description	Production				Transmission				Distribution				Customer Accounting		
			Specific	Demand	Customer	Commodity	Specific	Demand	Customer	Commodity	Specific	Demand	Customer	Commodity	Specific	Demand	Customer
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	(q)
		Net Plant in Service															
		Direct															
		Intangible															
1	301	Organization	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 9,152	$ 32,314	$ 1,186	$ -	$ -	$ -
2	302	Franchise & Consent	-	-	-	-	-	-	-	-	-	254,311	897,884	32,960	-	-	-
3	303	Misc. Intangible	-	-	-	-	-	-	-	-	-	59,692	210,750	7,736	-	-	-
		Total Intangible	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 323,156	$ 1,140,948	$ 41,883	$ -	$ -	$ -
		Production															
4	326	Other Land & Land Rights	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
5	332	Field Lines	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	334	Field Meas & Reg. Stations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	336	Purification Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8		Total Production	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
		Transmission															
9	365	Land & Land Rights	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
10	365	Rights of Way	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	366	Structures-Compressor Stas.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	366	Structures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	367	Mains	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	367	Mains-Bridge	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	368	Compressor Stations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
16	369	Measuring & Reg. Sta. Equip.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
17	370	Communication Equip.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18	371	Other Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19		Total Transmission	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
		Distribution															
20	374.1	Land & Land Rights	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 351,685	$ -	$ -	$ -	$ -	$ -
21	374.2	Rights of Way	-	-	-	-	-	-	-	-	-	445,985	-	-	-	-	-
22	375	Structures	-	-	-	-	-	-	-	-	-	47,682	-	-	-	-	-
23	376	Mains	-	-	-	-	-	-	-	-	-	208,461,866	307,811,910	1	-	-	-
24	378	Measuring & Reg. Station	-	-	-	-	-	-	-	-	-	-	-	23,180,184	-	-	-
25	380	Services	-	-	-	-	-	-	-	-	-	0	305,210,571	0	-	-	-
26	381	Meters	-	-	-	-	-	-	-	-	-	-	125,828,203	-	-	-	-
27	385	Industrial Meas. & Reg. Sta.	-	-	-	-	-	-	-	-	-	-	-	3,942,124	-	-	-
28	386	Other Prop. on Cust. Premises	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
29	387	Other Equipment	-	-	-	-	-	-	-	-	-	(39,455)	-	-	-	-	-
30		Total Distribution	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 209,267,764	$ 738,850,684	$ 27,122,308	$ -	$ -	$ -
31		Total Trans., Dist., Prod.	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 209,267,764	$ 738,850,684	$ 27,122,308	$ -	$ -	$ -

SOUTHWEST GAS CORPORATION
EMBEDDED CLASS COST OF SERVICE MODEL
DATA ENTRY AND CLASSIFICATION OF COSTS

Line No.	Acct No.	Description	Production Specific	Production Demand	Production Customer	Production Commodity	Transmission Specific	Transmission Demand	Transmission Customer	Transmission Commodity	Distribution Specific	Distribution Demand	Distribution Customer	Distribution Commodity	Customer Accounting Specific	Customer Accounting Demand	Customer Accounting Customer
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	(q)
		General															
1	389	Land & Land Rights	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,385,030	$ 4,890,051	$ 179,508	$ -	$ -	$ -
2	390.1	Structures & Improvements	-	-	-	-	-	-	-	-	-	4,079,343	14,402,723	528,706	-	-	-
3	390.2	Struct. & Imp.-Leasehold	-	-	-	-	-	-	-	-	-	87,079	307,446	11,286	-	-	-
4	391.0	Office Furn. & Equip.	-	-	-	-	-	-	-	-	-	899,784	3,176,819	116,617	-	-	-
5	391.1	Office Furn. & Computer Equip.	-	-	-	-	-	-	-	-	-	1,568,636	5,538,302	203,304	-	-	-
6	392.1	Transp. Equip.-Light	-	-	-	-	-	-	-	-	-	5,397,476	19,056,585	699,544	-	-	-
7	392.0	Transp. Equip.-Heavy	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	393	Stores Equipment	-	-	-	-	-	-	-	-	-	100,392	354,448	13,011	-	-	-
9	394	Tools, Shop, & Garage Equip.	-	-	-	-	-	-	-	-	-	1,616,856	5,708,549	209,554	-	-	-
10	395	Laboratory Equip.	-	-	-	-	-	-	-	-	-	123,476	435,951	16,003	-	-	-
11	396	Power Operated Equip.	-	-	-	-	-	-	-	-	-	576,947	2,036,995	74,776	-	-	-
12	397.1	Comm. Equip.-General	-	-	-	-	-	-	-	-	-	(23,321)	(82,338)	(3,023)	-	-	-
13	397.2	Comm. Equip.-Telemetering	-	-	-	-	-	-	-	-	-	27,493	97,067	3,563	-	-	-
14	398	Miscellaneous Equip.	-	-	-	-	-	-	-	-	-	174,104	614,699	22,565	-	-	-
15		Total General	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 16,013,294	$ 56,537,296	$ 2,075,415	$ -	$ -	$ -
		Systems Allocable															
		Intangible															
16	301	Organization	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 7,638	$ 26,966	$ 990	$ -	$ -	$ -
17	302	Franchise & Consent	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18	303	Miscellaneous Intang.	-	-	-	-	-	-	-	-	-	5,657,476	19,974,552	733,241	-	-	-
19		Total Intangible	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 5,665,113	$ 20,001,518	$ 734,231	$ -	$ -	$ -
		General															
20	389	Land & Land Rights	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 48,348	$ 170,699	$ 6,266	$ -	$ -	$ -
21	390.10	Structures & Improvements	-	-	-	-	-	-	-	-	-	1,021,293	3,605,824	132,365	-	-	-
22	390.20	Struct. & Imp.-Leasehold	-	-	-	-	-	-	-	-	-	30,802	108,752	3,992	-	-	-
23	391.00	Office Furn. & Equip.	-	-	-	-	-	-	-	-	-	728,309	2,571,403	94,393	-	-	-
24	391.10	Office Furn. & Computer Equip.	-	-	-	-	-	-	-	-	-	373,712	1,319,446	48,435	-	-	-
25	392.11	Transp. Equip.-Light	-	-	-	-	-	-	-	-	-	283,401	1,000,590	36,730	-	-	-
26	392.21	Airframe	-	-	-	-	-	-	-	-	-	18,014	63,601	2,335	-	-	-
27	392.22	Aircraft-Left Engine	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
28	392.23	Aircraft-Right Engine	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
29	393	Stores Equipment	-	-	-	-	-	-	-	-	-	3,597	12,699	466	-	-	-
30	394	Tools, Shop, & Garage Equip.	-	-	-	-	-	-	-	-	-	54,906	193,855	7,116	-	-	-
31	395	Laboratory Equip.	-	-	-	-	-	-	-	-	-	23,033	81,322	2,985	-	-	-
32	397.1	Comm. Equip.-General	-	-	-	-	-	-	-	-	-	257,709	909,879	33,401	-	-	-
33	397.2	Telemetering Equipment	-	-	-	-	-	-	-	-	-	72,650	256,500	9,416	-	-	-
34	398	Miscellaneous Equip.	-	-	-	-	-	-	-	-	-	128,809	454,779	16,694	-	-	-
35		Total General	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 3,044,584	$ 10,749,351	$ 394,596	$ -	$ -	$ -
36		Total Net Plant-Direct	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 225,604,214	$ 796,528,928	$ 29,239,606	$ -	$ -	$ -
37		Total Net Plant-Systems Alloc.	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 8,709,697	$ 30,750,869	$ 1,128,827	$ -	$ -	$ -
38		Total Net Plant	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 234,313,911	$ 827,279,797	$ 30,368,433	$ -	$ -	$ -
39		Cash Working Capital	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$(2,378,016)	$(8,395,936)	$(308,205)	$ -	$ -	$ -
40		Materials and Supplies	-	-	-	-	-	-	-	-	-	1,978,967	6,987,036	256,486	-	-	-
41		Prepayments	-	-	-	-	-	-	-	-	-	588,126	2,076,465	76,224	-	-	-
42		Gas Plant Acquisition Adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
43		Customer Deposits	-	-	-	-	-	-	-	-	-	-	(23,912,141)	-	-	-	-
44		Customer Advances	-	-	-	-	-	-	-	-	-	-	(7,027,372)	-	-	-	-
45		Deferred Taxes	-	-	-	-	-	-	-	-	-	(29,331,310)	(103,558,512)	(3,801,507)	-	-	-
46		Deferred Gain Headquarters Bldg.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
47		Total Rate Base	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 205,171,678	$ 693,449,337	$ 26,591,432	$ -	$ -	$ -

SCHEDULE G-5A
SHEET 2 of 2

SOUTHWEST GAS CORPORATION
EMBEDDED CLASS COST OF SERVICE MODEL
DATA ENTRY AND CLASSIFICATION OF COSTS

Line No.	Acct No.	Description	Production				Transmission				Distribution				Customer Accounting		
			Specific	Demand	Customer	Commodity	Specific	Demand	Customer	Commodity	Specific	Demand	Customer	Commodity	Specific	Demand	Customer
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	(q)
		Depreciation Expense & Amortizati															
		Direct															
		Intangible															
1	301	Organization	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
2	302	Franchise & Consent	-	-	-	-	-	-	-	-	-	16,657	58,810	2,159	-	-	-
3	303	Misc. Intangible	-	-	-	-	-	-	-	-	-	28,402	100,278	3,681	-	-	-
4		Total Intangible Dep. Exp.	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 45,059	$ 159,089	$ 5,840	$ -	$ -	$ -
		Production															
5	326	Other Land & Land Rights	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
6	332	Field Lines	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	334	Field Meas & Reg. Stations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	336	Purification Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9		Total Production Dep. Exp.	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
		Transmission															
10	365	Land & Land Rights	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
11	365	Rights of Way	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	366	Structures-Compressor Stas.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	366	Structures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	367	Mains	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	367	Mains-Bridge	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
16	368	Compressor Stations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
17	369	Measuring & Reg. Sta. Equip.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18	370	Communication Equip.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19	371	Other Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20		Total Transmission Dep. Exp.	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	#$ -	$ -	$ -	$ -	$ -	$ -	$ -
		Distribution															
21	374	Land & Land Rights	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
22	374.2	Rights of Way	-	-	-	-	-	-	-	-	-	15,501	-	-	-	-	-
23	375	Structures	-	-	-	-	-	-	-	-	-	1,271	-	-	-	-	-
24	376	Mains	-	-	-	-	-	-	-	-	-	12,179,878	17,984,640	0	-	-	-
25	378	Measuring & Reg. Station	-	-	-	-	-	-	-	-	-	-	-	1,007,546	-	-	-
26	380	Services	-	-	-	-	-	-	-	-	-	0	27,761,544	0	-	-	-
27	381	Meters	-	-	-	-	-	-	-	-	-	-	3,104,837	-	-	-	-
28	385	Industrial Meas. & Reg. Sta.	-	-	-	-	-	-	-	-	-	-	-	281,378	-	-	-
29	386	Other Prop. on Cust. Premises															
30	387	Other Equipment	-	-	-	-	-	-	-	-	-	24,340	-	-	-	-	-
31		Total Distribution Dep. Exp.	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 12,220,990	$ 48,851,021	$ 1,288,924	$ -	$ -	$ -

SOUTHWEST GAS CORPORATION
EMBEDDED CLASS COST OF SERVICE MODEL
DATA ENTRY AND CLASSIFICATION OF COSTS

Line No.	Acct No.	Description	Production				Transmission				Distribution				Customer Accounting		
			Specific	Demand	Customer	Commodity	Specific	Demand	Customer	Commodity	Specific	Demand	Customer	Commodity	Specific	Demand	Customer
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	(q)
		General															
1	389	Land & Land Rights	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
2	390.1	Structures & Improvements	-	-	-	-	-	-	-	-	-	103,781	366,415	13,451	-	-	-
3	390.2	Struct. & Imp.-Leasehold	-	-	-	-	-	-	-	-	-	13,378	47,233	1,734	-	-	-
4	391	Office Furn. & Equip.	-	-	-	-	-	-	-	-	-	28,411	100,308	3,682	-	-	-
5	391	Office Furn. & Computer Equip.	-	-	-	-	-	-	-	-	-	270,869	956,344	35,106	-	-	-
6	392	Transp. Equip.	-	-	-	-	-	-	-	-	-	499,803	1,764,627	64,777	-	-	-
7	393	Stores Equipment	-	-	-	-	-	-	-	-	-	2,151	7,594	279	-	-	-
8	394	Tools, Shop, & Garage Equip.	-	-	-	-	-	-	-	-	-	22,779	80,425	2,952	-	-	-
9	395	Laboratory Equip.	-	-	-	-	-	-	-	-	-	3,587	12,664	465	-	-	-
10	396	Power Operated Equip.	-	-	-	-	-	-	-	-	-	31,701	111,924	4,109	-	-	-
11	397.1	Comm. Equip.-General	-	-	-	-	-	-	-	-	-	42,372	149,600	5,492	-	-	-
12	397.2	Comm. Equip.-Telemetering	-	-	-	-	-	-	-	-	-	7,442	26,276	965	-	-	-
13	398	Miscellaneous Equip.	-	-	-	-	-	-	-	-	-	8,206	28,972	1,064	-	-	-
14		Total General Dep. Exp.	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,034,479	$ 3,652,381	$ 134,074	$ -	$ -	$ -
		Systems Allocable															
		Intangible															
15	301	Organization	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
16	302	Franchise & Consent															
17	303	Miscellaneous Intang.	-	-	-	-	-	-	-	-	-	1,006,082	3,552,119	130,394	-	-	-
18		Total Intangible Dep. Exp.	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,006,082	$ 3,552,119	$ 130,394	$ -	$ -	$ -
		General															
19	389	Land & Land Rights	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
20	390.1	Structures	-	-	-	-	-	-	-	-	-	36,545	129,027	4,736	-	-	-
21	390.2	Structures - Leasehold Improvements	-	-	-	-	-	-	-	-	-	3,673	12,969	476	-	-	-
22	391	Office Furniture & Equipment	-	-	-	-	-	-	-	-	-	78,195	276,078	10,134	-	-	-
23	391.1	Computer Equipment	-	-	-	-	-	-	-	-	-	270,856	956,296	35,104	-	-	-
24	392.11	Transportation Equipment - Light	-	-	-	-	-	-	-	-	-	30,152	106,456	3,908	-	-	-
25	392.12	Transportation Equipment - Heavy	-	-	-	-	-	-	-	-	-	990	3,496	128	-	-	-
26	393	Stores Equipment	-	-	-	-	-	-	-	-	-	477	1,686	62	-	-	-
27	394	Tools, Shop, & Garage Equipment	-	-	-	-	-	-	-	-	-	5,718	20,189	741	-	-	-
28	395	Laboratory Equipment	-	-	-	-	-	-	-	-	-	1,585	5,595	205	-	-	-
29	396	Power Operated Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30	397.1	Communication Equipment	-	-	-	-	-	-	-	-	-	48,427	170,977	6,276	-	-	-
31	397.2	Telemetering Equipment	-	-	-	-	-	-	-	-	-	19,954	70,449	2,586	-	-	-
32	398	Miscellaneous Equipment	-	-	-	-	-	-	-	-	-	12,841	45,337	1,664	-	-	-
33		Total General Dep. Exp.	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 509,412	$ 1,798,554	$ 66,023	$ -	$ -	$ -
		System Allocable Amortization															
34		Miscellaneous Intangible	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
35		Structures-Leasehold Improvements	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
36		Total System Allocable Amortization	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
37		Total Depreciation Exp.-Direct	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 13,300,529	$ 52,662,490	$ 1,428,838	$ -	$ -	$ -
38		Total Dep. Exp.-Systems Alloc.	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,515,493	$ 5,350,673	$ 196,417	$ -	$ -	$ -
39		Amortization-Limited Term Gas Plant	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
40		Amortization-Gas Plant Acquisition	-	-	-	-	-	-	-	-	-	(10,459)	(41,413)	(1,124)	-	-	-
41		Amortization of PBOP Costs	-	-	-	-	-	-	-	-	-	66,614	263,754	7,156	-	-	-
42		Amortization of Service Investigation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
43		Amortization of TRIMP Costs	-	-	-	-	-	-	-	-	-	233,544	924,700	25,089	-	-	-
44		Amortization of SOX Implementation	-	-	-	-	-	-	-	-	-	5,397	21,369	580	-	-	-
45		Total Depreciation Expense	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 15,111,118	$ 59,181,574	$ 1,656,956	$ -	$ -	$ -

SOUTHWEST GAS CORPORATION
EMBEDDED CLASS COST OF SERVICE MODEL
DATA ENTRY AND CLASSIFICATION OF COSTS

Line No.	Acct No.	Description	Production				Transmission				Distribution				Customer Accounting		
			Specific	Demand	Customer	Commodity	Specific	Demand	Customer	Commodity	Specific	Demand	Customer	Commodity	Specific	Demand	Customer
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	(q)
		Operation and Maintenance Expense															
		Gas Supply Expense															
1	800	Natural Gas Wellhead Purchases	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
2	803	Natural Gas Transmission Line Pur	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	805.1	Purchased Gas Cost Adj.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	810	Gas Used for Compressor Sta. Fue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	813	Other Gas Supply Expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6		Labor & Labor Loading	-	-	-	683,189	-	-	-	-	-	-	-	-	-	-	-
7		Materials & Expenses	-	-	-	57,202	-	-	-	-	-	-	-	-	-	-	-
8		Total Gas Supply Expense	$ -	$ -	$ -	$ 740,391	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
		Transmission Expenses															
9	850	Operation Supervision & Engin.															
10		Labor & Labor Loading	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
11		Materials & Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	851	System Control & Load Dispatch															
13		Labor & Labor Loading	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14		Materials & Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	852	Communication System Exp.															
16		Labor & Labor Loading	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
17		Materials & Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18	853	Compressor Station															
19		Labor & Labor Loading	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20		Materials & Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
21	854	Gas for Compressor Station Fuel															
22	856	Mains Expense															
23		Labor & Labor Loading	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
24		Materials & Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
25	857	Meas. & Res. Sta. Exp.															
26		Labor & Labor Loading	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
27		Materials & Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
28	858	Trans. & comp. of Gas by Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
29	860	Rents	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30	861	Maint. Supervision & Eng.															
31		Labor & Labor Loading	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
32		Materials & Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
33	862	Maint. of Struct. & Imp.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
34	863	Maint. of Mains															
35		Labor & Labor Loading	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
36		Materials & Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
37	864	Maint. of Comp. Sta. Equip.															
38		Labor & Labor Loading	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
39		Materials & Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
40	865	Maint. of Meas. & Reg. Sta. Equip.															
41		Labor & Labor Loading	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
42		Materials & Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
43		Total Transmission Expense	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

SOUTHWEST GAS CORPORATION
EMBEDDED CLASS COST OF SERVICE MODEL
DATA ENTRY AND CLASSIFICATION OF COSTS

Line No.	Acct No.	Description	Production Specific	Production Demand	Production Customer	Production Commodity	Transmission Specific	Transmission Demand	Transmission Customer	Transmission Commodity	Distribution Specific	Distribution Demand	Distribution Customer	Distribution Commodity	Customer Accounting Specific	Customer Accounting Demand	Customer Accounting Customer
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	(q)
		Distribution Expenses															
1	870	Operation Supervision & Eng.															
2		Labor & Labor Loading	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 793,391	$ 5,748,939	$ 771,904	$ -	$ -	$ -
3		Materials & Expenses	-	-	-	-	-	-	-	-	-	124,158	899,651	120,795	-	-	-
4	871	Distribution Load Dispatching															
5		Labor & Labor Loading	-	-	-	-	-	-	-	-	-	265,715	-	265,715	-	-	-
6		Materials & Expenses	-	-	-	-	-	-	-	-	-	64,465	-	64,465	-	-	-
7	874	Mains & Svcs. Expense															
8		Labor & Labor Loading	-	-	-	-	-	-	-	-	-	1,326,589	3,901,091	0	-	-	-
9		Materials & Expenses	-	-	-	-	-	-	-	-	-	1,500,801	4,413,395	0	-	-	-
10	875	Meas. & Reg. Sta. Exp.-Gen.															
11		Labor & Labor Loading	-	-	-	-	-	-	-	-	-	-	-	1,964,122	-	-	-
12		Materials & Expenses	-	-	-	-	-	-	-	-	-	-	-	777,755	-	-	-
13	878	Meter & House Reg. Exp.															
14		Labor & Labor Loading	-	-	-	-	-	-	-	-	-	-	5,796,552	-	-	-	-
15		Materials & Expenses	-	-	-	-	-	-	-	-	-	-	875,104	-	-	-	-
16	879	Customer Installation Exp.															
17		Labor & Labor Loading	-	-	-	-	-	-	-	-	-	-	6,850,542	-	-	-	-
18		Materials & Expenses	-	-	-	-	-	-	-	-	-	-	1,043,174	-	-	-	-
19	880	Other Expenses															
20		Labor & Labor Loading	-	-	-	-	-	-	-	-	-	682,626	4,946,332	664,139	-	-	-
21		Materials & Expenses	-	-	-	-	-	-	-	-	-	462,372	3,350,367	449,851	-	-	-
22	881	Rents	-	-	-	-	-	-	-	-	-	214,817	1,556,568	208,999	-	-	-
23		Total Distribution-Operations	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 5,434,933	$ 39,381,715	$ 5,287,745	$ -	$ -	$ -
24	885	Maint. Supervision & Eng.															
25		Labor & Labor Loading	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 509,766	$ 1,684,195	$ 180,300	$ -	$ -	$ -
26		Materials & Expenses	-	-	-	-	-	-	-	-	-	54,716	180,774	19,353	-	-	-
27	886	Maint. of Structures & Imp.															
28		Labor & Labor Loading	-	-	-	-	-	-	-	-	-	13,682	-	-	-	-	-
29		Materials & Expenses	-	-	-	-	-	-	-	-	-	50,707	-	-	-	-	-
30	887	Maint. of Mains															
31		Labor & Labor Loading	-	-	-	-	-	-	-	-	-	3,029,859	4,473,847	0	-	-	-
32		Materials & Expenses	-	-	-	-	-	-	-	-	-	2,413,442	3,563,655	0	-	-	-
33	889	Maint. of Meas. & Reg. Sta-Gen															
34		Labor & Labor Loading	-	-	-	-	-	-	-	-	-	-	-	1,118,151	-	-	-
35		Materials & Expenses	-	-	-	-	-	-	-	-	-	-	-	829,877	-	-	-
36	892	Maint. of Services															
37		Labor & Labor Loading	-	-	-	-	-	-	-	-	-	0	5,317,554	0	-	-	-
38		Materials & Expenses	-	-	-	-	-	-	-	-	-	0	2,909,486	0	-	-	-
39	893	Maint of Meter & House Reg.															
40		Labor & Labor Loading	-	-	-	-	-	-	-	-	-	-	1,126,714	-	-	-	-
41		Materials & Expenses	-	-	-	-	-	-	-	-	-	-	805,373	-	-	-	-
42	894	Maint of Other Equip.															
43		Labor & Labor Loading	-	-	-	-	-	-	-	-	-	32,274	106,629	11,415	-	-	-
44		Materials & Expenses	-	-	-	-	-	-	-	-	-	9,512	31,426	3,364	-	-	-
45		Total Distribution-Maintenance	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 6,113,958	$ 20,199,655	$ 2,162,461	$ -	$ -	$ -
46		Total Distribution O & M	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 11,548,891	$ 59,581,369	$ 7,450,206	$ -	$ -	$ -

SOUTHWEST GAS CORPORATION
EMBEDDED CLASS COST OF SERVICE MODEL
DATA ENTRY AND CLASSIFICATION OF COSTS

Line No.	Acct No.	Description	Production Specific	Production Demand	Production Customer	Production Commodity	Transmission Specific	Transmission Demand	Transmission Customer	Transmission Commodity	Distribution Specific	Distribution Demand	Distribution Customer	Distribution Commodity	Customer Accounting Specific	Customer Accounting Demand	Customer Accounting Customer
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	(q)
		Customer Accounts Expenses															
1	901	Supervision															
2		Labor & Labor Loading	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 3,574,463
3		Materials & Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	218,328
4	902	Meter Reading Exp.															
5		Labor & Labor Loading	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,130,538
6		Materials & Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,285,812
7	903	Customer Records & Collections															
8		Labor & Labor Loading	-	-	-	-	-	-	-	-	-	-	-	-	-	-	14,174,373
9		Materials & Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,602,396
10	903	Customer Records & Collections - L															
11		Labor & Labor Loading - LCS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,077,228
12		Materials & Expenses - LCS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	47,923
13	904	Uncollectible Accounts Exp.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,498,151
14	905	Misc. Customer Accounts Exp.															
15		Labor & Labor Loading	-	-	-	-	-	-	-	-	-	-	-	-	-	-	372,869
16		Materials & Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	21,199
17		Total Customer Accounts Expenses	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 34,003,279
		Customer Service & Info. Exp.															
18	908	Customer Assistance Exp.															
19		Labor & Labor Loading	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 275,434
20		Materials & Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	248,457
21	909	Info. & Instructional Exp.															
22		Labor & Labor Loading	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
23		Materials & Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
24	910	Misc. C.S. & I. Expense															
25		Labor & Labor Loading	-	-	-	-	-	-	-	-	-	-	-	-	-	-	773
26		Materials & Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	23,832
27		Total Customer Service & Info. Exp.	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 548,496
		Sales Expense															
28	911	Supervision															
29		Labor & Labor Loading	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
30		Materials & Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31	912	Demonstrating & Selling Exp.															
32		Labor & Labor Loading	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
33		Materials & Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
34	913	Advertising Expense															
35		Labor & Labor Loading	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
36		Materials & Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
37		Total Sales Expense	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
38		Total O & M Expense	$ -	$ -	$ -	$ 740,391	$ -	$ -	$ -	$ -	$ -	$ 11,548,891	$ 59,581,369	$ 7,450,206	$ -	$ -	$ 34,551,775

SOUTHWEST GAS CORPORATION
EMBEDDED CLASS COST OF SERVICE MODEL
DATA ENTRY AND CLASSIFICATION OF COSTS

Line No.	Acct No.	Description	Production				Transmission				Distribution				Customer Accounting		
			Specific	Demand	Customer	Commodity	Specific	Demand	Customer	Commodity	Specific	Demand	Customer	Commodity	Specific	Demand	Customer
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	(q)
1		Administrative & General Expense	$ -	$ -	$ -	$ 341,229	$ -	$ -	$ -	$ -	$ -	$ 5,322,610	$ 27,459,640	$ 3,433,623	$ -	$ -	$ 15,924,093
2		Interest on Customer Deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	717,364
3		Taxes other than Income	-	-	-	-	-	-	-	-	-	7,418,884	25,074,709	961,530	-	-	-
4		Interest Expense	-	-	-	-	-	-	-	-	-	8,985,904	30,371,001	1,164,625	-	-	-
5		South Georgia - State	-	-	-	-	-	-	-	-	-	17,080	57,727	2,214	-	-	-
6		Investment Tas Credit (I T C)	-	-	-	-	-	-	-	-	-	(117,165)	(396,001)	(15,185)	-	-	-
7		South Georgia - Federal	-	-	-	-	-	-	-	-	-	63,917	216,031	8,284	-	-	-
8		Regulatory Amortization	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
9		SIT Rate															
10		FIT Rate															
		Rate Base															
11		Direct Net Plant	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 225,604,214	$ 796,528,928	$ 29,239,606	$ -	$ -	$ -
12		Systems Allocable Net Plant	-	-	-	-	-	-	-	-	-	8,709,697	30,750,869	1,128,827	-	-	-
13		Cash Working Capital	-	-	-	-	-	-	-	-	-	(2,378,016)	(8,395,936)	(308,205)	-	-	-
14		Materials & Supplies	-	-	-	-	-	-	-	-	-	1,978,967	6,987,036	256,486	-	-	-
15		Prepayments	-	-	-	-	-	-	-	-	-	588,126	2,076,465	76,224	-	-	-
16		Gas Plant Acquisition Adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
17		Customer Deposits	-	-	-	-	-	-	-	-	-	-	(23,912,141)	-	-	-	-
18		Customer Advances	-	-	-	-	-	-	-	-	-	-	(7,027,372)	-	-	-	-
19		Deferred Taxes	-	-	-	-	-	-	-	-	-	(29,331,310)	(103,558,512)	(3,801,507)	-	-	-
20		Deferred Gain Hdqtrs Bldg	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
21		Total Rate Base	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 205,171,678	$ 693,449,337	$ 26,591,432	$ -	$ -	$ -
22		Net Operating Margin	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 67,651,339	$ 228,651,324	$ 8,768,003	$ -	$ -	$ -
23		Special Contract & Optional	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,687,882	$ 5,704,788	$ 218,759	$ -	$ -	$ -
24		Late Charges	-	-	-	-	-	-	-	-	-	307,566	1,039,528	39,862	-	-	-
25		Service Establishment Charges	-	-	-	-	-	-	-	-	-	1,541,341	5,209,502	199,767	-	-	-
26		Reconnect / Reread Charges	-	-	-	-	-	-	-	-	-	121,447	410,471	15,740	-	-	-
27		Other Revenue - Labor	-	-	-	-	-	-	-	-	-	378	1,278	49	-	-	-
28		Other Revenue - Parts & Materials	-	-	-	-	-	-	-	-	-	1,278	4,320	166	-	-	-
29		Other Revenue - Field Collection Fee	-	-	-	-	-	-	-	-	-	86,161	291,212	11,167	-	-	-
30		Other Revenue - Returned Item Fee	-	-	-	-	-	-	-	-	-	30,037	101,520	3,893	-	-	-
31		Other Revenue - Rental Income	-	-	-	-	-	-	-	-	-	170,131	575,017	22,050	-	-	-
32		Total Revenue	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 71,597,561	$ 241,988,961	$ 9,279,457	$ -	$ -	$ -
		Operating Deductions															
33		O & M	$ -	$ -	$ -	$(740,391)	$ -	$ -	$ -	$ -	$ -	$(11,548,891)	$(59,581,369)	$(7,450,206)	$ -	$ -	$(34,551,775)
34		A & G	-	-	-	(341,229)	-	-	-	-	-	(5,322,610)	(27,459,640)	(3,433,623)	-	-	(15,924,093)
35		Depreciation Expense	-	-	-	-	-	-	-	-	-	(15,111,118)	(59,181,574)	(1,656,956)	-	-	-
36		Interest on Customer Deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(717,364)
37		Taxes other than Income	-	-	-	-	-	-	-	-	-	(7,418,884)	(25,074,709)	(961,530)	-	-	-

SOUTHWEST GAS CORPORATION
EMBEDDED CLASS COST OF SERVICE MODEL
DATA ENTRY AND CLASSIFICATION OF COSTS

Line No.	Acct No.	Description	Production				Transmission				Distribution				Customer Accounting		
			Specific	Demand	Customer	Commodity	Specific	Demand	Customer	Commodity	Specific	Demand	Customer	Commodity	Specific	Demand	Customer
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	(q)
		State Income Tax															
1		Taxable Income before Interest Exp.	$ -	$ -	$ -	$(1,081,620)	$ -	$ -	$ -	$ -	$ -	$ 32,196,058	$ 70,691,668	$(4,222,859)	$ -	$ -	$(51,193,232)
2		Interest Expense	-	-	-	-	-	-	-	-	-	(8,985,904)	(30,371,001)	(1,164,625)	-	-	-
3		State Taxable Income	$ -	$ -	$ -	$(1,081,620)	$ -	$ -	$ -	$ -	$ -	$ 23,210,154	$ 40,320,668	$(5,387,484)	$ -	$ -	$(51,193,232)
4		State Income Tax @ 6.9680%	$ -	$ -	$ -	$(75,367)	$ -	$ -	$ -	$ -	$ -	$ 1,617,284	$ 2,809,544	$(375,400)	$ -	$ -	$(3,567,144)
5		South Georgia	-	-	-	-	-	-	-	-	-	17,080	57,727	2,214	-	-	-
6		State Income Tax	$ -	$ -	$ -	$(75,367)	$ -	$ -	$ -	$ -	$ -	$ 1,634,363	$ 2,867,271	$(373,186)	$ -	$ -	$(3,567,144)
		Federal Income Tax															
7		Taxable Income before Interest Exp.	$ -	$ -	$ -	$(1,081,620)	$ -	$ -	$ -	$ -	$ -	$ 32,196,058	$ 70,691,668	$(4,222,859)	$ -	$ -	$(51,193,232)
8		Interest Expense	-	-	-	-	-	-	-	-	-	(8,985,904)	(30,371,001)	(1,164,625)	-	-	-
9		Federal Taxable Income	$ -	$ -	$ -	$(1,081,620)	$ -	$ -	$ -	$ -	$ -	$ 23,210,154	$ 40,320,668	$(5,387,484)	$ -	$ -	$(51,193,232)
10		Federal Income Tax @ 32.5612%	$ -	$ -	$ -	$(352,188)	$ -	$ -	$ -	$ -	$ -	$ 7,557,505	$ 13,128,893	$(1,754,229)	$ -	$ -	$(16,669,131)
11		I T C	-	-	-	-	-	-	-	-	-	(117,165)	(396,001)	(15,185)	-	-	-
12		South Georgia	-	-	-	-	-	-	-	-	-	63,917	216,031	8,284	-	-	-
13		Total Federal Income Tax	$ -	$ -	$ -	$(352,188)	$ -	$ -	$ -	$ -	$ -	$ 7,504,257	$ 12,948,923	$(1,761,131)	$ -	$ -	$(16,669,131)
14		Regulatory Amortization	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15		Net Income	$ -	$ -	$ -	$(654,064)	$ -	$ -	$ -	$ -	$ -	$ 23,057,438	$ 54,875,474	$(2,088,542)	$ -	$ -	$(30,956,957)

SOUTHWEST GAS CORPORATION
ARIZONA
DEVELOPMENT OF ALLOCATION FACTORS
TEST YEAR ENDING
AUGUST 31, 2004

Line No.	Description	Allocation Factor No.	Total	Residential Gas Service Demand	Residential Gas Service Customer	Residential Gas Service Commodity	MMMHP Gas Service Demand	MMMHP Gas Service Customer	MMMHP Gas Service Commodity	Small General Gas Service Demand	Small General Gas Service Customer	Small General Gas Service Commodity	Medium General Gas Service Demand	Medium General Gas Service Customer	Medium General Gas Service Commodity
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)
1	CP Demand		1,212,685	666,498			5,761			86,942			216,398		
		1	100.0000%	54.960501%	0.000000%	0.000000%	0.475091%	0.000000%	0.000000%	7.169404%	0.000000%	0.000000%	17.844511%	0.000000%	0.000000%
2	NCP Demand		1,363,797	666,498			5,761			86,942			216,398		
		2	100.0000%	48.870737%	0.000000%	0.000000%	0.422450%	0.000000%	0.000000%	6.375016%	0.000000%	0.000000%	15.867294%	0.000000%	0.000000%
3	Throughput		605,776,598	0		285,161,248			2,452,509			47,860,619			140,285,500
		3	100.0000%	0.000000%	0.000000%	47.073665%	0.000000%	0.000000%	0.404854%	0.000000%	0.000000%	7.900705%	0.000000%	0.000000%	23.157960%
4	Customers		863,424		822,223			189			32,793			6,937	
		4	100.0000%	0.000000%	95.228204%	0.000000%	0.000000%	0.021890%	0.000000%	0.000000%	3.798027%	0.000000%	0.000000%	0.803468%	0.000000%
5	Customers With Mains		863,424	0	822,223	0	0	189	0	0	32,793	0	0	6,937	0
		5	100.0000%	0.000000%	95.228204%	0.000000%	0.000000%	0.021890%	0.000000%	0.000000%	3.798027%	0.000000%	0.000000%	0.803468%	0.000000%
6	Meters for Customers		1,121,103		822,223			3,529			123,262			112,826	
		6	100.0000%	0.000000%	73.340567%	0.000000%	0.000000%	0.314802%	0.000000%	0.000000%	10.994676%	0.000000%	0.000000%	10.063856%	0.000000%
7	Service Lines for Customers		1,018,790		822,223			980			146,977			36,064	
		7	100.0000%	0.000000%	80.705826%	0.000000%	0.000000%	0.096147%	0.000000%	0.000000%	14.426659%	0.000000%	0.000000%	3.539910%	0.000000%
8	Residential & General Service(Sm & Med)		862,143	0	822,223	0	0	189	0	0	32,793	0	0	6,937	
		8	100.0000%	0.000000%	95.369744%	0.000000%	0.000000%	0.021922%	0.000000%	0.000000%	3.803672%	0.000000%	0.000000%	0.804662%	0.000000%
9	Extra		0	0	0	0	0	0	0	0	0	0	0	0	0
		9	0.0000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
10	Extra		0	0	0	0	0	0	0	0	0	0	0	0	0
		10	0.0000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
11	Extra		0	0	0	0	0	0	0	0	0	0	0	0	0
		11	0.0000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
12	Industrial Meas. & Reg.		151	0	0	0	0	0	0	0	0	0	0	0	0
		12	100.0000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
13	Weighted Customers for Meter Reading		938,649	0	822,223	0	0	1,401	0	0	82,638	0	0	21,852	0
		13	100.0000%	0.000000%	87.596412%	0.000000%	0.000000%	0.149238%	0.000000%	0.000000%	8.803967%	0.000000%	0.000000%	2.327978%	0.000000%
14	Extra		0	0	0	0	0	0	0	0	0	0	0	0	0
		14	0.0000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
15	Extra		0	0	0	0	0	0	0	0	0	0	0	0	0
		15	0.0000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
	Internally Generated Allocation Factors														
	Net Production, Transmission, & Distribution Plant		975,240,756	115,014,611	631,729,584	12,767,464	994,212	756,940	109,806	15,003,251	69,556,872	2,142,853	37,342,809	25,940,518	6,280,973
16		1.1	100.0000%	11.793458%	64.776783%	1.309160%	0.101945%	0.077616%	0.011259%	1.538415%	7.132277%	0.219726%	3.829086%	2.659909%	0.644043%
	Distribution Mains		516,273,776	114,571,685	293,123,754	0	990,384	67,379	0	14,945,473	11,690,781	0	37,199,001	2,473,169	0
17		2.2	100.0000%	22.192040%	56.776805%	0.000000%	0.191833%	0.013051%	0.000000%	2.894874%	2.264454%	0.000000%	7.205286%	0.479042%	0.000000%
	Distribution Services		305,210,571	0	246,322,712	0	0	293,451	0	0	44,031,688	0	0	10,804,180	0
18		3.3	100.0000%	0.000000%	80.705826%	0.000000%	0.000000%	0.096147%	0.000000%	0.000000%	14.426659%	0.000000%	0.000000%	3.539910%	0.000000%
	Distribution Mains & Services		821,484,347	114,571,686	539,446,466	0	990,384	360,830	0	14,945,473	55,722,469	0	37,199,001	13,277,349	0
19		4.4	100.0000%	13.946910%	65.667285%	0.000000%	0.120560%	0.043924%	0.000000%	1.819325%	6.783144%	0.000000%	4.528267%	1.616263%	0.000000%
	Allocable Distribution Operating Expenses		29,109,484	1,553,947	17,998,894	1,601,557	13,433	50,746	13,774	202,707	2,357,185	268,801	504,534	1,645,920	787,889
20		5.5	100.0000%	5.338286%	61.831716%	5.501840%	0.046145%	0.174328%	0.047318%	0.696361%	8.097653%	0.923413%	1.733228%	5.654240%	2.706639%
	Allocable Distribution Maintenance Expenses		25,652,348	3,027,054	15,710,674	917,008	26,167	15,752	7,887	394,869	1,704,580	153,908	982,820	550,251	451,124
21		6.6	100.0000%	11.800300%	61.244583%	3.574754%	0.102004%	0.061404%	0.030744%	1.539308%	6.644929%	0.599976%	3.831308%	2.145032%	1.758605%
	Transmission Operating Expense		0	0	0	0	0	0	0	0	0	0	0	0	0
22		7.7	0.0000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
	Transmission Mains		0	0	0	0	0	0	0	0	0	0	0	0	0
23		8.8	0.0000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
	Transmission Maintenance Expense		0	0	0	0	0	0	0	0	0	0	0	0	0
24		9.9	0.0000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
	Customer Accounting Expense		29,816,420	0	26,232,450	0	0	42,590	0	0	2,550,031	0	0	671,280	0
25		10.1	100.0000%	0.000000%	87.979878%	0.000000%	0.000000%	0.142840%	0.000000%	0.000000%	8.552439%	0.000000%	0.000000%	2.251378%	0.000000%
	Total O & M Expense		113,872,632	6,034,978	78,816,964	4,123,143	52,168	154,220	35,461	787,242	8,905,894	692,016	1,959,430	4,222,155	2,028,386
		11.2	100.0000%	5.299761%	69.215019%	3.620837%	0.045812%	0.135432%	0.031141%	0.691335%	7.820925%	0.607711%	1.720720%	3.707787%	1.781276%

SOUTHWEST GAS CORPORATION
ARIZONA
DEVELOPMENT OF ALLOCATION FACTORS
TEST YEAR ENDING
AUGUST 31, 2004

Line No.	Description	Allocation Factor No.	Large General Gas Service Demand	Large General Gas Service Customer	Large General Gas Service Commodity	Gas Service to Armed Forces Demand	Gas Service to Armed Forces Customer	Gas Service to Armed Forces Commodity	Air-Conditioning Gas Service Demand	Air-Conditioning Gas Service Customer	Air-Conditioning Gas Service Commodity	CNG - Small Demand	CNG - Small Customer	CNG - Small Commodity
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)
1	CP Demand		174,278			23,176			804			163		
		1	14.371252%	0.000000%	0.000000%	1.911110%	0.000000%	0.000000%	0.066340%	0.000000%	0.000000%	0.013437%	0.000000%	0.000000%
2	NCP Demand		174,278			23,176			5,469			614		
		2	12.778881%	0.000000%	0.000000%	1.699354%	0.000000%	0.000000%	0.401028%	0.000000%	0.000000%	0.045054%	0.000000%	0.000000%
3	Throughput				73,667,816			3,168,716			1,836,544			182,313
		3	0.000000%	0.000000%	12.160888%	0.000000%	0.000000%	0.523083%	0.000000%	0.000000%	0.303172%	0.000000%	0.000000%	0.030096%
4	Customers			151			9			37			22	
		4	0.000000%	0.017489%	0.000000%	0.000000%	0.001042%	0.000000%	0.000000%	0.004334%	0.000000%	0.000000%	0.002548%	0.000000%
5	Customers With Mains		0	151	0	0	9	0	0	37	0	0	22	0
		5	0.000000%	0.017489%	0.000000%	0.000000%	0.001042%	0.000000%	0.000000%	0.004334%	0.000000%	0.000000%	0.002548%	0.000000%
6	Meters for Customers			19,909			580			74			21	
		6	0.000000%	1.775818%	0.000000%	0.000000%	0.051739%	0.000000%	0.000000%	0.006627%	0.000000%	0.000000%	0.001897%	0.000000%
7	Service Lines for Customers			2,773			182			533			23	
		7	0.000000%	0.272224%	0.000000%	0.000000%	0.017897%	0.000000%	0.000000%	0.052273%	0.000000%	0.000000%	0.002280%	0.000000%
8	Residential & General Service(Sm & Med)													
		8	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
9	Extra		0	0	0	0	0	0	0	0	0	0	0	0
		9	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
10	Extra		0	0	0	0	0	0	0	0	0	0	0	0
		10	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
11	Extra		0	0	0	0	0	0	0	0	0	0	0	0
		11	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
12	Industrial Meas. & Reg.		0	151	0	0	0	0	0	0	0	0	0	0
		12	0.000000%	100.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
13	Weighted Customers for Meter Reading		0	634	0	0	142	0	0	239	0	0	69	0
		13	0.000000%	0.067565%	0.000000%	0.000000%	0.015101%	0.000000%	0.000000%	0.025505%	0.000000%	0.000000%	0.007383%	0.000000%
14	Extra		0	0	0	0	0	0	0	0	0	0	0	0
		14	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
15	Extra		0	0	0	0	0	0	0	0	0	0	0	0
		15	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
	Internally Generated Allocation Factors													
	Net Production, Transmission, & Distribution Plant		30,074,398	3,119,166	3,298,314	3,999,336	122,934	141,872	138,829	181,220	82,227	28,120	17,187	8,163
16		1.1	3.083792%	0.319836%	0.338205%	0.410087%	0.012605%	0.014547%	0.014235%	0.018582%	0.008431%	0.002883%	0.001762%	0.000837%
	Distribution Mains		29,958,581	53,832	0	3,983,935	3,209	0	138,294	13,339	0	28,012	7,843	0
17		2.2	5.802848%	0.010427%	0.000000%	0.771671%	0.000621%	0.000000%	0.026787%	0.002584%	0.000000%	0.005426%	0.001519%	0.000000%
	Distribution Services		0	830,855	0	0	54,623	0	0	159,542	0	0	6,958	0
18		3.3	0.000000%	0.272224%	0.000000%	0.000000%	0.017897%	0.000000%	0.000000%	0.052273%	0.000000%	0.000000%	0.002280%	0.000000%
	Distribution Mains & Services		29,958,581	884,687	0	3,983,935	57,832	0	138,294	172,881	0	28,012	14,801	0
19		4.4	3.646884%	0.107694%	0.000000%	0.484968%	0.007040%	0.000000%	0.016835%	0.021045%	0.000000%	0.003410%	0.001802%	0.000000%
	Allocable Distribution Operating Expenses		406,331	270,654	413,742	54,035	8,320	17,797	1,876	3,310	10,315	380	477	1,024
20		5.5	1.395872%	0.929778%	1.421331%	0.185625%	0.028583%	0.061137%	0.006444%	0.011371%	0.035434%	0.001305%	0.001639%	0.003518%
	Allocable Distribution Maintenance Expenses		791,524	58,112	236,898	105,258	2,556	10,190	3,654	4,777	5,906	740	429	586
21		6.6	3.085581%	0.226537%	0.923493%	0.410325%	0.009963%	0.039723%	0.014244%	0.018621%	0.023023%	0.002885%	0.001672%	0.002285%
	Transmission Operating Expense		0	0	0	0	0	0	0	0	0	0	0	0
22		7.7	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
	Transmission Mains		0	0	0	0	0	0	0	0	0	0	0	0
23		8.8	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
	Transmission Maintenance Expense		0	0	0	0	0	0	0	0	0	0	0	0
24		9.9	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
	Customer Accounting Expense		0	19,395	0	0	4,292	0	0	7,287	0	0	2,129	0
25		10.1	0.000000%	0.065049%	0.000000%	0.000000%	0.014395%	0.000000%	0.000000%	0.024441%	0.000000%	0.000000%	0.007140%	0.000000%
	Total O & M Expense		1,578,046	552,858	1,065,162	209,851	22,136	45,816	7,285	19,451	26,555	1,475	3,766	2,636
		11.2	1.385799%	0.485505%	0.935398%	0.184286%	0.019439%	0.040235%	0.006397%	0.017081%	0.023320%	0.001296%	0.003307%	0.002315%

SCHEDULE G-7A
SHEET 2 of 4

SOUTHWEST GAS CORPORATION
ARIZONA
DEVELOPMENT OF ALLOCATION FACTORS
TEST YEAR ENDING
AUGUST 31, 2004

Line No.	Description	Allocation Factor No.	CNG - Large Demand	CNG - Large Customer	CNG - Large Commodity	CNG - Residential Demand	CNG - Residential Customer	CNG - Residential Commodity	Cogeneration Gas Service Demand	Cogeneration Gas Service Customer	Cogeneration Gas Service Commodity	Small Essential Agr. User Gas Service Demand	Small Essential Agr. User Gas Service Customer	Small Essential Agr. User Gas Service Commodity
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)
1	CP Demand		1,514			74			13,309			18,933		
		1	0.124809%	0.000000%	0.000000%	0.006138%	0.000000%	0.000000%	1.097500%	0.000000%	0.000000%	1.561239%	0.000000%	0.000000%
2	NCP Demand		13,309			265			45,747			18,933		
		2	0.975894%	0.000000%	0.000000%	0.019400%	0.000000%	0.000000%	3.354378%	0.000000%	0.000000%	1.388250%	0.000000%	0.000000%
3	Throughput				1,898,808			79,719			15,007,742			12,579,235
		3	0.000000%	0.000000%	0.313450%	0.000000%	0.000000%	0.013160%	0.000000%	0.000000%	2.477438%	0.000000%	0.000000%	2.076547%
4	Customers			27			110			23			112	
		4	0.000000%	0.003127%	0.000000%	0.000000%	0.012740%	0.000000%	0.000000%	0.002664%	0.000000%	0.000000%	0.013001%	0.000000%
5	Customers With Mains		0	27	0	0	110	0	0	23	0	0	112	0
		5	0.000000%	0.003127%	0.000000%	0.000000%	0.012740%	0.000000%	0.000000%	0.002664%	0.000000%	0.000000%	0.013001%	0.000000%
6	Meters for Customers			2,360			100			546			2,233	
		6	0.000000%	0.210549%	0.000000%	0.000000%	0.008958%	0.000000%	0.000000%	0.048741%	0.000000%	0.000000%	0.199186%	0.000000%
7	Service Lines for Customers			558			103			398			1,165	
		7	0.000000%	0.054764%	0.000000%	0.000000%	0.010156%	0.000000%	0.000000%	0.039051%	0.000000%	0.000000%	0.114387%	0.000000%
8	Residential & General Service(Sm & Med)													
		8	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
9	Extra		0	0	0	0	0	0	0	0	0	0	0	0
		9	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
10	Extra		0	0	0	0	0	0	0	0	0	0	0	0
		10	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
11	Extra		0	0	0	0	0	0	0	0	0	0	0	0
		11	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
12	Industrial Meas. & Reg.		0	0	0	0	0	0	0	0	0	0	0	0
		12	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
13	Weighted Customers for Meter Reading		0	113	0	0	110	0	0	97	0	0	3,528	0
		13	0.000000%	0.012081%	0.000000%	0.000000%	0.011719%	0.000000%	0.000000%	0.010291%	0.000000%	0.000000%	0.375859%	0.000000%
14	Extra		0	0	0	0	0	0	0	0	0	0	0	0
		14	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
15	Extra		0	0	0	0	0	0	0	0	0	0	0	0
		15	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
	Internally Generated Allocation Factors													
	Net Production, Transmission, & Distribution Plant		261,186	441,702	85,015	12,845	81,486	3,569	2,296,714	188,716	671,938	3,267,170	639,773	563,207
16		1.1	0.026782%	0.045292%	0.008717%	0.001317%	0.008355%	0.000366%	0.235502%	0.019351%	0.068900%	0.335012%	0.065601%	0.057751%
	Distribution Mains		260,180	9,626	0	12,796	39,215	0	2,287,869	8,200	0	3,254,588	40,017	0
17		2.2	0.050396%	0.001864%	0.000000%	0.002478%	0.007596%	0.000000%	0.443150%	0.001588%	0.000000%	0.630400%	0.007751%	0.000000%
	Distribution Services		0	167,146	0	0	30,998	0	0	119,187	0	0	349,122	0
18		3.3	0.000000%	0.054764%	0.000000%	0.000000%	0.010156%	0.000000%	0.000000%	0.039051%	0.000000%	0.000000%	0.114387%	0.000000%
	Distribution Mains & Services		260,180	176,771	0	12,796	70,213	0	2,287,869	127,386	0	3,254,588	389,140	0
19		4.4	0.031672%	0.021518%	0.000000%	0.001558%	0.008547%	0.000000%	0.278504%	0.015507%	0.000000%	0.396184%	0.047370%	0.000000%
	Allocable Distribution Operating Expenses		3,529	33,065	10,664	174	2,257	448	31,031	8,827	84,288	44,142	34,290	70,649
20		5.5	0.012123%	0.113588%	0.036635%	0.000596%	0.007754%	0.001538%	0.106600%	0.030323%	0.289556%	0.151642%	0.117797%	0.242701%
	Allocable Distribution Maintenance Expenses		6,874	8,825	6,106	338	2,033	256	60,447	4,369	48,261	85,988	14,304	40,452
21		6.6	0.026797%	0.034402%	0.023803%	0.001318%	0.007924%	0.000999%	0.235639%	0.017030%	0.188136%	0.335206%	0.055761%	0.157692%
	Transmission Operating Expense		0	0	0	0	0	0	0	0	0	0	0	0
22		7.7	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
	Transmission Mains		0	0	0	0	0	0	0	0	0	0	0	0
23		8.8	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
	Transmission Maintenance Expense		0	0	0	0	0	0	0	0	0	0	0	0
24		9.9	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
	Customer Accounting Expense		0	3,468	0	0	3,509	0	0	2,954	0	0	106,632	0
25		10.1	0.000000%	0.011631%	0.000000%	0.000000%	0.011770%	0.000000%	0.000000%	0.009908%	0.000000%	0.000000%	0.357627%	0.000000%
	Total O & M Expense		13,705	70,730	27,455	674	10,208	1,153	120,512	23,468	216,997	171,433	198,567	181,883
		11.2	0.012035%	0.062113%	0.024110%	0.000592%	0.008964%	0.001012%	0.105830%	0.020609%	0.190561%	0.150548%	0.174376%	0.159725%

SOUTHWEST GAS CORPORATION
ARIZONA
DEVELOPMENT OF ALLOCATION FACTORS
TEST YEAR ENDING
AUGUST 31, 2004

Line No.	Description	Allocation Factor No.	Natural Gas Engine Gas Service Demand	Natural Gas Engine Gas Service Customer	Natural Gas Engine Gas Service Commodity	Street Lighting Gas Service Demand	Street Lighting Gas Service Customer	Street Lighting Gas Service Commodity	Special Residential Gas Service - A/C Demand	Special Residential Gas Service - A/C Customer	Special Residential Gas Service - A/C Commodity
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)
1	CP Demand		4,420			101			313		
		1	0.364507%	0.000000%	0.000000%	0.008347%	0.000000%	0.000000%	0.025813%	0.000000%	0.000000%
2	NCP Demand		105,993			101			313		
		2	7.771891%	0.000000%	0.000000%	0.007422%	0.000000%	0.000000%	0.022953%	0.000000%	0.000000%
3	Throughput				21,271,370			99,883			224,576
		3	0.000000%	0.000000%	3.511422%	0.000000%	0.000000%	0.016488%	0.000000%	0.000000%	0.037072%
4	Customers			604			29			157	
		4	0.000000%	0.069925%	0.000000%	0.000000%	0.003359%	0.000000%	0.000000%	0.018183%	0.000000%
5	Customers With Mains		0	604	0	0	29	0	0	157	0
		5	0.000000%	0.069925%	0.000000%	0.000000%	0.003359%	0.000000%	0.000000%	0.018183%	0.000000%
6	Meters for Customers			33,234			0			203	
		6	0.000000%	2.964440%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.018145%	0.000000%
7	Service Lines for Customers			6,776			34			0	
		7	0.000000%	0.665112%	0.000000%	0.000000%	0.003315%	0.000000%	0.000000%	0.000000%	0.000000%
8	Residential & General Service(Sm & Med)										
		8	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
9	Extra		0	0	0	0	0	0	0	0	0
		9	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
10	Extra		0	0	0	0	0	0	0	0	0
		10	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
11	Extra		0	0	0	0	0	0	0	0	0
		11	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
12	Industrial Meas. & Reg.		0	0	0	0	0	0	0	0	0
		12	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
13	Weighted Customers for Meter Reading		0	4,757	0	0	522	0	0	324	0
		13	0.000000%	0.506739%	0.000000%	0.000000%	0.055612%	0.000000%	0.000000%	0.034549%	0.000000%
14	Extra		0	0	0	0	0	0	0	0	0
		14	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
15	Extra		0	0	0	0	0	0	0	0	0
		15	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
	Internally Generated Allocation Factors										
	Net Production, Transmission, & Distribution Plant		762,796	5,975,331	952,379	17,467	20,455	4,472	54,019	78,802	10,055
16		1.1	0.078216%	0.612703%	0.097656%	0.001791%	0.002097%	0.000459%	0.005539%	0.008080%	0.001031%
	Distribution Mains		759,858	215,238	0	17,399	10,339	0	53,811	55,971	0
17		2.2	0.147181%	0.041691%	0.000000%	0.003370%	0.002003%	0.000000%	0.010423%	0.010841%	0.000000%
	Distribution Services		0	2,029,991	0	0	10,116	0	0	0	0
18		3.3	0.000000%	0.665112%	0.000000%	0.000000%	0.003315%	0.000000%	0.000000%	0.000000%	0.000000%
	Distribution Mains & Services		759,858	2,245,229	0	17,399	20,455	0	53,811	55,971	0
19		4.4	0.092498%	0.273314%	0.000000%	0.002118%	0.002490%	0.000000%	0.006550%	0.006813%	0.000000%
	Allocable Distribution Operating Expenses		10,306	462,234	119,467	236	277	561	730	3,402	1,261
20		5.5	0.035404%	1.587915%	0.410405%	0.000811%	0.000953%	0.001927%	0.002507%	0.011687%	0.004333%
	Allocable Distribution Maintenance Expenses		20,076	117,615	68,403	460	543	321	1,422	1,812	722
21		6.6	0.078262%	0.458495%	0.266656%	0.001792%	0.002115%	0.001252%	0.005542%	0.007064%	0.002815%
	Transmission Operating Expense		0	0	0	0	0	0	0	0	0
22		7.7	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
	Transmission Mains		0	0	0	0	0	0	0	0	0
23		8.8	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
	Transmission Maintenance Expense		0	0	0	0	0	0	0	0	0
24		9.9	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
	Customer Accounting Expense		0	144,547	0	0	15,799	0	0	10,056	0
25		10.1	0.000000%	0.484791%	0.000000%	0.000000%	0.052986%	0.000000%	0.000000%	0.033727%	0.000000%
	Total O & M Expense		40,025	1,093,801	307,562	917	19,402	1,444	2,834	19,525	3,247
		11.2	0.035149%	0.960548%	0.270093%	0.000805%	0.017038%	0.001268%	0.002489%	0.017146%	0.002852%

SCHEDULE G-1 IS NOT APPLICABLE IN THE CLASS COST OF SERVICE STUDY AT PROPOSED RATES

SOUTHWEST GAS CORPORATION
ARIZONA
CLASS COST OF SERVICE STUDY SUMMARY
PROPOSED RATE SCHEDULES AT PRESENT RATES
TEST YEAR ENDING AUGUST 31, 2004

Line No.	Description (a)	Allocation Factor No. (b)	Total Amount (c)	Total	Single Family Residential (d)	Multi-Family Residential (e)	MMHP (f)	Small Gen. Service (g)	Medium Gen. Service (h)	Large Gen. Service (i)	Trans. Eligible Service (j)	Air Conditioning (k)	CNG Small (l)	CNG Large (m)	CNG Residential (n)	Electric Generation (o)	Small Ess. Agr. (p)	Natural Gas Engines (q)	Street Lighting (r)	Line No.
	Rate Base																			
1	Direct Net Plant		$1,051,372,747	$1,051,372,747	$ 778,640,783	$ 44,462,430	$ 1,991,380	$40,877,420	$55,797,181	$ 87,369,001	$ 27,209,107	$ 428,699	$ 57,198	$ 849,187	$ 89,186	$ 3,346,035	$1,857,095	$ 8,352,328	$ 45,716	1
2	Systems Allocable Net Plant		40,589,393	40,589,393	30,060,278	1,716,521	76,879	1,578,117	2,154,111	3,372,976	1,050,437	16,550	2,208	32,784	3,443	129,177	71,695	322,451	1,765	2
3	Cash Working Capital	11.2	(11,082,156)	(11,082,156)	(8,072,938)	(565,054)	(23,368)	(453,498)	(609,724)	(878,596)	(268,640)	(5,150)	(761)	(10,865)	(1,088)	(34,848)	(15,456)	(140,079)	(2,091)	3
4	Materials & Supplies	1.1	9,222,489	9,222,489	6,830,124	390,018	17,468	358,571	489,445	766,388	238,674	3,760	502	7,449	782	29,351	16,290	73,265	401	4
5	Prepayments	Direct Net Plant	2,740,815	2,740,815	2,029,832	115,909	5,191	106,563	145,457	227,762	70,931	1,118	149	2,214	232	8,723	4,841	21,774	119	5
6	Gas Plant Acquisition Adjustment	Direct Net Plant	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6
7	Customer Deposits	8	(23,912,141)	(23,912,141)	(21,263,793)	(1,726,035)	(5,284)	(461,380)	(455,649)	-	-	-	-	-	-	-	-	-	-	7
8	Customer Advances	8	(7,027,372)	(7,027,372)	(6,249,068)	(507,252)	(1,553)	(135,592)	(133,908)	-	-	-	-	-	-	-	-	-	-	8
9	Deferred Taxes	1.1	(136,691,328)	(136,691,328)	(101,232,834)	(5,780,660)	(258,904)	(5,314,565)	(7,254,317)	(11,359,040)	(3,537,517)	(55,736)	(7,435)	(110,405)	(11,595)	(435,025)	(241,445)	(1,085,905)	(5,944)	9
10	Deferred Gain Hdqtrs Bldg	4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	10
11	Total Rate Base		$ 925,212,447	$ 925,212,447	$ 680,742,385	$ 38,105,876	$ 1,801,811	$ 36,555,636	$ 50,132,597	$ 79,498,488	$ 24,762,993	$ 389,242	$ 51,860	$ 770,364	$ 80,963	$ 3,043,412	$1,693,020	$ 7,543,834	$ 39,966	11
	Margin																			
12	Net Operating Margin	Direct	$ 305,070,666	$ 305,070,666	$ 196,580,278	$ 13,424,301	$ 883,856	$ 5,415,035	$ 20,350,243	$ 46,243,388	$ 15,855,591	$ 167,216	$ 29,537	$ 307,716	$ 21,167	$ 1,405,352	$ 605,972	$ 3,733,422	$ 47,592	12
13	Special Contract Margin	Net Op. Marg.	$ 7,611,429	$ 7,611,429	$ 4,904,624	$ 334,933	$ 22,052	$ 135,104	$ 507,733	$ 1,153,760	$ 395,593	$ 4,172	$ 737	$ 7,677	$ 528	$ 35,063	$ 15,119	$ 93,148	$ 1,187	13
14	Other Revenue	Net Op. Marg.	10,183,882	10,183,882	6,562,251	448,131	29,505	180,765	679,333	1,543,699	529,292	5,582	986	10,272	707	46,914	20,229	124,629	1,589	14
15	Total Revenue		$ 322,865,978	$ 322,865,978	$ 208,047,153	$ 14,207,364	$ 935,413	$ 5,730,904	$ 21,537,309	$ 48,940,847	$ 16,780,476	$ 176,970	$ 31,260	$ 325,666	$ 22,402	$ 1,487,329	$ 641,319	$ 3,951,199	$ 50,368	15
	Operating Deductions																			
16	O & M		$(113,872,632)	$(113,872,632)	$(82,951,970)	$(5,806,106)	$(240,114)	$(4,659,834)	$(6,265,102)	$(9,027,873)	$(2,760,364)	$(52,919)	$(7,817)	$(111,643)	$(11,160)	$(358,074)	$(156,819)	$(1,439,354)	$(21,484)	16
17	A & G	O & M	(52,481,195)	(52,481,195)	(38,230,595)	(2,675,896)	(110,563)	(2,147,607)	(2,887,437)	(4,160,733)	(1,272,186)	(24,389)	(3,603)	(51,454)	(5,143)	(165,028)	(73,196)	(663,364)	(9,901)	17
18	Depreciation Expense		(75,949,648)	(75,949,648)	(56,247,885)	(3,211,902)	(143,854)	(2,952,926)	(4,030,708)	(6,311,410)	(1,965,547)	(30,969)	(4,132)	(61,344)	(6,443)	(241,713)	(134,154)	(603,360)	(3,302)	18
19	Interest on Customer Deposits	8	(717,364)	(717,364)	(637,914)	(51,781)	(159)	(13,841)	(13,869)	-	-	-	-	-	-	-	-	-	-	19
20	Taxes other than Income	1.1	(33,455,124)	(33,455,124)	(24,776,678)	(1,414,813)	(63,367)	(1,300,737)	(1,775,490)	(2,780,118)	(865,805)	(13,641)	(1,820)	(27,021)	(2,838)	(109,472)	(59,094)	(265,775)	(1,455)	20
21	Total Operating Deductions		$(276,475,963)	$(276,475,963)	$(202,845,042)	$(13,160,498)	$(558,157)	$(11,074,945)	$(14,972,406)	$(22,280,134)	$(6,863,902)	$(121,918)	$(17,371)	$(251,462)	$(25,584)	$(871,286)	$(425,263)	$(2,971,852)	$(36,142)	21
	State Income Tax																			
22	Taxable Income before Interest Exp.		$ 46,390,015	$ 46,390,015	$ 5,202,111	$ 1,046,866	$ 377,256	$(5,344,041)	$ 6,564,903	$ 26,660,712	$ 9,916,574	$ 55,052	$ 13,889	$ 74,203	$(3,182)	$ 616,042	$ 216,056	$ 979,347	$ 14,226	22
23	Interest Expense	1.1	(40,521,530)	(40,521,530)	(30,010,018)	(1,713,651)	(76,751)	(1,575,479)	(2,150,510)	(3,367,336)	(1,048,681)	(16,523)	(2,204)	(32,729)	(3,437)	(128,961)	(71,575)	(321,912)	(1,762)	23
24	State Taxable Income		$ 5,868,486	$ 5,868,486	$(24,807,907)	$(666,785)	$ 300,505	$(6,919,520)	$ 4,414,394	$ 23,293,376	$ 8,867,893	$ 38,529	$ 11,684	$ 41,474	$(6,620)	$ 487,081	$ 144,481	$ 657,435	$ 12,464	24
25	State Income Tax		408,916	408,916	(1,728,615)	(46,482)	20,939	(482,152)	307,595	1,623,082	617,915	2,685	814	2,890	(461)	33,940	10,067	45,810	869	25
26	South Georgia	1.1	77,020	77,020	57,041	3,257	146	2,995	4,088	6,400	1,993	31	4	62	7	245	136	612	3	26
27	Total State Income Tax		$ 485,936	$ 485,936	$(1,671,574)	$(43,204)	$ 21,085	$(479,158)	$ 311,682	$ 1,629,483	$ 619,908	$ 2,716	$ 818	$ 2,952	$(455)	$ 34,185	$ 10,203	$ 46,422	$ 872	27
	Federal Income Tax																			
28	Taxable Income before Interest Exp.		$ 46,390,015	$ 46,390,015	$ 5,202,111	$ 1,046,866	$ 377,256	$(5,344,041)	$ 6,564,903	$ 26,660,712	$ 9,916,574	$ 55,052	$ 13,889	$ 74,203	$(3,182)	$ 616,042	$ 216,056	$ 979,347	$ 14,226	28
29	Interest Expense		(40,521,530)	(40,521,530)	(30,010,018)	(1,713,651)	(76,751)	(1,575,479)	(2,150,510)	(3,367,336)	(1,048,681)	(16,523)	(2,204)	(32,729)	(3,437)	(128,961)	(71,575)	(321,912)	(1,762)	29
30	Federal Taxable Income		$ 5,868,486	$ 5,868,486	$(24,807,907)	$(666,785)	$ 300,505	$(6,919,520)	$ 4,414,394	$ 23,293,376	$ 8,867,893	$ 38,529	$ 11,684	$ 41,474	$(6,620)	$ 487,081	$ 144,481	$ 657,435	$ 12,464	30
31	Federal Income Tax		$ 1,910,849	$ 1,910,849	$(8,077,752)	$(217,113)	$ 97,848	$(2,253,079)	$ 1,437,380	$ 7,584,803	$ 2,887,492	$ 12,546	$ 3,804	$ 13,505	$(2,155)	$ 158,599	$ 47,045	$ 214,069	$ 4,058	31
32	I T C	1.1	(528,352)	(528,352)	(391,295)	(22,344)	(1,001)	(20,542)	(28,040)	(43,906)	(13,674)	(215)	(29)	(427)	(45)	(1,682)	(833)	(4,197)	(23)	32
33	South Georgia	1.1	288,233	288,233	213,464	12,189	546	11,207	15,297	23,952	7,459	118	16	233	24	917	509	2,290	13	33
34	Total Federal Income Tax		$ 1,670,730	$ 1,670,730	$(8,255,583)	$(227,268)	$ 97,393	$(2,262,415)	$ 1,424,636	$ 7,564,649	$ 2,881,278	$ 12,448	$ 3,791	$ 13,311	$(2,176)	$ 157,835	$ 46,621	$ 212,161	$ 4,048	34
35	Regulatory Amortization	Depr. Exp.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	35
36	Net Income		$ 44,233,349	$ 44,233,349	$ 15,129,269	$ 1,317,338	$ 258,778	$(2,602,469)	$ 4,826,584	$ 17,456,581	$ 6,415,388	$ 39,888	$ 9,279	$ 57,941	$(552)	$ 424,022	$ 159,232	$ 720,764	$ 9,306	36
37	Rate of Return on Rate Base		4.78%	4.78%	2.22%	3.46%	14.36%	(7.12%)	9.63%	21.97%	25.91%	10.25%	17.89%	7.52%	(0.68%)	13.93%	9.41%	9.55%	23.29%	37

SCHEDULE G-2B
SHEET 1 of 2

SOUTHWEST GAS CORPORATION
ARIZONA
CLASS COST OF SERVICE STUDY SUMMARY
PROPOSED RATE SCHEDULES AT PROPOSED RATES
TEST YEAR ENDING AUGUST 31, 2004

Line No.	Description (a)	Allocation Factor No. (b)	Total Amount (c)	Total	Single Family Residential (d)	Multi-Family Residential (e)	MMMHP (f)	Small Gen. Service (g)	Medium Gen. Service (h)	Large Gen. Service (i)	Trans. Eligible Service (j)	Air Conditioning (k)	CNG Small (l)	CNG Large (m)	CNG Residential (n)	Electric Generation (o)	Small Ess. Agr. (p)	Gas Engines (q)	Street Lighting (r)	Line No.
	Rate Base																			
1	Direct Net Plant		$1,051,372,747	$1,051,372,747	$ 778,640,783	$ 44,462,430	$ 1,991,380	$40,877,420	$55,797,181	$ 87,389,001	$ 27,209,107	$ 428,699	$ 57,198	$ 849,187	$ 89,186	$ 3,346,035	$1,857,095	$ 8,352,328	$ 45,716	1
2	Systems Allocable Net Plant		40,589,393	40,589,393	30,060,278	1,716,521	76,879	1,578,117	2,154,111	3,372,976	1,050,437	16,550	2,208	32,784	3,443	129,177	71,695	322,451	1,765	2
3	Cash Working Capital	11.2	(11,082,156)	(11,082,156)	(8,072,938)	(565,054)	(23,368)	(453,498)	(609,724)	(878,598)	(268,640)	(5,150)	(761)	(10,865)	(1,086)	(34,848)	(15,456)	(140,079)	(2,091)	3
4	Materials & Supplies	1.1	9,222,489	9,222,489	6,830,124	390,018	17,468	358,571	489,445	766,388	238,874	3,760	502	7,449	782	29,351	18,290	73,265	401	4
5	Prepayments	Direct Net Plant	2,740,815	2,740,815	2,029,832	115,909	5,191	106,563	145,457	227,762	70,931	1,118	149	2,214	232	8,723	4,841	21,774	119	5
6	Gas Plant Acquisition Adjustment	Direct Net Plant	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6
7	Customer Deposits	8	(23,912,141)	(23,912,141)	(21,263,793)	(1,726,035)	(5,284)	(461,380)	(455,849)	-	-	-	-	-	-	-	-	-	-	7
8	Customer Advances	8	(7,027,372)	(7,027,372)	(6,249,068)	(507,252)	(1,553)	(135,592)	(133,908)	-	-	-	-	-	-	-	-	-	-	8
9	Deferred Taxes	1.1	(136,691,328)	(136,691,328)	(101,232,834)	(5,780,660)	(258,904)	(5,314,565)	(7,254,317)	(11,359,040)	(3,537,517)	(55,736)	(7,436)	(110,405)	(11,595)	(435,025)	(241,445)	(1,085,905)	(5,944)	9
10	Deferred Gain Hdqtrs Bldg	4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	10
11	Total Rate Base		$ 925,212,447	$ 925,212,447	$ 680,742,385	$ 38,105,876	$ 1,801,811	$36,555,636	$50,132,597	$ 79,498,488	$ 24,762,993	$ 389,242	$ 51,860	$ 770,364	$ 80,963	$ 3,043,412	$1,693,020	$ 7,543,834	$ 39,966	11
12	Net Operating Margin	Direct	$ 374,561,561	$ 374,561,561	$ 249,459,371	$ 16,740,546	$ 1,018,249	$ 7,567,224	$24,095,859	$ 51,491,636	$ 17,433,222	$ 197,199	$ 31,520	$ 372,948	$ 26,737	$ 1,620,489	$ 718,644	$ 3,733,337	$ 54,580	12
13	Special Contract&Optional&Resale Ir	Net Op. Marg.	$ 7,678,169	$ 7,678,169	$ 5,113,689	$ 343,166	$ 20,873	$ 155,121	$ 493,943	$ 1,055,531	$ 357,385	$ 4,042	$ 646	$ 7,645	$ 548	$ 33,219	$ 14,732	$ 76,530	$ 1,119	13
14	Other Revenue	Net Op. Marg.	11,434,480	11,434,480	7,366,107	503,162	33,128	202,963	762,756	1,733,268	594,290	6,267	1,107	11,534	793	52,675	22,713	139,934	1,784	14
15	Total Revenue		$ 393,674,210	$ 393,674,210	$ 261,941,167	$ 17,586,874	$ 1,072,250	$ 7,925,308	$ 25,352,558	$ 54,280,435	$ 18,384,877	$ 207,509	$ 33,273	$ 392,127	$ 28,078	$ 1,706,382	$ 756,088	$ 3,949,801	$ 57,483	15
	Operating Deductions																			
16	O & M		$(114,028,490)	$(114,028,490)	$(83,089,274)	$(5,817,251)	$(240,148)	$(4,662,813)	$(6,288,044)	$(9,029,135)	$(2,760,395)	$(52,926)	$(7,821)	$(111,648)	$(11,180)	$(358,078)	$(158,826)	$(1,439,463)	$(21,489)	16
17	A & G	O & M	(52,481,195)	(52,481,195)	(38,230,595)	(2,675,896)	(110,663)	(2,147,607)	(2,887,437)	(4,150,733)	(1,272,186)	(24,389)	(3,603)	(51,454)	(5,143)	(165,028)	(73,196)	(663,364)	(9,901)	17
18	Depreciation Expense		(75,949,648)	(75,949,648)	(56,247,885)	(3,211,902)	(143,854)	(2,952,926)	(4,030,708)	(6,311,410)	(1,965,547)	(30,969)	(4,132)	(61,344)	(8,443)	(241,713)	(134,154)	(603,360)	(3,302)	18
19	Interest on Customer Deposits	8	(717,364)	(717,364)	(637,914)	(51,781)	(159)	(13,841)	(13,669)	-	-	-	-	-	-	-	-	-	-	19
20	Taxes other than Income	1.1	(33,455,124)	(33,455,124)	(24,776,678)	(1,414,813)	(63,367)	(1,300,737)	(1,775,490)	(2,780,118)	(865,805)	(13,641)	(1,820)	(27,021)	(2,838)	(106,472)	(59,094)	(265,775)	(1,455)	20
21	Total Operating Deductions		$(276,631,821)	$(276,631,821)	$(202,982,346)	$(13,171,844)	$(558,191)	$(11,077,924)	$(14,975,348)	$(22,281,396)	$(6,863,933)	$(121,925)	$(17,375)	$(251,467)	$(25,604)	$(871,290)	$(425,270)	$(2,971,961)	$(36,147)	21
	State Income Tax																			
22	Taxable Income before Interest Exp.		$ 117,042,389	$ 117,042,389	$ 58,958,820	$ 4,415,230	$ 514,059	$(3,152,616)	$10,377,210	$ 31,999,039	$ 11,520,944	$ 85,584	$ 15,898	$ 140,660	$ 2,475	$ 835,092	$ 330,819	$ 977,840	$ 21,335	22
23	Interest Expense	1.1	(40,521,530)	(40,521,530)	(30,010,018)	(1,713,651)	(76,751)	(1,575,479)	(2,150,510)	(3,367,336)	(1,048,681)	(16,523)	(2,204)	(32,729)	(3,437)	(128,961)	(71,575)	(321,912)	(1,762)	23
24	State Taxable Income		$ 76,520,860	$ 76,520,860	$ 28,948,802	$ 2,701,579	$ 437,309	$(4,728,094)	$ 8,226,701	$ 28,631,702	$ 10,472,263	$ 69,061	$ 13,693	$ 107,931	$(963)	$ 706,130	$ 259,243	$ 655,928	$ 19,574	24
25	State Income Tax		$ 5,331,974	5,331,974	$ 2,017,153	$ 188,246	$ 30,472	$(329,454)	$ 573,237	$ 1,995,057	$ 729,707	$ 4,812	$ 954	$ 7,521	$(67)	$ 49,203	$ 18,064	$ 45,705	$ 1,364	25
26	South Georgia	1.1	77,020	77,020	57,041	3,257	146	2,995	4,088	6,400	1,993	31	4	62	7	245	136	812	3	26
27	Total State Income Tax		$ 5,408,994	$ 5,408,994	$ 2,074,193	$ 191,503	$ 30,618	$(326,459)	$ 577,324	$ 2,001,457	$ 731,701	$ 4,844	$ 958	$ 7,583	$(61)	$ 49,448	$ 18,200	$ 46,317	$ 1,367	27
	Federal Income Tax																			
28	Taxable Income before Interest Exp.		$ 117,042,389	117,042,389	$ 58,958,820	$ 4,415,230	$ 514,059	$(3,152,616)	$10,377,210	$ 31,999,039	$ 11,520,944	$ 85,584	$ 15,898	$ 140,660	$ 2,475	$ 835,092	$ 330,819	$ 977,840	$ 21,335	28
29	Interest Expense		(40,521,530)	(40,521,530)	(30,010,018)	(1,713,651)	(76,751)	(1,575,479)	(2,150,510)	(3,367,336)	(1,048,681)	(16,523)	(2,204)	(32,729)	(3,437)	(128,961)	(71,575)	(321,912)	(1,762)	29
30	Net Taxable Income		$ 76,520,860	$ 76,520,860	$ 28,948,802	$ 2,701,579	$ 437,309	$(4,728,094)	$ 8,226,701	$ 28,631,702	$ 10,472,263	$ 69,061	$ 13,693	$ 107,931	$(963)	$ 706,130	$ 259,243	$ 655,928	$ 19,574	30
31	Federal Income Tax		$ 24,916,110	$ 24,916,110	$ 9,426,077	$ 879,667	$ 142,393	$(1,539,524)	$ 2,678,712	$ 9,322,826	$ 3,409,895	$ 22,487	$ 4,459	$ 35,143	$(314)	$ 229,925	$ 84,413	$ 213,578	$ 6,373	31
32	I T C	1.1	(528,352)	(528,352)	(381,295)	(22,344)	(1,001)	(20,542)	(28,040)	(43,906)	(13,874)	(215)	(29)	(427)	(45)	(1,682)	(933)	(4,197)	(23)	32
33	South Georgia	1.1	288,233	288,233	213,464	12,169	546	11,207	15,297	23,952	7,458	118	16	233	24	917	509	2,290	13	33
34	Total Federal Income Tax		$ 24,675,991	$ 24,675,991	$ 9,248,247	$ 869,512	$ 141,938	$(1,548,860)	$ 2,665,969	$ 9,302,872	$ 3,403,680	$ 22,389	$ 4,446	$ 34,950	$(334)	$ 229,160	$ 83,989	$ 211,671	$ 6,363	34
35	Regulatory Amortization	Depr. Exp.	-	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	35
36	Net Income		$ 86,957,405	$ 86,957,405	$ 47,636,381	$ 3,354,215	$ 341,504	$(1,277,296)	$ 7,133,917	$ 20,694,709	$ 7,385,563	$ 58,351	$ 10,494	$ 96,127	$ 2,869	$ 556,483	$ 228,630	$ 719,852	$ 13,605	36
37	Rate of Return on Rate Base		9.40%	9.40%	7.00%	8.80%	18.95%	(3.49%)	14.23%	26.03%	29.83%	14.99%	20.24%	12.74%	3.54%	18.28%	13.50%	9.54%	34.04%	37

SCHEDULE G-2B
SHEET 2 of 2

SOUTHWEST GAS CORPORATION
ARIZONA
CLASS COST OF SERVICE STUDY
TEST YEAR ENDING
AUGUST 31, 2004

Line No.	Account No.	Description	Allocation Factor No.	Total Amount	Residential Gas Service Demand	Residential Gas Service Customer	Residential Gas Service Commodity	Multi-Family Residential Demand	Multi-Family Residential Customer	Multi-Family Residential Commodity	MMMHP Gas Service Demand	MMMHP Gas Service Customer	MMMHP Gas Service Commodity	Small General Gas Service Demand	Small General Gas Service Customer	Small General Gas Service Commodity
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)
		Net Plant in Service - Direct														
		Intangible														
1	301	Organization	1.1	$ 42,653	$ 5,064	$ 25,996	$ 528	$ 252	$ 1,521	$ 31	$ 42	$ 34	$ 5	$ 75	$ 1,576	$ 7
2	302	Franchise & Consent	1.1	1,185,155	140,722	722,332	14,665	6,990	42,267	863	1,177	934	133	2,076	43,797	206
3	303	Misc. Intangible	1.1	278,178	33,030	169,545	3,442	1,641	9,921	203	276	219	31	487	10,280	48
4		Total Intangible		$ 1,505,987	$ 178,817	$ 917,873	$ 18,635	$ 8,883	$ 53,709	$ 1,097	$ 1,496	$ 1,187	$ 170	$ 2,638	$ 55,653	$ 262
5		Allocation Percentage	Intang. Plant	100.00%	11.87%	60.95%	1.24%	0.59%	3.57%	0.07%	0.10%	0.08%	0.01%	0.18%	3.70%	0.02%
		Production														
6	326	Other Land & Land Rights	3	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
7	332	Field Lines	3	-	-	-	-	-	-	-	-	-	-	-	-	-
8	334	Field Meas & Reg. Stations	3	-	-	-	-	-	-	-	-	-	-	-	-	-
9	336	Purification Equipment	3	-	-	-	-	-	-	-	-	-	-	-	-	-
10		Total Production		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
11		Allocation Percentage	Prod. Plant	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
		Transmission														
12	365	Land & Land Rights	1.0	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
13	365	Rights of Way	1.0	-	-	-	-	-	-	-	-	-	-	-	-	-
14	366	Structures-Compressor Stas.	1.0	-	-	-	-	-	-	-	-	-	-	-	-	-
15	366	Structures	1.0	-	-	-	-	-	-	-	-	-	-	-	-	-
16	367	Mains - Demand	1.0	-	-	-	-	-	-	-	-	-	-	-	-	-
17	367	Mains - Customer	4.0	-	-	-	-	-	-	-	-	-	-	-	-	-
18	367	Mains - Commodity	3.0	-	-	-	-	-	-	-	-	-	-	-	-	-
19	367	Mains-Bridge	1.0	-	-	-	-	-	-	-	-	-	-	-	-	-
20	368	Compressor Stations	1.0	-	-	-	-	-	-	-	-	-	-	-	-	-
21	369	Measuring & Reg. Sta. Equip.	1.0	-	-	-	-	-	-	-	-	-	-	-	-	-
22	370	Communication Equip.	1.0	-	-	-	-	-	-	-	-	-	-	-	-	-
23	371	Other Equipment	1.0	-	-	-	-	-	-	-	-	-	-	-	-	-
24		Total Transmission		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
25		Allocation Percentage	Trans. Plant	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
		Distribution														
26	374	Land & Land Rights	1.0	$ 351,685	$ 194,604	$ -	$ -	$ 9,667	$ -	$ -	$ 1,628	$ -	$ -	$ 2,871	$ -	$ -
27	374	Rights of Way	1.0	445,985	246,785	-	-	12,259	-	-	2,065	-	-	3,640	-	-
28	375	Structures	1.0	47,682	26,385	-	-	1,311	-	-	221	-	-	389	-	-
29	376	Mains - Demand	1.0	208,461,866	115,351,773	-	-	5,729,984	-	-	965,044	-	-	1,701,513	-	-
30	376	Mains - Customer	5.0	307,811,910	-	271,168,317	-	-	22,011,408	-	-	67,379	-	-	5,883,789	-
31	376	Mains - Commodity	3.0	1	-	-	0	-	-	0	-	-	0	-	-	0
32	378	Measuring & Reg. Station	3.0	23,180,184	-	-	10,313,459	-	-	606,897	-	-	93,846	-	-	144,913
33	380	Services - Demand	1.0	0	0	-	-	0	-	-	0	-	-	0	-	-
34	380	Services - Customer	7.0	305,210,571	-	238,209,289	-	-	5,448,226	-	-	306,762	-	-	23,189,801	-
35	381	Meters	6.0	125,828,203	-	85,015,123	-	-	7,320,940	-	-	394,459	-	-	6,966,167	-
36	385	Industrial Meas. & Reg. Sta.	3.0	3,942,124	-	-	1,753,952	-	-	103,211	-	-	15,960	-	-	24,644
37	386	Other Prop. on Cust. Premises	1.0	-	-	-	-	-	-	-	-	-	-	-	-	-
38	387	Other Equipment	1.0	(39,455)	(21,832)	-	-	(1,084)	-	-	(183)	-	-	(322)	-	-
39		Total Distribution		$ 975,240,756	$ 115,797,715	$ 594,392,729	$ 12,067,411	$ 5,752,136	$ 34,780,573	$ 710,108	$ 968,775	$ 768,600	$ 109,806	$ 1,708,091	$ 36,039,757	$ 169,557
40		Allocation Percentage	Dist. Plant	100.00%	11.87%	60.95%	1.24%	0.59%	3.57%	0.07%	0.10%	0.08%	0.01%	0.18%	3.70%	0.02%
41	389-398	Total General Plant	1.1	$ 74,626,005	$ 8,860,910	$ 45,483,287	$ 923,406	$ 440,157	$ 2,661,430	$ 54,338	$ 74,131	$ 58,814	$ 8,402	$ 130,704	$ 2,757,784	$ 12,975
42		Total Net Plant-Direct		$ 1,051,372,747	$ 124,837,442	$ 640,793,889	$ 13,009,452	$ 6,201,175	$ 37,495,712	$ 765,543	$ 1,044,402	$ 828,601	$ 118,378	$ 1,841,433	$ 38,853,194	$ 182,794
		Systems Allocable Plant														
43	301-303	Intangible Plant	1.1	$ 26,400,863	$ 3,134,774	$ 16,090,879	$ 326,678	$ 155,717	$ 941,549	$ 19,223	$ 26,226	$ 20,807	$ 2,973	$ 46,240	$ 975,637	$ 4,590
44	389-398	General Plant	1.1	$ 14,188,530	$ 1,684,712	$ 8,647,669	$ 175,566	$ 83,686	$ 506,014	$ 10,331	$ 14,094	$ 11,182	$ 1,598	$ 24,851	$ 524,333	$ 2,467
45		Total Systems Allocable		40,589,393	4,819,486	24,738,548	502,244	239,403	1,447,563	29,555	40,320	31,989	4,570	71,091	1,499,970	7,057
46		Total Net Plant		$ 1,091,962,140	$ 129,656,928	$ 665,532,437	$ 13,511,696	$ 6,440,579	$ 38,943,275	$ 795,097	$ 1,084,722	$ 860,590	$ 122,948	$ 1,912,523	$ 40,353,164	$ 189,851

SCHEDULE G-3B
SHEET 1 of 8

SOUTHWEST GAS CORPORATION
ARIZONA
CLASS COST OF SERVICE STUDY
TEST YEAR ENDING
AUGUST 31, 2004

Line No.	Account No.	Description	Allocation Factor No.	Total Amount	Residential Gas Service			Multi-Family Residential			MMMHP Gas Service			Small General Gas Service		
					Demand	Customer	Commodity	Demand	Customer	Commodity	Demand	Customer	Commodity	Demand	Customer	Commodity
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)
		Other Rate Base Items														
1		Cash Working Capital	11.2	(11,082,156)	(591,327)	(7,102,346)	(379,265)	(29,374)	(513,362)	(22,318)	(4,947)	(14,970)	(3,451)	(8,722)	(439,447)	(5,329)
2		Materials & Supplies	1.1	9,222,489	1,095,056	5,620,951	114,117	54,396	328,907	6,715	9,161	7,268	1,038	16,153	340,815	1,603
3		Prepayments	1.1	2,740,815	325,438	1,670,480	33,914	16,166	97,747	1,996	2,723	2,160	309	4,800	101,286	477
4		Gas Plant Acquisition Adjustment	1.1	-	-	-	-	-	-	-	-	-	-	-	-	-
5		Customer Deposits	8.0	(23,912,141)	-	(21,263,793)	-	-	(1,726,035)	-	-	(5,284)	-	-	(461,380)	-
6		Customer Advances	8.0	(7,027,372)	-	(6,249,068)	-	-	(507,252)	-	-	(1,553)	-	-	(135,592)	-
7		Deferred Taxes	1.1	(136,691,328)	(16,230,396)	(83,311,050)	(1,691,388)	(806,229)	(4,874,902)	(99,530)	(135,785)	(107,728)	(15,391)	(239,409)	(5,051,391)	(23,765)
8		Deferred Gain Hdqtrs Bldg	4.0	-	-	-	-	-	-	-	-	-	-	-	-	-
9		Total Allocated Rate Base		925,212,447	114,255,699	554,897,612	11,589,074	5,675,538	31,748,378	681,960	955,874	740,484	105,453	1,685,345	34,707,455	162,836

SOUTHWEST GAS CORPORATION
ARIZONA
CLASS COST OF SERVICE STUDY
TEST YEAR ENDING
AUGUST 31, 2004

Line No.	Account No.	Description	Allocation Factor No.	Medium General Gas Service Demand	Medium General Gas Service Customer	Medium General Gas Service Commodity	Large General Gas Service Demand	Large General Gas Service Customer	Large General Gas Service Commodity	Transportation Eligible Service Demand	Transportation Eligible Service Customer	Transportation Eligible Service Commodity
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
		Net Plant in Service - Direct										
		Intangible										
1	301	Organization	1.1	$ 595	$ 1,584	$ 84	$ 2,121	$ 1,145	$ 278	$ 793	$ 143	$ 168
2	302	Franchise & Consent	1.1	16,536	44,020	2,341	58,939	31,822	7,726	22,038	3,965	4,668
3	303	Misc. Intangible	1.1	3,881	10,332	550	13,834	7,469	1,813	5,173	931	1,096
4		Total Intangible		$ 21,012	$ 55,936	$ 2,975	$ 74,894	$ 40,436	$ 9,818	$ 28,004	$ 5,038	$ 5,932
5		Allocation Percentage	Intang. Plant	1.40%	3.71%	0.20%	4.97%	2.69%	0.65%	1.86%	0.33%	0.39%
		Production										
6	326	Other Land & Land Rights	3	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
7	332	Field Lines	3	-	-	-	-	-	-	-	-	-
8	334	Field Meas & Reg. Stations	3	-	-	-	-	-	-	-	-	-
9	336	Purification Equipment	3	-	-	-	-	-	-	-	-	-
10		Total Production		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
11		Allocation Percentage	Prod. Plant	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
		Transmission										
12	365	Land & Land Rights	1.0	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
13	365	Rights of Way	1.0	-	-	-	-	-	-	-	-	-
14	366	Structures-Compressor Stas.	1.0	-	-	-	-	-	-	-	-	-
15	366	Structures	1.0	-	-	-	-	-	-	-	-	-
16	367	Mains - Demand	1.0	-	-	-	-	-	-	-	-	-
17	367	Mains - Customer	4.0	-	-	-	-	-	-	-	-	-
18	367	Mains - Commodity	3.0	-	-	-	-	-	-	-	-	-
19	367	Mains-Bridge	1.0	-	-	-	-	-	-	-	-	-
20	368	Compressor Stations	1.0	-	-	-	-	-	-	-	-	-
21	369	Measuring & Reg. Sta. Equip.	1.0	-	-	-	-	-	-	-	-	-
22	370	Communication Equip.	1.0	-	-	-	-	-	-	-	-	-
23	371	Other Equipment	1.0	-	-	-	-	-	-	-	-	-
24		Total Transmission		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
25		Allocation Percentage	Trans. Plant	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
		Distribution										
26	374	Land & Land Rights	1.0	$ 22,868	$ -	$ -	$ 81,506	$ -	$ -	$ 30,476	$ -	$ -
27	374	Rights of Way	1.0	28,999	-	-	103,360	-	-	38,648	-	-
28	375	Structures	1.0	3,100	-	-	11,051	-	-	4,132	-	-
29	376	Mains - Demand	1.0	13,554,761	-	-	48,312,628	-	-	18,064,891	-	-
30	376	Mains - Customer	5.0	-	5,810,706	-	-	2,492,628	-	-	60,962	-
31	376	Mains - Commodity	3.0	-	-	0	-	-	0	-	-	0
32	378	Measuring & Reg. Station	3.0	-	-	1,646,541	-	-	5,433,608	-	-	3,283,214
33	380	Services - Demand	1.0	0	-	-	0	-	-	0	-	-
34	380	Services - Customer	7.0	-	23,028,521	-	-	11,352,122	-	-	935,661	-
35	381	Meters	6.0	-	7,383,848	-	-	12,340,615	-	-	2,265,918	-
36	385	Industrial Meas. & Reg. Sta.	3.0	-	-	280,018	-	-	924,063	-	-	558,358
37	386	Other Prop. on Cust. Premises	1.0	-	-	-	-	-	-	-	-	-
38	387	Other Equipment	1.0	(2,565)	-	-	(9,144)	-	-	(3,419)	-	-
39		Total Distribution		$ 13,607,163	$ 36,223,075	$ 1,926,560	$ 48,499,401	$ 26,185,365	$ 6,357,672	$ 18,134,728	$ 3,262,541	$ 3,841,572
40		Allocation Percentage	Dist. Plant	1.40%	3.71%	0.20%	4.97%	2.69%	0.65%	1.86%	0.33%	0.39%
41	389-398	Total General Plant	1.1	$ 1,041,228	$ 2,771,811	$ 147,421	$ 3,711,203	$ 2,003,720	$ 486,493	$ 1,387,680	$ 249,652	$ 293,959
42		Total Net Plant-Direct		$ 14,669,403	$ 39,050,822	$ 2,076,956	$ 52,285,498	$ 28,229,521	$ 6,853,982	$ 19,550,413	$ 3,517,231	$ 4,141,464
		Systems Allocable Plant										
43	301-303	Intangible Plant	1.1	$ 368,361	$ 980,599	$ 52,154	$ 1,312,933	$ 708,867	$ 172,109	$ 490,927	$ 88,321	$ 103,996
44	389-398	General Plant	1.1	$ 197,967	$ 527,000	$ 28,029	$ 705,605	$ 380,964	$ 92,496	$ 263,838	$ 47,466	$ 55,890
45		Total Systems Allocable		566,328	1,507,600	80,183	2,018,539	1,089,831	264,605	754,765	135,787	159,886
46		Total Net Plant		$ 15,235,731	$ 40,558,422	$ 2,157,139	$ 54,304,037	$ 29,319,352	$ 7,118,587	$ 20,305,178	$ 3,653,017	$ 4,301,350

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Line No.	Account No.	Description	Allocation Factor No.	Medium General Gas Service			Large General Gas Service			Transportation Eligible Service		
				Demand	Customer	Commodity	Demand	Customer	Commodity	Demand	Customer	Commodity
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
		Other Rate Base Items										
1		Cash Working Capital	11.2	(69,486)	(479,688)	(60,550)	(247,665)	(431,119)	(199,814)	(92,606)	(55,298)	(120,736)
2		Materials & Supplies	1.1	128,678	342,548	18,219	458,641	247,625	60,122	171,493	30,853	36,328
3		Prepayments	1.1	38,242	101,801	5,414	136,303	73,591	17,868	50,966	9,169	10,796
4		Gas Plant Acquisition Adjustment	1.1	-	-	-	-	-	-	-	-	-
5		Customer Deposits	8.0	-	(455,649)	-	-	-	-	-	-	-
6		Customer Advances	8.0	-	(133,908)	-	-	-	-	-	-	-
7		Deferred Taxes	1.1	(1,907,202)	(5,077,085)	(270,030)	(6,797,755)	(3,670,183)	(891,102)	(2,541,793)	(457,283)	(538,441)
8		Deferred Gain Hdqtrs Bldg	4.0	-	-	-	-	-	-	-	-	-
9		Total Allocated Rate Base		13,425,963	34,856,441	1,850,193	47,853,561	25,539,266	6,105,661	17,893,238	3,180,457	3,689,297

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Line No.	Account No.	Description	Allocation Factor No.	Air-Conditioning Gas Service Demand	Air-Conditioning Gas Service Customer	Air-Conditioning Gas Service Commodity	CNG - Small Demand	CNG - Small Customer	CNG - Small Commodity	CNG - Large Demand	CNG - Large Customer	CNG - Large Commodity	CNG - Residential Demand	CNG - Residential Customer	CNG - Residential Commodity
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)
		Net Plant in Service - Direct													
		Intangible													
1	301	Organization	1.1	$ 8	$ 8	$ 4	$ 1	$ 1	$ 0	$ 11	$ 20	$ 4	$ 1	$ 3	$ 0
2	302	Franchise & Consent	1.1	154	229	100	33	21	10	309	545	103	15	81	4
3	303	Misc. Intangible	1.1	36	54	23	8	5	2	73	128	24	4	19	1
4		Total Intangible		$ 196	$ 291	$ 127	$ 42	$ 27	$ 13	$ 393	$ 692	$ 131	$ 19	$ 103	$ 6
5		Allocation Percentage	Intang. Plant	0.01%	0.02%	0.01%	0.00%	0.00%	0.00%	0.03%	0.05%	0.01%	0.00%	0.01%	0.00%
		Production													
6	326	Other Land & Land Rights	3	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
7	332	Field Lines	3	-	-	-	-	-	-	-	-	-	-	-	-
8	334	Field Meas & Reg. Stations	3	-	-	-	-	-	-	-	-	-	-	-	-
9	336	Purification Equipment	3	-	-	-	-	-	-	-	-	-	-	-	-
10		*Total Production*		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
11		Allocation Percentage	Prod. Plant	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
		Transmission													
12	365	Land & Land Rights	1.0	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
13	365	Rights of Way	1.0	-	-	-	-	-	-	-	-	-	-	-	-
14	366	Structures-Compressor Stas.	1.0	-	-	-	-	-	-	-	-	-	-	-	-
15	366	Structures	1.0	-	-	-	-	-	-	-	-	-	-	-	-
16	367	Mains - Demand	1.0	-	-	-	-	-	-	-	-	-	-	-	-
17	367	Mains - Customer	4.0	-	-	-	-	-	-	-	-	-	-	-	-
18	367	Mains - Commodity	3.0	-	-	-	-	-	-	-	-	-	-	-	-
19	367	Mains-Bridge	1.0	-	-	-	-	-	-	-	-	-	-	-	-
20	368	Compressor Stations	1.0	-	-	-	-	-	-	-	-	-	-	-	-
21	369	Measuring & Reg. Sta. Equip.	1.0	-	-	-	-	-	-	-	-	-	-	-	-
22	370	Communication Equip.	1.0	-	-	-	-	-	-	-	-	-	-	-	-
23	371	Other Equipment	1.0	-	-	-	-	-	-	-	-	-	-	-	-
24		Total Transmission		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
25		Allocation Percentage	Trans. Plant	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
		Distribution													
26	374	Land & Land Rights	1.0	$ 213	$ -	$ -	$ 46	$ -	$ -	$ 428	$ -	$ -	$ 21	$ -	$ -
27	374	Rights of Way	1.0	271	-	-	58	-	-	542	-	-	27	-	-
28	375	Structures	1.0	29	-	-	6	-	-	58	-	-	3	-	-
29	376	Mains - Demand	1.0	126,518	-	-	27,295	-	-	253,522	-	-	12,468	-	-
30	376	Mains - Customer	5.0	-	13,339	-	-	7,843	-	-	9,626	-	-	39,215	-
31	376	Mains - Commodity	3.0	-	-	0	-	-	0	-	-	0	-	-	0
32	378	Measuring & Reg. Station	3.0	-	-	70,276	-	-	6,976	-	-	72,658	-	-	3,050
33	380	Services - Demand	1.0	0	-	-	0	-	-	0	-	-	0	-	-
34	380	Services - Customer	7.0	-	166,779	-	-	7,273	-	-	174,727	-	-	16,202	-
35	381	Meters	6.0	-	8,304	-	-	2,377	-	-	263,826	-	-	11,225	-
36	385	Industrial Meas. & Reg. Sta.	3.0	-	-	11,951	-	-	1,186	-	-	12,357	-	-	519
37	386	Other Prop. on Cust. Premises	1.0	-	-	-	-	-	-	-	-	-	-	-	-
38	387	Other Equipment	1.0	(24)	-	-	(5)	-	-	(48)	-	-	(2)	-	-
39		Total Distribution		$ 127,007	$ 188,422	$ 82,227	$ 27,400	$ 17,493	$ 8,163	$ 254,502	$ 448,179	$ 85,015	$ 12,516	$ 66,642	$ 3,569
40		Allocation Percentage	Dist. Plant	0.01%	0.02%	0.01%	0.00%	0.00%	0.00%	0.03%	0.05%	0.01%	0.00%	0.01%	0.00%
41	389-398	Total General Plant	1.1	$ 9,719	$ 14,418	$ 6,292	$ 2,097	$ 1,339	$ 625	$ 19,475	$ 34,295	$ 6,505	$ 958	$ 5,100	$ 273
42		Total Net Plant-Direct		$ 136,922	$ 203,131	$ 88,646	$ 29,539	$ 18,859	$ 8,800	$ 274,369	$ 483,166	$ 91,652	$ 13,493	$ 71,845	$ 3,848
		Systems Allocable Plant													
43	301-303	Intangible Plant	1.1	$ 3,438	$ 5,101	$ 2,226	$ 742	$ 474	$ 221	$ 6,890	$ 12,133	$ 2,301	$ 339	$ 1,804	$ 97
44	389-398	General Plant	1.1	$ 1,848	$ 2,741	$ 1,196	$ 399	$ 255	$ 119	$ 3,703	$ 6,520	$ 1,237	$ 182	$ 970	$ 52
45		Total Systems Allocable		5,286	7,842	3,422	1,140	728	340	10,592	18,653	3,538	521	2,774	149
46		Total Net Plant		$ 142,208	$ 210,973	$ 92,069	$ 30,680	$ 19,587	$ 9,140	$ 284,962	$ 501,819	$ 95,190	$ 14,014	$ 74,618	$ 3,996

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Line No.	Account No.	Description	Allocation Factor No.	Air-Conditioning Gas Service			CNG - Small			CNG - Large			CNG - Residential		
				Demand	Customer	Commodity	Demand	Customer	Commodity	Demand	Customer	Commodity	Demand	Customer	Commodity
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)
		Other Rate Base Items													
1		Cash Working Capital	11.2	(649)	(1,917)	(2,584)	(140)	(364)	(257)	(1,300)	(6,894)	(2,672)	(64)	(910)	(112)
2		Materials & Supplies	1.1	1,201	1,782	778	259	165	77	2,407	4,238	804	118	630	34
3		Prepayments	1.1	357	530	231	77	49	23	715	1,260	239	35	187	10
4		Gas Plant Acquisition Adjustment	1.1	-	-	-	-	-	-	-	-	-	-	-	-
5		Customer Deposits	8.0	-	-	-	-	-	-	-	-	-	-	-	-
6		Customer Advances	8.0	-	-	-	-	-	-	-	-	-	-	-	-
7		Deferred Taxes	1.1	(17,802)	(26,410)	(11,525)	(3,840)	(2,452)	(1,144)	(35,671)	(62,818)	(11,916)	(1,754)	(9,341)	(500)
8		Deferred Gain Hdqtrs Bldg	4.0	-	-	-	-	-	-	-	-	-	-	-	-
9		Total Allocated Rate Base		125,316	184,958	78,968	27,035	16,985	7,839	251,113	437,606	81,645	12,350	65,185	3,428

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Line No.	Account No.	Description	Allocation Factor No.	Electric Generation Gas Service Demand	Electric Generation Gas Service Customer	Electric Generation Gas Service Commodity	Small Essential Agr. User Gas Service Demand	Small Essential Agr. User Gas Service Customer	Small Essential Agr. User Gas Service Commodity	Natural Gas Engine Gas Service Demand	Natural Gas Engine Gas Service Customer	Natural Gas Engine Gas Service Commodity	Street Lighting Gas Service Demand	Street Lighting Gas Service Customer	Street Lighting Gas Service Commodity
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)
		Net Plant in Service - Direct													
		Intangible													
1	301	Organization	1.1	$ 98	$ 8	$ 29	$ 60	$ 9	$ 6	$ 33	$ 265	$ 42	$ 1	$ 1	$ 0
2	302	Franchise & Consent	1.1	2,720	236	817	1,677	256	160	903	7,354	1,157	21	25	5
3	303	Misc. Intangible	1.1	638	55	192	394	60	38	212	1,726	272	5	8	1
4		Total Intangible		$ 3,456	$ 299	$ 1,038	$ 2,131	$ 325	$ 204	$ 1,148	$ 9,345	$ 1,471	$ 26	$ 32	$ 7
5		*Allocation Percentage*	*Intang. Plant*	0.23%	0.02%	0.07%	0.14%	0.02%	0.01%	0.08%	0.62%	0.10%	0.00%	0.00%	0.00%
		Production													
6	326	Other Land & Land Rights	3	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
7	332	Field Lines	3	-	-	-	-	-	-	-	-	-	-	-	
8	334	Field Meas & Reg. Stations	3	-	-	-	-	-	-	-	-	-	-	-	
9	336	Purification Equipment	3	-	-	-	-	-	-	-	-	-	-	-	
10		Total Production		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
11		Allocation Percentage	Prod. Plant	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
		Transmission													
12	365	Land & Land Rights	1.0	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
13	365	Rights of Way	1.0	-	-	-	-	-	-	-	-	-	-	-	
14	366	Structures-Compressor Stas.	1.0	-	-	-	-	-	-	-	-	-	-	-	
15	366	Structures	1.0	-	-	-	-	-	-	-	-	-	-	-	
16	367	Mains - Demand	1.0	-	-	-	-	-	-	-	-	-	-	-	
17	367	Mains - Customer	4.0	-	-	-	-	-	-	-	-	-	-	-	
18	367	Mains - Commodity	3.0	-	-	-	-	-	-	-	-	-	-	-	
19	367	Mains-Bridge	1.0	-	-	-	-	-	-	-	-	-	-	-	
20	368	Compressor Stations	1.0	-	-	-	-	-	-	-	-	-	-	-	
21	369	Measuring & Reg. Sta. Equip.	1.0	-	-	-	-	-	-	-	-	-	-	-	
22	370	Communication Equip.	1.0	-	-	-	-	-	-	-	-	-	-	-	
23	371	Other Equipment	1.0	-	-	-	-	-	-	-	-	-	-	-	
24		Total Transmission		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
25		Allocation Percentage	Trans. Plant	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
		Distribution													
26	374	Land & Land Rights	1.0	$ 3,761	$ -	$ -	$ 2,319	$ -	$ -	$ 1,249	$ -	$ -	$ 29	$ -	$ -
27	374	Rights of Way	1.0	4,769	-	-	2,941	-	-	1,584	-	-	36	-	
28	375	Structures	1.0	510	-	-	314	-	-	169	-	-	4	-	
29	376	Mains - Demand	1.0	2,229,318	-	-	1,374,784	-	-	740,412	-	-	16,954	-	
30	376	Mains - Customer	5.0	-	8,200	-	-	12,923	-	-	215,238	-	-	10,339	
31	376	Mains - Commodity	3.0	-	-	0	-	-	0	-	-	0	-	-	0
32	378	Measuring & Reg. Station	3.0	-	-	574,275	-	-	112,694	-	-	813,954	-	-	3,822
33	380	Services - Demand	1.0	0	-	-	0	-	-	0	-	-	0	-	
34	380	Services - Customer	7.0	-	124,593	-	-	117,964	-	-	2,122,074	-	-	10,575	
35	381	Meters	6.0	-	61,074	-	-	79,774	-	-	3,714,554	-	-	-	
36	385	Industrial Meas. & Reg. Sta.	3.0	-	-	97,664	-	-	19,165	-	-	138,425	-	-	650
37	386	Other Prop. on Cust. Premises	1.0	-	-	-	-	-	-	-	-	-	-	-	
38	387	Other Equipment	1.0	(422)	-	-	(260)	-	-	(140)	-	-	(3)	-	
39		Total Distribution		$ 2,237,937	$ 193,867	$ 671,938	$ 1,380,098	$ 210,662	$ 131,859	$ 743,275	$ 6,051,866	$ 952,379	$ 17,020	$ 20,914	$ 4,472
40		Allocation Percentage	Dist. Plant	0.23%	0.02%	0.07%	0.14%	0.02%	0.01%	0.08%	0.62%	0.10%	0.00%	0.00%	0.00%
41	389-398	Total General Plant	1.1	$ 171,248	$ 14,835	$ 51,417	$ 105,606	$ 16,120	$ 10,090	$ 56,876	$ 463,092	$ 72,877	$ 1,302	$ 1,600	$ 342
42		Total Net Plant-Direct		$ 2,412,641	$ 209,001	$ 724,393	$ 1,487,835	$ 227,107	$ 142,153	$ 801,298	$ 6,524,304	$ 1,026,726	$ 18,348	$ 22,546	$ 4,821
		Systems Allocable Plant													
43	301-303	Intangible Plant	1.1	$ 60,583	$ 5,248	$ 18,190	$ 37,361	$ 5,703	$ 3,570	$ 20,121	$ 163,831	$ 25,782	$ 461	$ 566	$ 121
44	389-398	General Plant	1.1	$ 32,559	$ 2,821	$ 9,776	$ 20,079	$ 3,065	$ 1,918	$ 10,814	$ 88,047	$ 13,856	$ 248	$ 304	$ 65
45		Total Systems Allocable		93,143	8,069	27,966	57,440	8,768	5,488	30,935	251,878	39,638	708	870	186
46		Total Net Plant		$ 2,505,783	$ 217,070	$ 752,359	$ 1,545,275	$ 235,875	$ 147,641	$ 832,233	$ 6,776,181	$ 1,066,364	$ 19,057	$ 23,417	$ 5,007

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Line No.	Account No.	Description	Allocation Factor No.	Electric Generation Gas Service			Small Essential Agr. User Gas Service			Natural Gas Engine Gas Service			Street Lighting Gas Service		
				Demand	Customer	Commodity	Demand	Customer	Commodity	Demand	Customer	Commodity	Demand	Customer	Commodity
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)
		Other Rate Base Items													
1		Cash Working Capital	11.2	(11,428)	(2,302)	(21,118)	(7,048)	(4,265)	(4,144)	(3,796)	(106,351)	(29,932)	(87)	(1,863)	(141)
2		Materials & Supplies	1.1	21,163	1,833	6,354	13,051	1,992	1,247	7,029	57,230	9,006	161	198	42
3		Prepayments	1.1	6,289	545	1,888	3,879	592	371	2,089	17,008	2,677	48	59	13
4		Gas Plant Acquisition Adjustment	1.1	-	-	-	-	-	-	-	-	-	-	-	-
5		Customer Deposits	8.0	-	-	-	-	-	-	-	-	-	-	-	-
6		Customer Advances	8.0	-	-	-	-	-	-	-	-	-	-	-	-
7		Deferred Taxes	1.1	(313,673)	(27,173)	(94,180)	(193,437)	(29,527)	(18,482)	(104,179)	(848,239)	(133,487)	(2,386)	(2,931)	(627)
8		Deferred Gain Hdqtrs Bldg	4.0	-	-	-	-	-	-	-	-	-	-	-	-
9		Total Allocated Rate Base		2,208,135	189,973	645,304	1,361,720	204,667	126,633	733,377	5,895,829	914,627	16,793	18,879	4,295

SOUTHWEST GAS CORPORATION
ARIZONA
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Line No.	Account No.	Description	Allocation Factor No.	Total Amount	Residential Gas Service			Multi-Family Residential			MMMHP Gas Service			Small General Gas Service		
					Demand	Customer	Commodity	Demand	Customer	Commodity	Demand	Customer	Commodity	Demand	Customer	Commodity
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)
		Direct Depreciation Expense														
1	301-303	Intangible	Intang. Plant	$ 209,988	$ 24,933	$ 127,984	$ 2,598	$ 1,239	$ 7,489	$ 153	$ 209	$ 165	$ 24	$ 368	$ 7,760	$ 37
2	325.5-336	Production Plant	Prod. Plant	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
3	366.1-371	Transmission	Trans. Plant	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
4	374.1-387	Distribution	Dist. Plant	$ 62,360,935	$ 7,404,586	$ 38,007,934	$ 771,640	$ 367,815	$ 2,224,014	$ 45,407	$ 61,947	$ 49,147	$ 7,021	$ 109,222	$ 2,304,531	$ 10,842
5	389-398	General	1.1	$ 4,820,934	$ 572,426	$ 2,938,278	$ 59,653	$ 28,435	$ 171,932	$ 3,510	$ 4,789	$ 3,799	$ 543	$ 8,444	$ 178,156	$ 838
6		Total Direct Dep. Exp.		$ 67,391,857	$ 8,001,945	$ 41,074,196	$ 833,892	$ 397,489	$ 2,403,435	$ 49,070	$ 66,945	$ 53,112	$ 7,588	$ 118,034	$ 2,490,448	$ 11,717
		Systems Allocable Depreciation Expense														
7	301-303	Intangible	Intang. Plant	$ 4,688,595	$ 556,712	$ 2,857,619	$ 58,016	$ 27,654	$ 167,212	$ 3,414	$ 4,658	$ 3,695	$ 528	$ 8,212	$ 173,266	$ 815
8	389-398	General	1.1	$ 2,373,988	$ 281,882	$ 1,446,906	$ 29,375	$ 14,002	$ 84,665	$ 1,729	$ 2,358	$ 1,871	$ 267	$ 4,158	$ 87,730	$ 413
		System Allocable Amortization														
9		Miscellaneous Intangible	1.1	-	-	-	-	-	-	-	-	-	-	-	-	-
10		Structures-Leasehold Improvements	1.1	-	-	-	-	-	-	-	-	-	-	-	-	-
11		Total System Allocable Amortization		-	-	-	-	-	-	-	-	-	-	-	-	-
12		Total System Alloc Dep. Exp. & Amortization		7,062,583	838,594	4,304,525	87,391	41,656	251,877	5,143	7,016	5,566	795	12,370	260,996	1,228
13		Total Depreciation Expense		74,454,440	8,840,539	45,378,721	921,283	439,145	2,655,312	54,213	73,961	58,679	8,383	130,404	2,751,444	12,945
14		Amortization-Limited Term Gas Plant	1.1	-	-	-	-	-	-	-	-	-	-	-	-	-
15		Amortization-Gas Plant Acquisition	1.1	(52,996)	(6,293)	(32,300)	(656)	(313)	(1,890)	(39)	(53)	(42)	(6)	(93)	(1,958)	(9)
16		Amortization of PBOP Costs	1.1	337,524	40,077	205,715	4,176	1,991	12,037	246	335	266	38	591	12,473	59
17		Amortization of Service Investigation	7.0	-	-	-	-	-	-	-	-	-	-	-	-	-
18		Amortization of TRIMP Costs	1.1	1,183,333	140,506	721,222	14,642	6,980	42,202	862	1,175	933	133	2,073	43,730	206
19		Amortization of SOX Implementation	1.1	27,346	3,247	16,667	338	161	975	20	27	22	3	48	1,011	5
20		Total Depreciation & Amortization Expense		$ 75,949,648	$ 9,018,076	$ 46,290,025	$ 939,784	$ 447,964	$ 2,708,636	$ 55,302	$ 75,446	$ 59,857	$ 8,551	$ 133,022	$ 2,806,699	$ 13,205

SOUTHWEST GAS CORPORATION
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Line No.	Account No.	Description	Allocation Factor No.	Total Amount	Residential Gas Service			Multi-Family Residential			MMMHP Gas Service			Small General Gas Service		
					Demand	Customer	Commodity	Demand	Customer	Commodity	Demand	Customer	Commodity	Demand	Customer	Commodity
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)
		Operation and Maintenance Expense														
		Gas Supply Expense														
1	800	Natural Gas Wellhead Purchases	3.0	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
2	803	Natural Gas Transmission Line Purch	3.0	-	-	-	-	-	-	-	-	-	-	-	-	-
3	805	Purchased Gas Cost Adj.	3.0	-	-	-	-	-	-	-	-	-	-	-	-	-
4	810	Gas Used for Compressor Sta. Fuel--	3.0	-	-	-	-	-	-	-	-	-	-	-	-	-
5	813	Other Gas Supply Expense	3.0	-	-	-	-	-	-	-	-	-	-	-	-	-
6		Labor & Labor Loading	3.0	683,189	-	-	303,968	-	-	17,887	-	-	2,766	-	-	4,271
7		Materials & Expenses	3.0	57,202	-	-	25,451	-	-	1,498	-	-	232	-	-	358
8		Total Gas Supply Expense		$ 740,391	$ -	$ -	$ 329,419	$ -	$ -	$ 19,385	$ -	$ -	$ 2,998	$ -	$ -	$ 4,629
		Transmission Expenses														
9	850	Operation Supervision & Engin.														
10		Labor & Labor Loading	5.0	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
11		Materials & Expenses	5.0	-	-	-	-	-	-	-	-	-	-	-	-	-
12	851	System Control & Load Dispatch														
13		Labor & Labor Loading	3.0	-	-	-	-	-	-	-	-	-	-	-	-	-
14		Materials & Expenses	3.0	-	-	-	-	-	-	-	-	-	-	-	-	-
15	852	Communication System Exp.														
16		Labor & Labor Loading	1.0	-	-	-	-	-	-	-	-	-	-	-	-	-
17		Materials & Expenses	1.0	-	-	-	-	-	-	-	-	-	-	-	-	-
18	853	Compressor Station														
19		Labor & Labor Loading	1.0	-	-	-	-	-	-	-	-	-	-	-	-	-
20		Materials & Expenses	1.0	-	-	-	-	-	-	-	-	-	-	-	-	-
21	854	Gas for Compressor Station Fuel	3.0	-	-	-	-	-	-	-	-	-	-	-	-	-
22	856	Mains Expense														
23		Labor & Labor Loading	6.0	-	-	-	-	-	-	-	-	-	-	-	-	-
24		Materials & Expenses	6.0	-	-	-	-	-	-	-	-	-	-	-	-	-
25	857	Meas. & Res. Sta. Exp.														
26		Labor & Labor Loading	1.0	-	-	-	-	-	-	-	-	-	-	-	-	-
27		Materials & Expenses	1.0	-	-	-	-	-	-	-	-	-	-	-	-	-
28	858	Trans. & comp. of Gas by Others	3.0	-	-	-	-	-	-	-	-	-	-	-	-	-
29	860	Rents	1.0	-	-	-	-	-	-	-	-	-	-	-	-	-
30	861	Maint. Supervision & Eng.														
31		Labor & Labor Loading	7.0	-	-	-	-	-	-	-	-	-	-	-	-	-
32		Materials & Expenses	7.0	-	-	-	-	-	-	-	-	-	-	-	-	-
33	862	Maint. of Struct. & Imp.	1.0	-	-	-	-	-	-	-	-	-	-	-	-	-
34	863	Maint. of Mains														
35		Labor & Labor Loading	6.0	-	-	-	-	-	-	-	-	-	-	-	-	-
36		Materials & Expenses	6.0	-	-	-	-	-	-	-	-	-	-	-	-	-
37	864	Maint. of Comp. Sta. Equip.														
38		Labor & Labor Loading	3.0	-	-	-	-	-	-	-	-	-	-	-	-	-
39		Materials & Expenses	3.0	-	-	-	-	-	-	-	-	-	-	-	-	-
40	865	Maint. of Meas. & Reg. Sta. Equip.														
41		Labor & Labor Loading	1.0	-	-	-	-	-	-	-	-	-	-	-	-	-
42		Materials & Expenses	1.0	-	-	-	-	-	-	-	-	-	-	-	-	-
43		Total Transmission Expense		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

SOUTHWEST GAS CORPORATION
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Line No.	Account No.	Description	Allocation Factor No.	Total Amount	Residential Gas Service Demand	Residential Gas Service Customer	Residential Gas Service Commodity	Multi-Family Residential Demand	Multi-Family Residential Customer	Multi-Family Residential Commodity	MMMHP Gas Service Demand	MMMHP Gas Service Customer	MMMHP Gas Service Commodity	Small General Gas Service Demand	Small General Gas Service Customer	Small General Gas Service Commodity
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)
		Distribution Expenses														
1	870	Operation Supervision & Eng.														
2		Labor & Labor Loading	5.5	$ 7,314,234	$ 393,113	$ 4,208,649	$ 380,353	$ 19,528	$ 306,515	$ 22,382	$ 3,289	$ 12,748	$ 3,461	$ 5,799	$ 301,696	$ 5,344
3		Materials & Expenses	5.5	1,144,604	61,518	658,612	59,521	3,056	47,967	3,503	515	1,995	542	907	47,212	836
4	871	Distribution Load Dispatching														
5		Labor & Labor Loading	3.0	531,430	-	-	236,447	-	-	13,914	-	-	2,152	-	-	3,322
6		Materials & Expenses	3.0	128,930	-	-	57,364	-	-	3,376	-	-	522	-	-	806
7	874	Mains & Svcs. Expense														
8		Labor & Labor Loading	4.4	5,227,680	734,064	3,241,526	0	36,464	174,745	0	6,141	2,381	0	10,828	185,016	0
9		Materials & Expenses	4.4	5,914,196	830,464	3,667,214	0	41,252	197,693	0	6,948	2,694	0	12,250	209,312	0
10	875	Meas. & Reg. Sta. Exp.-Gen.														
11		Labor & Labor Loading	3.0	1,964,122	-	-	873,888	-	-	51,424	-	-	7,952	-	-	12,279
12		Materials & Expenses	3.0	777,755	-	-	346,043	-	-	20,363	-	-	3,149	-	-	4,862
13	878	Meter & House Reg. Exp.														
14		Labor & Labor Loading	6.0	5,796,552	-	3,916,408	-	-	337,255	-	-	18,172	-	-	320,912	-
15		Materials & Expenses	6.0	875,104	-	591,259	-	-	50,915	-	-	2,743	-	-	48,448	-
16	879	Customer Installation Exp.														
17		Labor & Labor Loading	6.0	6,850,542	-	4,628,530	-	-	398,578	-	-	21,476	-	-	379,263	-
18		Materials & Expenses	6.0	1,043,174	-	704,815	-	-	60,694	-	-	3,270	-	-	57,753	-
19	880	Other Expenses														
20		Labor & Labor Loading	5.5	6,293,097	338,231	3,621,082	327,252	16,801	263,723	19,257	2,830	10,968	2,978	4,989	259,577	4,598
21		Materials & Expenses	5.5	4,262,589	229,099	2,452,717	221,662	11,380	178,631	13,044	1,917	7,429	2,017	3,379	175,823	3,115
22	881	Rents	5.5	1,980,383	106,438	1,139,523	102,983	5,287	82,991	6,060	890	3,452	937	1,570	81,687	1,447
23		Total Distribution-Operations		$ 50,104,393	$ 2,692,927	$ 28,830,335	$ 2,605,513	$ 133,768	$ 2,099,707	$ 153,322	$ 22,529	$ 87,328	$ 23,708	$ 39,722	$ 2,066,699	$ 36,610
		Operation and Maintenance Expense														
		Distribution Expenses														
24	885	Maint. Supervision & Eng.														
25		Labor & Labor Loading	6.6	$ 2,374,262	$ 282,078	$ 1,370,474	$ 80,220	$ 14,012	$ 77,194	$ 4,721	$ 2,360	$ 1,489	$ 730	$ 4,161	$ 81,975	$ 1,127
26		Materials & Expenses	6.6	254,842	30,277	147,100	8,610	1,504	8,286	507	253	160	78	447	8,799	121
27	886	Maint. of Structures & Imp.														
28		Labor & Labor Loading	1.0	13,682	7,571	-	-	376	-	-	63	-	-	112	-	-
29		Materials & Expenses	1.0	50,707	28,059	-	-	1,394	-	-	235	-	-	414	-	-
30	887	Maint. of Mains														
31		Labor & Labor Loading	2.2	7,503,706	1,676,563	3,941,256	0	83,282	319,922	0	14,026	979	0	24,730	85,517	0
32		Materials & Expenses	2.2	5,977,097	1,335,471	3,139,419	0	66,338	254,834	0	11,173	780	0	19,699	68,119	0
33	889	Maint. of Meas. & Reg. Sta-Gen														
34		Labor & Labor Loading	3.0	1,118,151	-	-	497,494	-	-	29,275	-	-	4,527	-	-	6,990
35		Materials & Expenses	3.0	829,877	-	-	369,234	-	-	21,728	-	-	3,360	-	-	5,188
36	892	Maint. of Services														
37		Labor & Labor Loading	3.3	5,317,554	0	4,150,219	-	0	94,922	-	0	5,345	-	0	404,026	-
38		Materials & Expenses	3.3	2,909,486	0	2,270,782	-	0	51,936	-	0	2,924	-	0	221,062	-
39	893	Maint of Meter & House Reg.														
40		Labor & Labor Loading	6.0	1,126,714	-	761,258	-	-	65,555	-	-	3,532	-	-	62,378	-
41		Materials & Expenses	6.0	805,373	-	544,146	-	-	46,858	-	-	2,525	-	-	44,588	-
42	894	Maint of Other Equip.														
43		Labor & Labor Loading	6.6	150,319	17,859	86,767	5,079	887	4,887	299	149	94	46	263	5,190	71
44		Materials & Expenses	6.6	44,303	5,263	25,572	1,497	261	1,440	88	44	28	14	78	1,530	21
45		Total Distribution-Maintenance		$ 28,476,074	$ 3,383,141	$ 16,436,994	$ 962,134	$ 168,054	$ 925,834	$ 56,617	$ 28,304	$ 17,856	$ 8,755	$ 49,904	$ 983,183	$ 13,519
46		Total Distribution O & M		$ 78,580,466	$ 6,076,068	$ 45,267,329	$ 3,567,647	$ 301,823	$ 3,025,541	$ 209,939	$ 50,833	$ 105,184	$ 32,463	$ 89,626	$ 3,049,882	$ 50,128

SOUTHWEST GAS CORPORATION
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CLASS COST OF SERVICE STUDY
TEST YEAR ENDING
AUGUST 31, 2004

Line No.	Account No.	Description	Allocation Factor No.	Total Amount	Residential Gas Service Demand	Residential Gas Service Customer	Residential Gas Service Commodity	Multi-Family Residential Demand	Multi-Family Residential Customer	Multi-Family Residential Commodity	MMMHP Gas Service Demand	MMMHP Gas Service Customer	MMMHP Gas Service Commodity	Small General Gas Service Demand	Small General Gas Service Customer	Small General Gas Service Commodity
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)
		Customer Accounts Expenses														
1	901	Supervision														
2		Labor & Labor Loading	10.1	$ 3,574,463	$ -	$ 2,867,058	$ -	$ -	$ 232,727	$ -	$ -	$ 5,028	$ -	$ -	$ 151,547	$ -
3		Materials & Expenses	10.1	218,328	-	175,119	-	-	14,215	-	-	307	-	-	9,256	-
4	902	Meter Reading Exp.														
5		Labor & Labor Loading	13.0	5,130,538	-	4,093,773	-	-	332,303	-	-	7,539	-	-	223,839	-
6		Materials & Expenses	13.0	1,285,812	-	1,025,979	-	-	83,282	-	-	1,889	-	-	56,098	-
7	903	Customer Records & Collections														
8		Labor & Labor Loading	13.0	14,174,373	-	11,310,053	-	-	918,068	-	-	20,829	-	-	618,411	-
9		Materials & Expenses	13.0	6,602,396	-	5,268,201	-	-	427,634	-	-	9,702	-	-	288,055	-
10	903	Customer Records & Collections - LCS														
11		Labor & Labor Loading - LCS	13.0	1,077,228	-	859,545	-	-	69,772	-	-	1,583	-	-	46,998	-
12		Materials & Expenses - LCS	13.0	47,923	-	38,239	-	-	3,104	-	-	70	-	-	2,091	-
13	904	Uncollectible Accounts Exp.	4.0	1,498,151	-	1,319,803	-	-	107,132	-	-	328	-	-	28,637	-
14	905	Misc. Customer Accounts Exp.														
15		Labor & Labor Loading	10.1	372,869	-	299,076	-	-	24,277	-	-	524	-	-	15,809	-
16		Materials & Expenses	10.1	21,199	-	17,004	-	-	1,380	-	-	30	-	-	899	-
17		Total Customer Accounts Expenses		$ 34,003,279	$ -	$ 27,273,850	$ -	$ -	$ 2,213,893	$ -	$ -	$ 47,831	$ -	$ -	$ 1,441,639	$ -
		Customer Service & Info. Exp.														
18	908	Customer Assistance Exp.														
19		Labor & Labor Loading	13.0	$ 275,434	$ -	$ 219,775	$ -	$ -	$ 17,840	$ -	$ -	$ 405	$ -	$ -	$ 12,017	$ -
20		Materials & Expenses	13.0	248,457	-	198,250	-	-	16,092	-	-	365	-	-	10,840	-
21	909	Info. & Instructional Exp.														
22		Labor & Labor Loading	13.0	-	-	-	-	-	-	-	-	-	-	-	-	-
23		Materials & Expenses	13.0	-	-	-	-	-	-	-	-	-	-	-	-	-
24	910	Misc. C.S. & I. Expense														
25		Labor & Labor Loading	13.0	773	-	617	-	-	50	-	-	1	-	-	34	-
26		Materials & Expenses	13.0	23,832	-	19,016	-	-	1,544	-	-	35	-	-	1,040	-
27		Total Customer Service & Info. Exp.		$ 548,496	$ -	$ 437,657	$ -	$ -	$ 35,526	$ -	$ -	$ 806	$ -	$ -	$ 23,930	$ -
		Sales Expense														
28	911	Supervision														
29		Labor & Labor Loading	4.0	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
30		Materials & Expenses	4.0	-	-	-	-	-	-	-	-	-	-	-	-	-
31	912	Demonstrating & Selling Exp.														
32		Labor & Labor Loading	4.0	-	-	-	-	-	-	-	-	-	-	-	-	-
33		Materials & Expenses	4.0	-	-	-	-	-	-	-	-	-	-	-	-	-
34	913	Advertising Expense														
35		Labor & Labor Loading	4.0	-	-	-	-	-	-	-	-	-	-	-	-	-
36		Materials & Expenses	4.0	-	-	-	-	-	-	-	-	-	-	-	-	-
37		Total Sales Expense		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
38		Total O & M Expense		$ 113,872,632	$ 6,076,068	$ 72,978,836	$ 3,897,066	$ 301,823	$ 5,274,960	$ 229,323	$ 50,833	$ 153,821	$ 35,461	$ 89,626	$ 4,515,451	$ 54,757
39		Allocation Percentage	Total O&M	100.00%	5.34%	64.09%	3.42%	0.27%	4.63%	0.20%	0.04%	0.14%	0.03%	0.08%	3.97%	0.05%
		Other Operating Deductions														
40		Administrative & General Expense	Total O&M	52,481,195	2,800,316	33,634,214	1,796,065	139,103	2,431,104	105,690	23,428	70,892	16,343	41,306	2,081,064	25,236
41		Interest on Customer Deposits	8.0	717,364	-	637,914	-	-	51,781	-	-	159	-	-	13,841	-
42		Taxes Other Than Income	1.1	33,455,124	3,972,380	20,390,331	413,966	197,324	1,193,129	24,360	33,233	26,366	3,767	58,595	1,236,325	5,817
43		Total Allocated Operating Deductions		$ 200,526,315	$ 12,848,764	$ 127,641,295	$ 6,107,098	$ 638,250	$ 8,950,974	$ 359,373	$ 107,494	$ 251,238	$ 55,571	$ 189,528	$ 7,846,682	$ 85,810
		Tax Adjustments														
44		Interest Expense	1.1	40,521,530	4,811,428	24,697,186	501,404	239,003	1,445,143	29,505	40,253	31,936	4,562	70,972	1,497,462	7,045
45		State South Georgia	1.1	77,020	9,145	46,942	953	454	2,747	56	77	61	9	135	2,846	13
46		Investment Tax Credit	1.1	(528,352)	(62,735)	(322,022)	(6,538)	(3,116)	(18,843)	(385)	(525)	(416)	(59)	(925)	(19,525)	(92)
47		Federal South Georgia	1.1	288,233	34,224	175,673	3,567	1,700	10,279	210	286	227	32	505	10,652	50

SOUTHWEST GAS CORPORATION
ARIZONA
CLASS COST OF SERVICE STUDY
TEST YEAR ENDING
AUGUST 31, 2004

Line No.	Account No.	Description	Allocation Factor No.	Total Amount	Residential Gas Service Demand	Residential Gas Service Customer	Residential Gas Service Commodity	Multi-Family Residential Demand	Multi-Family Residential Customer	Multi-Family Residential Commodity	MMMHP Gas Service Demand	MMMHP Gas Service Customer	MMMHP Gas Service Commodity	Small General Gas Service Demand	Small General Gas Service Customer	Small General Gas Service Commodity
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)
		Summary of Allocated Cost of Service														
		Rate Base														
1		Direct Net Plant		$ 1,051,372,747	$ 124,837,442	$ 640,793,889	$13,009,452	$ 6,201,175	$ 37,495,712	$ 765,543	$ 1,044,402	$ 828,601	$ 118,378	$ 1,841,433	$ 38,853,194	$ 182,794
2		Systems Allocable Net Plant		40,589,393	4,819,486	24,738,548	502,244	239,403	1,447,563	29,555	40,320	31,989	4,570	71,091	1,499,970	7,057
3		Cash Working Capital	1.1	(11,082,156)	(591,327)	(7,102,346)	(379,265)	(29,374)	(513,362)	(22,318)	(4,947)	(14,970)	(3,451)	(8,722)	(439,447)	(5,329)
4		Materials & Supplies	1.1	9,222,489	1,095,056	5,620,951	114,117	54,396	328,907	6,715	9,161	7,268	1,038	16,153	340,815	1,603
5		Prepayments	1.1	2,740,815	325,438	1,670,480	33,914	16,166	97,747	1,996	2,723	2,160	309	4,800	101,286	477
6		Gas Plant Acquisition Adjustment	1.1	-	-	-	-	-	-	-	-	-	-	-	-	-
7		Customer Deposits	8.0	(23,912,141)	-	(21,263,793)	-	-	(1,726,035)	-	-	(5,284)	-	-	(461,380)	-
8		Customer Advances	8.0	(7,027,372)	-	(6,249,068)	-	-	(507,252)	-	-	(1,553)	-	-	(135,592)	-
9		Deferred Taxes	1.1	(136.691.328)	(16.230.396)	(83,311.050)	(1,691,388)	(806,229)	(4,874,902)	(99,530)	(135,785)	(107,728)	(15,391)	(239,409)	(5,051,391)	(23,765)
10		Deferred Gain Hdqtrs Bldg	7.0	-	-	-	-	-	-	-	-	-	-	-	-	-
11		Total Rate Base		$ 925,212,447	$ 114,255,699	$ 554,897,612	$11,589,074	$ 5,675,538	$ 31,748,378	$ 681,960	$ 955,874	$ 740,484	$ 105,453	$ 1,685,345	$ 34,707,455	$ 162,836
12		Net Operating Margin	Direct	$ 305,070,666	$ 123,877,754	$ 72,702,524	$ -	$ 7,548,076	$ 5,876,225	$ -	$ 770,456	$ 113,400	$ -	$ 1,439,375	$ 3,975,660	$ -
13		Special Contract & Optional Margin	Net Op. Marg.	$ 7,611,429	$ 3,090,716	$ 1,813,908	$ -	$ 188,322	$ 146,610	$ -	$ 19,223	$ 2,829	$ -	$ 35,912	$ 99,192	$ -
14		Late Charges	Direct	$ 1,386,957	$ 563,191	$ 330,531	$ -	$ 34,316	$ 26,715	$ -	$ 3,503	$ 516	$ -	$ 6,544	$ 18,075	$ -
15		Service Establishment Charges	Direct	$ 6,950,610	$ 2,822,382	$ 1,656,426	$ -	$ 171,972	$ 133,882	$ -	$ 17,554	$ 2,584	$ -	$ 32,794	$ 90,580	$ -
16		Reconnect / Reread Charges	Direct	$ 547,658	$ 222,383	$ 130,514	$ -	$ 13,550	$ 10,549	$ -	$ 1,383	$ 204	$ -	$ 2,584	$ 7,137	$ -
17		Other Revenue - Labor	Direct	$ 1,705	$ 693	$ 406	$ -	$ 42	$ 33	$ -	$ 4	$ 1	$ -	$ 8	$ 22	$ -
18		Other Revenue - Parts & Material	Direct	$ 5,764	$ 2,341	$ 1,374	$ -	$ 143	$ 111	$ -	$ 15	$ 2	$ -	$ 27	$ 75	$ -
19		Other Revenue - Field Collection Fee	Direct	$ 388,540	$ 157,772	$ 92,594	$ -	$ 9,613	$ 7,484	$ -	$ 981	$ 144	$ -	$ 1,833	$ 5,063	$ -
20		Other Revenue - Returned Item Fee	Direct	$ 135,450	$ 55,001	$ 32,280	$ -	$ 3,351	$ 2,609	$ -	$ 342	$ 50	$ -	$ 639	$ 1,765	$ -
21		Other Revenue - Rental Income	Direct	$ 767,198	$ 311,530	$ 182,834	$ -	$ 18,982	$ 14,778	$ -	$ 1,938	$ 285	$ -	$ 3,620	$ 9,998	$ -
22		Total Revenue		322,865,978	131,103,763	76,943,391	-	7,988,369	6,218,996	-	815,398	120,015	-	1,523,336	4,207,567	-
23		O & M		(113,872,632)	(6,076,068)	(72,978,836)	(3,897,066)	(301,823)	(5,274,960)	(229,323)	(50,833)	(153,821)	(35,461)	(89,626)	(4,515,451)	(54,757)
24		A & G	Total O&M	(52,481,195)	(2,800,316)	(33,634,214)	(1,796,065)	(139,103)	(2,431,104)	(105,690)	(23,428)	(70,892)	(16,343)	(41,306)	(2,081,064)	(25,236)
25		Depreciation Expense		(75,949,648)	(9,018,076)	(46,290,025)	(939,784)	(447,964)	(2,708,636)	(55,302)	(75,446)	(59,857)	(8,551)	(133,022)	(2,806,699)	(13,205)
26		Interest on Customer Deposits	8.0	(717,364)	-	(637,914)	-	-	(51,781)	-	-	(159)	-	-	(13,841)	-
27		Taxes other than Income	1.1	(33,455,124)	(3,972,380)	(20,390,331)	(413,966)	(197,324)	(1,193,129)	(24,360)	(33,233)	(26,366)	(3,767)	(58,595)	(1,236,325)	(5,817)
		State Income Tax														
28		Taxable Income before Interest Exp.		$ 46,390,015	$ 109,236,922	$(96,987,929)	$(7,046,882)	$ 6,902,155	$(5,440,615)	$(414,674)	$ 632,458	$(191,080)	$(64,122)	$ 1,200,786	$(6,445,813)	$(99,015)
29		Interest Expense	1.1	(40,521,530)	(4,811,428)	(24,697,186)	(501,404)	(239,003)	(1,445,143)	(29,505)	(40,253)	(31,936)	(4,562)	(70,972)	(1,497,462)	(7,045)
30		State Taxable Income		$ 5,868,486	$ 104,425,494	$(121,685,115)	$(7,548,286)	$ 6,663,152	$(6,885,757)	$(444,180)	$ 592,205	$(223,015)	$(68,685)	$ 1,129,815	$(7,943,275)	$(106,060)
31		State Income Tax		408,916	7,276,368	(8,479,019)	(525,965)	464,288	(479,800)	(30,950)	41,265	(15,540)	(4,786)	78,725	(553,487)	(7,390)
32		South Georgia	1.1	77,020	9,145	46,942	953	454	2,747	56	77	61	9	135	2,846	13
33		State Income Tax		485,936	7,285,514	(8,432,076)	(525,012)	464,743	(477,053)	(30,894)	41,341	(15,479)	(4,777)	78,860	(550,641)	(7,377)
		Federal Income Tax														
34		Taxable Income before Interest Exp.		46,390,015	109,236,922	(96,987,929)	(7,046,882)	6,902,155	(5,440,615)	(414,674)	632,458	(191,080)	(64,122)	1,200,786	(6,445,813)	(99,015)
35		Interest Expense	1.1	(40,521,530)	(4,811,428)	(24,697,186)	(501,404)	(239,003)	(1,445,143)	(29,505)	(40,253)	(31,936)	(4,562)	(70,972)	(1,497,462)	(7,045)
36		Federal Taxable Income		5,868,486	104,425,494	(121,685,115)	(7,548,286)	6,663,152	(6,885,757)	(444,180)	592,205	(223,015)	(68,685)	1,129,815	(7,943,275)	(106,060)
37		Federal Income Tax		$ 1,910,849	$ 34,002,194	$(39,622,134)	$(2,457,813)	$ 2,169,602	$(2,242,085)	$(144,630)	$ 192,829	$(72,616)	$(22,365)	$ 367,881	$(2,586,426)	$(34,534)
38		I T C	1.1	(528,352)	(62,735)	(322,022)	(6,538)	(3,116)	(18,843)	(385)	(525)	(416)	(59)	(925)	(19,525)	(92)
39		South Georgia	1.1	288,233	34,224	175,673	3,567	1,700	10,279	210	286	227	32	505	10,652	50
40		Total Federal Income Tax		$ 1,670,730	$ 33,973,683	$(39,768,482)	$(2,460,784)	$ 2,168,186	$(2,250,649)	$(144,805)	$ 192,591	$(72,806)	$(22,392)	$ 367,461	$(2,595,299)	$(34,576)
41		Regulatory Amortization	1.1	-	-	-	-	-	-	-	-	-	-	-	-	-
42		Net Income		$ 44,233,349	$ 67,977,726	$(48,787,370)	$(4,061,087)	$ 4,269,226	$(2,712,913)	$(238,975)	$ 398,526	$(102,795)	$(36,953)	$ 754,465	$(3,299,873)	$(57,062)
43		Rate of Return on Rate Base		4.78%	59.50%	(8.79%)	(35.04%)	75.22%	(8.55%)	(35.04%)	41.69%	(13.88%)	(35.04%)	44.77%	(9.51%)	(35.04%)
44		Rate of Return by Class Total				2.22%			3.46%			14.36%			(7.12%)	

SCHEDULE G-4B
SHEET 5 of 20

SOUTHWEST GAS CORPORATION
ARIZONA
CLASS COST OF SERVICE STUDY
TEST YEAR ENDING
AUGUST 31, 2004

Line No.	Account No.	Description	Allocation Factor No.	Medium General Gas Service Demand	Medium General Gas Service Customer	Medium General Gas Service Commodity	Large General Gas Service Demand	Large General Gas Service Customer	Large General Gas Service Commodity	Transportation Eligible Service Demand	Transportation Eligible Service Customer	Transportation Eligible Service Commodity
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
		Direct Depreciation Expense										
1	301-303	Intangible	Intang. Plant	$ 2,930	$ 7,800	$ 415	$ 10,443	$ 5,638	$ 1,369	$ 3,905	$ 702	$ 827
2	325.5-336	Production Plant	Prod. Plant	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
3	366.1-371	Transmission	Trans. Plant	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
4	374.1-387	Distribution	Dist. Plant	$ 870,098	$ 2,316,253	$ 123,192	$ 3,101,253	$ 1,674,401	$ 406,536	$ 1,159,610	$ 208,620	$ 245,646
5	389-398	General	1.1	$ 67,265	$ 179,063	$ 9,524	$ 239,748	$ 129,443	$ 31,428	$ 89,646	$ 16,128	$ 18,990
6		Total Direct Dep. Exp.		$ 940,293	$ 2,503,116	$ 133,131	$ 3,351,444	$ 1,809,482	$ 439,333	$ 1,253,160	$ 225,451	$ 265,463
		Systems Allocable Depreciation Expense										
7	301-303	Intangible	Intang. Plant	$ 65,418	$ 174,147	$ 9,262	$ 233,167	$ 125,889	$ 30,565	$ 87,185	$ 15,685	$ 18,469
8	389-398	General	1.1	$ 33,123	$ 88,176	$ 4,690	$ 118,060	$ 63,742	$ 15,476	$ 44,145	$ 7,942	$ 9,351
		System Allocable Amortization										
9		Miscellaneous Intangible	1.1	-	-	-	-	-	-	-	-	-
10		Structures-Leasehold Improvements	1.1	-	-	-	-	-	-	-	-	-
11		Total System Allocable Amortization		-	-	-	-	-	-	-	-	-
12		Total System Alloc Dep. Exp. & Amortization		98,542	262,323	13,952	351,227	189,631	46,042	131,330	23,627	27,820
13		Total Depreciation Expense		1,038,834	2,765,439	147,083	3,702,671	1,999,113	485,374	1,384,490	249,078	293,284
14		Amortization-Limited Term Gas Plant	1.1	-	-	-	-	-	-	-	-	-
15		Amortization-Gas Plant Acquisition	1.1	(739)	(1,968)	(105)	(2,636)	(1,423)	(345)	(985)	(177)	(209)
16		Amortization of PBOP Costs	1.1	4,709	12,537	667	16,785	9,063	2,200	6,276	1,129	1,330
17		Amortization of Service Investigation	7.0	-	-	-	-	-	-	-	-	-
18		Amortization of TRIMP Costs	1.1	16,511	43,952	2,338	58,848	31,773	7,714	22,004	3,959	4,661
19		Amortization of SOX Implementation	1.1	382	1,016	54	1,360	734	178	509	91	108
20		Total Depreciation & Amortization Expense		$ 1,059,696	$ 2,820,975	$ 150,036	$ 3,777,029	$ 2,039,260	$ 495,122	$ 1,412,294	$ 254,080	$ 299,173

SOUTHWEST GAS CORPORATION
ARIZONA
CLASS COST OF SERVICE STUDY
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AUGUST 31, 2004

Line No.	Account No.	Description	Allocation Factor No.	Medium General Gas Service Demand	Medium General Gas Service Customer	Medium General Gas Service Commodity	Large General Gas Service Demand	Large General Gas Service Customer	Large General Gas Service Commodity	Transportation Eligible Service Demand	Transportation Eligible Service Customer	Transportation Eligible Service Commodity
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
		Operation and Maintenance Expense										
		Gas Supply Expense										
1	800	Natural Gas Wellhead Purchases	3.0	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
2	803	Natural Gas Transmission Line Purch	3.0	-	-	-	-	-	-	-	-	-
3	805	Purchased Gas Cost Adj.	3.0	-	-	-	-	-	-	-	-	-
4	810	Gas Used for Compressor Sta. Fuel--	3.0	-	-	-	-	-	-	-	-	-
5	813	Other Gas Supply Expense	3.0	-	-	-	-	-	-	-	-	-
6		Labor & Labor Loading	3.0	-	-	48,528	-	-	160,145	-	-	96,766
7		Materials & Expenses	3.0	-	-	4,063	-	-	13,409	-	-	8,102
8		Total Gas Supply Expense		$ -	$ -	$ 52,592	$ -	$ -	$ 173,553	$ -	$ -	$ 104,868
		Transmission Expenses										
9	850	Operation Supervision & Engin.										
10		Labor & Labor Loading	5.0	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
11		Materials & Expenses	5.0	-	-	-	-	-	-	-	-	-
12	851	System Control & Load Dispatch										
13		Labor & Labor Loading	3.0	-	-	-	-	-	-	-	-	-
14		Materials & Expenses	3.0	-	-	-	-	-	-	-	-	-
15	852	Communication System Exp.										
16		Labor & Labor Loading	1.0	-	-	-	-	-	-	-	-	-
17		Materials & Expenses	1.0	-	-	-	-	-	-	-	-	-
18	853	Compressor Station										
19		Labor & Labor Loading	1.0	-	-	-	-	-	-	-	-	-
20		Materials & Expenses	1.0	-	-	-	-	-	-	-	-	-
21	854	Gas for Compressor Station Fuel	3.0	-	-	-	-	-	-	-	-	-
22	856	Mains Expense										
23		Labor & Labor Loading	6.0	-	-	-	-	-	-	-	-	-
24		Materials & Expenses	6.0	-	-	-	-	-	-	-	-	-
25	857	Meas. & Res. Sta. Exp.										
26		Labor & Labor Loading	1.0	-	-	-	-	-	-	-	-	-
27		Materials & Expenses	1.0	-	-	-	-	-	-	-	-	-
28	858	Trans. & comp. of Gas by Others	3.0	-	-	-	-	-	-	-	-	-
29	860	Rents	1.0	-	-	-	-	-	-	-	-	-
30	861	Maint. Supervision & Eng.										
31		Labor & Labor Loading	7.0	-	-	-	-	-	-	-	-	-
32		Materials & Expenses	7.0	-	-	-	-	-	-	-	-	-
33	862	Maint. of Struct. & Imp.	1.0	-	-	-	-	-	-	-	-	-
34	863	Maint. of Mains										
35		Labor & Labor Loading	6.0	-	-	-	-	-	-	-	-	-
36		Materials & Expenses	6.0	-	-	-	-	-	-	-	-	-
37	864	Maint. of Comp. Sta. Equip.										
38		Labor & Labor Loading	3.0	-	-	-	-	-	-	-	-	-
39		Materials & Expenses	3.0	-	-	-	-	-	-	-	-	-
40	865	Maint. of Meas. & Reg. Sta. Equip.										
41		Labor & Labor Loading	1.0	-	-	-	-	-	-	-	-	-
42		Materials & Expenses	1.0	-	-	-	-	-	-	-	-	-
43		Total Transmission Expense		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

SOUTHWEST GAS CORPORATION
ARIZONA
CLASS COST OF SERVICE STUDY
TEST YEAR ENDING
AUGUST 31, 2004

Line No.	Account No.	Description	Allocation Factor No.	Medium General Gas Service Demand	Medium General Gas Service Customer	Medium General Gas Service Commodity	Large General Gas Service Demand	Large General Gas Service Customer	Large General Gas Service Commodity	Transportation Eligible Service Demand	Transportation Eligible Service Customer	Transportation Eligible Service Commodity
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
		Distribution Expenses										
1	870	Operation Supervision & Eng.										
2		Labor & Labor Loading	5.5	$ 46,194	$ 313,046	$ 60,723	$ 164,647	$ 406,116	$ 200,387	$ 61,564	$ 69,302	$ 121,082
3		Materials & Expenses	5.5	7,229	48,989	9,503	25,766	63,553	31,359	9,634	10,845	18,948
4	871	Distribution Load Dispatching										
5		Labor & Labor Loading	3.0	-	-	37,749	-	-	124,571	-	-	75,271
6		Materials & Expenses	3.0	-	-	9,158	-	-	30,222	-	-	18,261
7	874	Mains & Svcs. Expense										
8		Labor & Labor Loading	4.4	86,258	183,524	0	307,447	88,104	0	114,960	6,342	0
9		Materials & Expenses	4.4	97,586	207,625	0	347,822	99,674	0	130,056	7,175	0
10	875	Meas. & Reg. Sta. Exp.-Gen.										
11		Labor & Labor Loading	3.0	-	-	139,516	-	-	460,405	-	-	278,196
12		Materials & Expenses	3.0	-	-	55,246	-	-	182,312	-	-	110,160
13	878	Meter & House Reg. Exp.										
14		Labor & Labor Loading	6.0	-	340,153	-	-	568,498	-	-	104,385	-
15		Materials & Expenses	6.0	-	51,353	-	-	85,826	-	-	15,759	-
16	879	Customer Installation Exp.										
17		Labor & Labor Loading	6.0	-	402,003	-	-	671,868	-	-	123,365	-
18		Materials & Expenses	6.0	-	61,216	-	-	102,309	-	-	18,786	-
19	880	Other Expenses										
20		Labor & Labor Loading	5.5	39,745	269,342	52,246	141,661	349,419	172,411	52,969	59,627	104,178
21		Materials & Expenses	5.5	26,921	182,437	35,388	95,953	236,676	116,782	35,878	40,388	70,564
22	881	Rents	5.5	12,507	84,760	16,441	44,579	109,959	54,256	16,669	18,764	32,784
23		Total Distribution-Operations		$ 316,441	$ 2,144,448	$ 415,970	$ 1,127,875	$ 2,782,002	$ 1,372,705	$ 421,731	$ 474,737	$ 829,446
		Operation and Maintenance Expense										
		Distribution Expenses										
24	885	Maint. Supervision & Eng.										
25		Labor & Labor Loading	6.6	$ 33,146	$ 81,990	$ 12,807	$ 118,142	$ 51,884	$ 42,264	$ 44,175	$ 5,702	$ 25,538
26		Materials & Expenses	6.6	3,558	8,800	1,375	12,681	5,569	4,536	4,742	612	2,741
27	886	Maint. of Structures & Imp.										
28		Labor & Labor Loading	1.0	890	-	-	3,171	-	-	1,186	-	-
29		Materials & Expenses	1.0	3,297	-	-	11,752	-	-	4,394	-	-
30	887	Maint. of Mains										
31		Labor & Labor Loading	2.2	197,010	84,455	0	702,193	36,229	0	262,562	886	0
32		Materials & Expenses	2.2	156,929	67,273	0	559,334	28,858	0	209,144	706	0
33	889	Maint. of Meas. & Reg. Sta-Gen										
34		Labor & Labor Loading	3.0	-	-	79,425	-	-	262,103	-	-	158,374
35		Materials & Expenses	3.0	-	-	58,948	-	-	194,529	-	-	117,543
36	892	Maint. of Services										
37		Labor & Labor Loading	3.3	0	401,216	-	0	197,783	-	0	16,302	-
38		Materials & Expenses	3.3	0	219,524	-	0	108,217	-	0	8,919	-
39	893	Maint of Meter & House Reg.										
40		Labor & Labor Loading	6.0	-	66,118	-	-	110,503	-	-	20,290	-
41		Materials & Expenses	6.0	-	47,261	-	-	78,987	-	-	14,503	-
42	894	Maint of Other Equip.										
43		Labor & Labor Loading	6.6	2,099	5,191	811	7,480	3,285	2,676	2,797	361	1,617
44		Materials & Expenses	6.6	618	1,530	239	2,204	968	789	824	106	477
45		Total Distribution-Maintenance		$ 397,546	$ 983,358	$ 153,605	$ 1,416,956	$ 622,283	$ 506,897	$ 529,823	$ 68,387	$ 306,288
46		Total Distribution O & M		$ 713,987	$ 3,127,806	$ 569,574	$ 2,544,832	$ 3,404,285	$ 1,879,602	$ 951,555	$ 543,124	$ 1,135,734

SOUTHWEST GAS CORPORATION
ARIZONA
CLASS COST OF SERVICE STUDY
TEST YEAR ENDING
AUGUST 31, 2004

Line No.	Account No.	Description	Allocation Factor No.	Medium General Gas Service Demand	Medium General Gas Service Customer	Medium General Gas Service Commodity	Large General Gas Service Demand	Large General Gas Service Customer	Large General Gas Service Commodity	Transportation Eligible Service Demand	Transportation Eligible Service Customer	Transportation Eligible Service Commodity
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
		Customer Accounts Expenses										
1	901	Supervision										
2		Labor & Labor Loading	10.1	$ -	$ 186,233	$ -	$ -	$ 106,036	$ -	$ -	$ 2,593	$ -
3		Materials & Expenses	10.1	-	11,375	-	-	6,477	-	-	158	-
4	902	Meter Reading Exp.										
5		Labor & Labor Loading	13.0	-	276,323	-	-	158,051	-	-	3,865	-
6		Materials & Expenses	13.0	-	69,252	-	-	39,611	-	-	969	-
7	903	Customer Records & Collections										
8		Labor & Labor Loading	13.0	-	763,412	-	-	436,654	-	-	10,679	-
9		Materials & Expenses	13.0	-	355,596	-	-	203,393	-	-	4,974	-
10	903	Customer Records & Collections - LCS										
11		Labor & Labor Loading - LCS	13.0	-	58,018	-	-	33,185	-	-	812	-
12		Materials & Expenses - LCS	13.0	-	2,581	-	-	1,476	-	-	36	-
13	904	Uncollectible Accounts Exp.	4.0	-	28,281	-	-	12,132	-	-	297	-
14	905	Misc. Customer Accounts Exp.										
15		Labor & Labor Loading	10.1	-	19,427	-	-	11,061	-	-	271	-
16		Materials & Expenses	10.1	-	1,104	-	-	629	-	-	15	-
17		Total Customer Accounts Expenses		$ -	$ 1,771,602	$ -	$ -	$ 1,008,705	$ -	$ -	$ 24,669	$ -
		Customer Service & Info. Exp.										
18	908	Customer Assistance Exp.										
19		Labor & Labor Loading	13.0	$ -	$ 14,834	$ -	$ -	$ 8,485	$ -	$ -	$ 208	$ -
20		Materials & Expenses	13.0	-	13,382	-	-	7,654	-	-	187	-
21	909	Info. & Instructional Exp.										
22		Labor & Labor Loading	13.0	-	-	-	-	-	-	-	-	-
23		Materials & Expenses	13.0	-	-	-	-	-	-	-	-	-
24	910	Misc. C.S. & I. Expense										
25		Labor & Labor Loading	13.0	-	42	-	-	24	-	-	1	-
26		Materials & Expenses	13.0	-	1,284	-	-	734	-	-	18	-
27		Total Customer Service & Info. Exp.		$ -	$ 29,541	$ -	$ -	$ 16,897	$ -	$ -	$ 413	$ -
		Sales Expense										
28	911	Supervision										
29		Labor & Labor Loading	4.0	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
30		Materials & Expenses	4.0	-	-	-	-	-	-	-	-	-
31	912	Demonstrating & Selling Exp.										
32		Labor & Labor Loading	4.0	-	-	-	-	-	-	-	-	-
33		Materials & Expenses	4.0	-	-	-	-	-	-	-	-	-
34	913	Advertising Expense										
35		Labor & Labor Loading	4.0	-	-	-	-	-	-	-	-	-
36		Materials & Expenses	4.0	-	-	-	-	-	-	-	-	-
37		Total Sales Expense		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
38		Total O & M Expense		$ 713,987	$ 4,928,949	$ 622,186	$ 2,544,832	$ 4,429,886	$ 2,053,155	$ 951,555	$ 568,207	$ 1,240,603
39		Allocation Percentage	Total O&M	0.63%	4.33%	0.55%	2.23%	3.89%	1.80%	0.84%	0.50%	1.09%
		Other Operating Deductions										
40		Administrative & General Expense	Total O&M	329,060	2,271,636	286,741	1,172,852	2,041,630	946,251	438,549	261,873	571,764
41		Interest on Customer Deposits	8.0	-	13,669	-	-	-	-	-	-	-
42		Taxes Other Than Income	1.1	466,787	1,242,614	66,090	1,663,747	898,275	218,097	622,102	111,920	131,783
43		Total Allocated Operating Deductions		$ 1,509,833	$ 8,456,868	$ 974,997	$ 5,381,431	$ 7,369,791	$ 3,217,502	$ 2,012,206	$ 941,999	$ 1,944,150
		Tax Adjustments										
44		Interest Expense	1.1	565,381	1,505,079	80,049	2,015,164	1,088,009	264,163	753,503	135,559	159,618
45		State South Georgia	1.1	1,075	2,861	152	3,830	2,068	502	1,432	258	303
46		Investment Tax Credit	1.1	(7,372)	(19,624)	(1,044)	(26,275)	(14,186)	(3,444)	(9,825)	(1,768)	(2,081)
47		Federal South Georgia	1.1	4,022	10,706	569	14,334	7,739	1,879	5,360	964	1,135

SOUTHWEST GAS CORPORATION
ARIZONA
CLASS COST OF SERVICE STUDY
TEST YEAR ENDING
AUGUST 31, 2004

Line No.	Account No.	Description	Allocation Factor No.	Medium General Gas Service Demand	Medium General Gas Service Customer	Medium General Gas Service Commodity	Large General Gas Service Demand	Large General Gas Service Customer	Large General Gas Service Commodity	Transportation Eligible Service Demand	Transportation Eligible Service Customer	Transportation Eligible Service Commodity
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
		Summary of Allocated Cost of Service										
		Rate Base										
1		Direct Net Plant		$14,669,403	$ 39,050,822	$ 2,076,956	$52,285,498	$ 28,229,521	$ 6,853,982	$19,550,413	$ 3,517,231	$ 4,141,464
2		Systems Allocable Net Plant		566,328	1,507,600	80,183	2,018,539	1,089,831	264,605	754,765	135,787	159,886
3		Cash Working Capital	1.1	(69,486)	(479,688)	(60,550)	(247,665)	(431,119)	(199,814)	(92,606)	(55,298)	(120,736)
4		Materials & Supplies	1.1	128,678	342,548	18,219	458,641	247,625	60,122	171,493	30,853	36,328
5		Prepayments	1.1	38,242	101,801	5,414	136,303	73,591	17,868	50,966	9,169	10,796
6		Gas Plant Acquisition Adjustment	1.1	-	-	-	-	-	-	-	-	-
7		Customer Deposits	8.0	-	(455,649)	-	-	-	-	-	-	-
8		Customer Advances	8.0	-	(133,908)	-	-	-	-	-	-	-
9		Deferred Taxes	1.1	(1,907,202)	(5,077,085)	(270,030)	(6,797,755)	(3,670,183)	(891,102)	(2,541,793)	(457,283)	(538,441)
10		Deferred Gain Hdqtrs Bldg	7.0	-	-	-	-	-	-	-	-	-
11		Total Rate Base		$13,425,963	$ 34,856,441	$ 1,850,193	$47,853,561	$ 25,539,266	$ 6,105,661	$17,893,238	$ 3,180,457	$ 3,689,297
12		Net Operating Margin	Direct	$16,136,803	$ 4,213,440	$ -	$38,942,928	$ 7,300,460	$ -	$14,970,291	$ 885,300	$ -
13		Special Contract & Optional Margin	Net Op. Marg.	$ 402,609	$ 105,124	$ -	$ 971,615	$ 182,144	$ -	$ 373,505	$ 22,088	$ -
14		Late Charges	Direct	$ 73,364	$ 19,156	$ -	$ 177,048	$ 33,190	$ -	$ 68,060	$ 4,025	$ -
15		Service Establishment Charges	Direct	$ 367,655	$ 95,997	$ -	$ 887,260	$ 166,331	$ -	$ 341,077	$ 20,170	$ -
16		Reconnect / Reread Charges	Direct	$ 28,969	$ 7,564	$ -	$ 69,910	$ 13,106	$ -	$ 26,874	$ 1,589	$ -
17		Other Revenue - Labor	Direct	$ 90	$ 24	$ -	$ 218	$ 41	$ -	$ 84	$ 5	$ -
18		Other Revenue - Parts & Material	Direct	$ 305	$ 80	$ -	$ 736	$ 138	$ -	$ 283	$ 17	$ -
19		Other Revenue - Field Collection Fee	Direct	$ 20,552	$ 5,366	$ -	$ 49,598	$ 9,298	$ -	$ 19,066	$ 1,128	$ -
20		Other Revenue - Returned Item Fee	Direct	$ 7,165	$ 1,871	$ -	$ 17,290	$ 3,241	$ -	$ 6,647	$ 393	$ -
21		Other Revenue - Rental Income	Direct	$ 40,581	$ 10,596	$ -	$ 97,934	$ 18,359	$ -	$ 37,648	$ 2,226	$ -
22		Total Revenue		17,078,091	4,459,217	-	41,214,538	7,726,309	-	15,843,535	936,941	-
23		O & M		(713,987)	(4,928,949)	(622,166)	(2,544,832)	(4,429,886)	(2,053,155)	(951,555)	(568,207)	(1,240,603)
24		A & G	Total O&M	(329,060)	(2,271,636)	(286,741)	(1,172,852)	(2,041,630)	(946,251)	(438,549)	(261,873)	(571,764)
25		Depreciation Expense		(1,059,696)	(2,820,975)	(150,036)	(3,777,029)	(2,039,260)	(495,122)	(1,412,294)	(254,080)	(299,173)
26		Interest on Customer Deposits	8.0	-	(13,669)	-	-	-	-	-	-	-
27		Taxes other than Income	1.1	(466,787)	(1,242,614)	(66,090)	(1,663,747)	(898,275)	(218,097)	(622,102)	(111,920)	(131,783)
		State Income Tax										
28		Taxable Income before Interest Exp.		$14,508,562	$(6,818,625)	$(1,125,033)	$32,056,079	$(1,682,742)	$(3,712,624)	$12,419,035	$(259,138)	$(2,243,323)
29		Interest Expense	1.1	(565,381)	(1,505,079)	(80,049)	(2,015,164)	(1,088,009)	(264,163)	(753,503)	(135,559)	(159,618)
30		State Taxable Income		$13,943,180	$(8,323,704)	$(1,205,082)	$30,040,915	$(2,770,751)	$(3,976,787)	$11,665,532	$(394,697)	$(2,402,942)
31		State Income Tax		971,561	(579,996)	(83,970)	2,093,251	(193,066)	(277,103)	812,854	(27,503)	(167,437)
32		South Georgia	1.1	1,075	2,861	152	3,830	2,068	502	1,432	258	303
33		State Income Tax		972,635	(577,135)	(83,818)	2,097,081	(190,998)	(276,600)	814,286	(27,245)	(167,134)
		Federal Income Tax										
34		Taxable Income before Interest Exp.		14,508,562	(6,818,625)	(1,125,033)	32,056,079	(1,682,742)	(3,712,624)	12,419,035	(259,138)	(2,243,323)
35		Interest Expense	1.1	(565,381)	(1,505,079)	(80,049)	(2,015,164)	(1,088,009)	(264,163)	(753,503)	(135,559)	(159,618)
36		Federal Taxable Income		13,943,180	(8,323,704)	(1,205,082)	30,040,915	(2,770,751)	(3,976,787)	11,665,532	(394,697)	(2,402,942)
37		Federal Income Tax		$ 4,540,067	$(2,710,298)	$(392,389)	$ 9,781,682	$(902,190)	$(1,294,890)	$ 3,798,437	$(128,518)	$(782,427)
38		I T C	1.1	(7,372)	(19,624)	(1,044)	(26,275)	(14,186)	(3,444)	(9,825)	(1,768)	(2,081)
39		South Georgia	1.1	4,022	10,706	569	14,334	7,739	1,879	5,360	964	1,135
40		Total Federal Income Tax		$ 4,536,717	$(2,719,217)	$(392,864)	$ 9,769,741	$(908,637)	$(1,296,455)	$ 3,793,972	$(129,322)	$(783,373)
41		Regulatory Amortization	1.1	-	-	-	-	-	-	-	-	-
42		Net Income		$ 8,999,210	$(3,522,274)	$(648,352)	$20,189,256	$(583,107)	$(2,139,569)	$ 7,810,776	$(102,572)	$(1,292,817)
43		Rate of Return on Rate Base		67.03%	(10.11%)	(35.04%)	42.19%	(2.28%)	(35.04%)	43.65%	(3.23%)	(35.04%)
44		Rate of Return by Class Total			9.63%			21.97%			25.91%	

SOUTHWEST GAS CORPORATION
ARIZONA
CLASS COST OF SERVICE STUDY
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Line No.	Account No.	Description	Allocation Factor No.	Air-Conditioning Gas Service Demand	Air-Conditioning Gas Service Customer	Air-Conditioning Gas Service Commodity	CNG - Small Demand	CNG - Small Customer	CNG - Small Commodity	CNG - Large Demand	CNG - Large Customer	CNG - Large Commodity	CNG - Residential Demand	CNG - Residential Customer	CNG - Residential Commodity
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)
		Direct Depreciation Expense													
1	301-303	Intangible	Intang. Plant	$ 27	$ 41	$ 18	$ 6	$ 4	$ 2	$ 55	$ 97	$ 18	$ 3	$ 14	$ 1
2	325.5-336	Production Plant	Prod. Plant	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
3	366.1-371	Transmission	Trans. Plant	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
4	374.1-387	Distribution	Dist. Plant	$ 8,121	$ 12,048	$ 5,258	$ 1,752	$ 1,119	$ 522	$ 16,274	$ 28,658	$ 5,436	$ 800	$ 4,261	$ 228
5	389-398	General	1.1	$ 628	$ 931	$ 406	$ 135	$ 86	$ 40	$ 1,258	$ 2,215	$ 420	$ 62	$ 329	$ 18
6		Total Direct Dep. Exp.		$ 8,777	$ 13,020	$ 5,682	$ 1,893	$ 1,209	$ 564	$ 17,587	$ 30,970	$ 5,875	$ 865	$ 4,605	$ 247
		Systems Allocable Depreciation Expense													
7	301-303	Intangible	Intang. Plant	$ 611	$ 906	$ 395	$ 132	$ 84	$ 39	$ 1,224	$ 2,155	$ 409	$ 60	$ 320	$ 17
8	389-398	General	1.1	$ 309	$ 459	$ 200	$ 67	$ 43	$ 20	$ 620	$ 1,091	$ 207	$ 30	$ 162	$ 9
		System Allocable Amortization													
9		Miscellaneous Intangible	1.1	-	-	-	-	-	-	-	-	-	-	-	-
10		Structures-Leasehold Improvements	1.1	-	-	-	-	-	-	-	-	-	-	-	-
11		Total System Allocable Amortization		-	-	-	-	-	-	-	-	-	-	-	-
12		Total System Alloc Dep. Exp. & Amortization		920	1,365	595	198	127	59	1,843	3,246	616	91	483	26
13		Total Depreciation Expense		9,696	14,385	6,278	2,092	1,336	623	19,430	34,216	6,490	956	5,088	272
14		Amortization-Limited Term Gas Plant	1.1	-	-	-	-	-	-	-	-	-	-	-	-
15		Amortization-Gas Plant Acquisition	1.1	(7)	(10)	(4)	(1)	(1)	(0)	(14)	(24)	(5)	(1)	(4)	(0)
16		Amortization of PBOP Costs	1.1	44	65	28	9	6	3	88	155	29	4	23	1
17		Amortization of Service Investigation	7.0	-	-	-	-	-	-	-	-	-	-	-	-
18		Amortization of TRIMP Costs	1.1	154	229	100	33	21	10	309	544	103	15	81	4
19		Amortization of SOX Implementation	1.1	4	5	2	1	0	0	7	13	2	0	2	0
20		Total Depreciation & Amortization Expense		$ 9,891	$ 14,674	$ 6,404	$ 2,134	$ 1,362	$ 636	$ 19,820	$ 34,903	$ 6,621	$ 975	$ 5,190	$ 278

SOUTHWEST GAS CORPORATION
ARIZONA
CLASS COST OF SERVICE STUDY
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Line No.	Account No.	Description	Allocation Factor No.	Air-Conditioning Gas Service Demand	Air-Conditioning Gas Service Customer	Air-Conditioning Gas Service Commodity	CNG - Small Demand	CNG - Small Customer	CNG - Small Commodity	CNG - Large Demand	CNG - Large Customer	CNG - Large Commodity	CNG - Residential Demand	CNG - Residential Customer	CNG - Residential Commodity
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)
		Operation and Maintenance Expense													
		Gas Supply Expense													
1	800	Natural Gas Wellhead Purchases	3.0	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
2	803	Natural Gas Transmission Line Purch	3.0	-	-	-	-	-	-	-	-	-	-	-	-
3	805	Purchased Gas Cost Adj.	3.0	-	-	-	-	-	-	-	-	-	-	-	-
4	810	Gas Used for Compressor Sta. Fuel--	3.0	-	-	-	-	-	-	-	-	-	-	-	-
5	813	Other Gas Supply Expense	3.0	-	-	-	-	-	-	-	-	-	-	-	-
6		Labor & Labor Loading	3.0	-	-	2,071	-	-	206	-	-	2,141	-	-	90
7		Materials & Expenses	3.0	-	-	173	-	-	17	-	-	179	-	-	8
8		Total Gas Supply Expense		$ -	$ -	$ 2,245	$ -	$ -	$ 223	$ -	$ -	$ 2,321	$ -	$ -	$ 97
		Transmission Expenses													
9	850	Operation Supervision & Engin.													
10		Labor & Labor Loading	5.0	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
11		Materials & Expenses	5.0	-	-	-	-	-	-	-	-	-	-	-	-
12	851	System Control & Load Dispatch													
13		Labor & Labor Loading	3.0	-	-	-	-	-	-	-	-	-	-	-	-
14		Materials & Expenses	3.0	-	-	-	-	-	-	-	-	-	-	-	-
15	852	Communication System Exp.													
16		Labor & Labor Loading	1.0	-	-	-	-	-	-	-	-	-	-	-	-
17		Materials & Expenses	1.0	-	-	-	-	-	-	-	-	-	-	-	-
18	853	Compressor Station													
19		Labor & Labor Loading	1.0	-	-	-	-	-	-	-	-	-	-	-	-
20		Materials & Expenses	1.0	-	-	-	-	-	-	-	-	-	-	-	-
21	854	Gas for Compressor Station Fuel	3.0	-	-	-	-	-	-	-	-	-	-	-	-
22	856	Mains Expense													
23		Labor & Labor Loading	6.0	-	-	-	-	-	-	-	-	-	-	-	-
24		Materials & Expenses	6.0	-	-	-	-	-	-	-	-	-	-	-	-
25	857	Meas. & Res. Sta. Exp.													
26		Labor & Labor Loading	1.0	-	-	-	-	-	-	-	-	-	-	-	-
27		Materials & Expenses	1.0	-	-	-	-	-	-	-	-	-	-	-	-
28	858	Trans. & comp. of Gas by Others	3.0	-	-	-	-	-	-	-	-	-	-	-	-
29	860	Rents	1.0	-	-	-	-	-	-	-	-	-	-	-	-
30	861	Maint. Supervision & Eng.													
31		Labor & Labor Loading	7.0	-	-	-	-	-	-	-	-	-	-	-	-
32		Materials & Expenses	7.0	-	-	-	-	-	-	-	-	-	-	-	-
33	862	Maint. of Struct. & Imp.	1.0	-	-	-	-	-	-	-	-	-	-	-	-
34	863	Maint. of Mains													
35		Labor & Labor Loading	6.0	-	-	-	-	-	-	-	-	-	-	-	-
36		Materials & Expenses	6.0	-	-	-	-	-	-	-	-	-	-	-	-
37	864	Maint. of Comp. Sta. Equip.													
38		Labor & Labor Loading	3.0	-	-	-	-	-	-	-	-	-	-	-	-
39		Materials & Expenses	3.0	-	-	-	-	-	-	-	-	-	-	-	-
40	865	Maint. of Meas. & Reg. Sta. Equip.													
41		Labor & Labor Loading	1.0	-	-	-	-	-	-	-	-	-	-	-	-
42		Materials & Expenses	1.0	-	-	-	-	-	-	-	-	-	-	-	-
43		Total Transmission Expense		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

SOUTHWEST GAS CORPORATION
ARIZONA
CLASS COST OF SERVICE STUDY
TEST YEAR ENDING
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Line No.	Account No.	Description	Allocation Factor No.	Air-Conditioning Gas Service Demand	Air-Conditioning Gas Service Customer	Air-Conditioning Gas Service Commodity	CNG - Small Demand	CNG - Small Customer	CNG - Small Commodity	CNG - Large Demand	CNG - Large Customer	CNG - Large Commodity	CNG - Residential Demand	CNG - Residential Customer	CNG - Residential Commodity
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)
		Distribution Expenses													
1	870	Operation Supervision & Eng.													
2		Labor & Labor Loading	5.5	$ 431	$ 855	$ 2,592	$ 93	$ 121	$ 257	$ 864	$ 8,302	$ 2,680	$ 42	$ 515	$ 112
3		Materials & Expenses	5.5	67	134	406	15	19	40	135	1,299	419	7	81	18
4	871	Distribution Load Dispatching													
5		Labor & Labor Loading	3.0	-	-	1,611	-	-	160	-	-	1,666	-	-	70
6		Materials & Expenses	3.0	-	-	391	-	-	39	-	-	404	-	-	17
7	874	Mains & Svcs. Expense													
8		Labor & Labor Loading	4.4	805	1,146	0	174	96	0	1,613	1,173	0	79	353	0
9		Materials & Expenses	4.4	911	1,297	0	197	109	0	1,825	1,327	0	90	399	0
10	875	Meas. & Reg. Sta. Exp.-Gen.													
11		Labor & Labor Loading	3.0	-	-	5,955	-	-	591	-	-	6,157	-	-	258
12		Materials & Expenses	3.0	-	-	2,358	-	-	234	-	-	2,438	-	-	102
13	878	Meter & House Reg. Exp.													
14		Labor & Labor Loading	6.0	-	383	-	-	109	-	-	12,154	-	-	517	-
15		Materials & Expenses	6.0	-	58	-	-	17	-	-	1,835	-	-	78	-
16	879	Customer Installation Exp.													
17		Labor & Labor Loading	6.0	-	452	-	-	129	-	-	14,364	-	-	611	-
18		Materials & Expenses	6.0	-	69	-	-	20	-	-	2,187	-	-	93	-
19	880	Other Expenses													
20		Labor & Labor Loading	5.5	371	736	2,230	80	104	221	743	7,143	2,305	37	443	97
21		Materials & Expenses	5.5	251	498	1,510	54	70	150	504	4,838	1,562	25	300	66
22	881	Rents	5.5	117	232	702	25	33	70	234	2,248	726	12	140	30
23		Total Distribution-Operations		$ 2,954	$ 5,859	$ 17,754	$ 637	$ 826	$ 1,762	$ 5,919	$ 56,870	$ 18,356	$ 291	$ 3,530	$ 771
		Operation and Maintenance Expense													
		Distribution Expenses													
24	885	Maint. Supervision & Eng.													
25		Labor & Labor Loading	6.6	$ 309	$ 460	$ 547	$ 67	$ 40	$ 54	$ 620	$ 834	$ 565	$ 30	$ 151	$ 24
26		Materials & Expenses	6.6	33	49	59	7	4	6	67	90	61	3	16	3
27	886	Maint. of Structures & Imp.													
28		Labor & Labor Loading	1.0	8	-	-	2	-	-	17	-	-	1	-	-
29		Materials & Expenses	1.0	31	-	-	7	-	-	62	-	-	3	-	-
30	887	Maint. of Mains													
31		Labor & Labor Loading	2.2	1,839	194	0	397	114	0	3,685	140	0	181	570	0
32		Materials & Expenses	2.2	1,465	154	0	316	91	0	2,935	111	0	144	454	0
33	889	Maint. of Meas. & Reg. Sta-Gen													
34		Labor & Labor Loading	3.0	-	-	3,390	-	-	337	-	-	3,505	-	-	147
35		Materials & Expenses	3.0	-	-	2,516	-	-	250	-	-	2,601	-	-	109
36	892	Maint. of Services													
37		Labor & Labor Loading	3.3	0	2,906	-	0	127	-	0	3,044	-	0	282	-
38		Materials & Expenses	3.3	0	1,590	-	0	69	-	0	1,666	-	0	154	-
39	893	Maint of Meter & House Reg.													
40		Labor & Labor Loading	6.0	-	74	-	-	21	-	-	2,362	-	-	101	-
41		Materials & Expenses	6.0	-	53	-	-	15	-	-	1,689	-	-	72	-
42	894	Maint of Other Equip.													
43		Labor & Labor Loading	6.6	20	29	35	4	3	3	39	53	36	2	10	2
44		Materials & Expenses	6.6	6	9	10	1	1	1	12	16	11	1	3	0
45		Total Distribution-Maintenance		$ 3,711	$ 5,519	$ 6,556	$ 801	$ 485	$ 651	$ 7,436	$ 10,004	$ 6,778	$ 366	$ 1,813	$ 285
46		Total Distribution O & M		$ 6,664	$ 11,378	$ 24,310	$ 1,438	$ 1,312	$ 2,413	$ 13,354	$ 66,874	$ 25,134	$ 657	$ 5,343	$ 1,055

SOUTHWEST GAS CORPORATION
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Line No.	Account No.	Description	Allocation Factor No.	Air-Conditioning Gas Service Demand	Air-Conditioning Gas Service Customer	Air-Conditioning Gas Service Commodity	CNG - Small Demand	CNG - Small Customer	CNG - Small Commodity	CNG - Large Demand	CNG - Large Customer	CNG - Large Commodity	CNG - Residential Demand	CNG - Residential Customer	CNG - Residential Commodity
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)
		Customer Accounts Expenses													
1	901	Supervision													
2		Labor & Labor Loading	10.1	$ -	$ 860	$ -	$ -	$ 251	$ -	$ -	$ 409	$ -	$ -	$ 415	$ -
3		Materials & Expenses	10.1	-	53	-	-	15	-	-	25	-	-	25	-
4	902	Meter Reading Exp.													
5		Labor & Labor Loading	13.0	-	1,288	-	-	373	-	-	610	-	-	592	-
6		Materials & Expenses	13.0	-	323	-	-	93	-	-	153	-	-	148	-
7	903	Customer Records & Collections													
8		Labor & Labor Loading	13.0	-	3,560	-	-	1,030	-	-	1,686	-	-	1,636	-
9		Materials & Expenses	13.0	-	1,658	-	-	480	-	-	785	-	-	762	-
10	903	Customer Records & Collections - LCS													
11		Labor & Labor Loading - LCS	13.0	-	271	-	-	78	-	-	128	-	-	124	-
12		Materials & Expenses - LCS	13.0	-	12	-	-	3	-	-	6	-	-	6	-
13	904	Uncollectible Accounts Exp.	4.0	-	65	-	-	38	-	-	47	-	-	191	-
14	905	Misc. Customer Accounts Exp.													
15		Labor & Labor Loading	10.1	-	90	-	-	26	-	-	43	-	-	43	-
16		Materials & Expenses	10.1	-	5	-	-	1	-	-	2	-	-	2	-
17		Total Customer Accounts Expenses		$ -	$ 8,184	$ -	$ -	$ 2,391	$ -	$ -	$ 3,895	$ -	$ -	$ 3,944	$ -
		Customer Service & Info. Exp.													
18	908	Customer Assistance Exp.													
19		Labor & Labor Loading	13.0	$ -	$ 69	$ -	$ -	$ 20	$ -	$ -	$ 33	$ -	$ -	$ 32	$ -
20		Materials & Expenses	13.0	-	62	-	-	18	-	-	30	-	-	29	-
21	909	Info. & Instructional Exp.													
22		Labor & Labor Loading	13.0	-	-	-	-	-	-	-	-	-	-	-	-
23		Materials & Expenses	13.0	-	-	-	-	-	-	-	-	-	-	-	-
24	910	Misc. C.S. & I. Expense													
25		Labor & Labor Loading	13.0	-	0	-	-	0	-	-	0	-	-	0	-
26		Materials & Expenses	13.0	-	6	-	-	2	-	-	3	-	-	3	-
27		Total Customer Service & Info. Exp.		$ -	$ 138	$ -	$ -	$ 40	$ -	$ -	$ 65	$ -	$ -	$ 63	$ -
		Sales Expense													
28	911	Supervision													
29		Labor & Labor Loading	4.0	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
30		Materials & Expenses	4.0	-	-	-	-	-	-	-	-	-	-	-	-
31	912	Demonstrating & Selling Exp.													
32		Labor & Labor Loading	4.0	-	-	-	-	-	-	-	-	-	-	-	-
33		Materials & Expenses	4.0	-	-	-	-	-	-	-	-	-	-	-	-
34	913	Advertising Expense													
35		Labor & Labor Loading	4.0	-	-	-	-	-	-	-	-	-	-	-	-
36		Materials & Expenses	4.0	-	-	-	-	-	-	-	-	-	-	-	-
37		Total Sales Expense		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
38		Total O & M Expense		$ 6,664	$ 19,700	$ 26,555	$ 1,438	$ 3,743	$ 2,636	$ 13,354	$ 70,834	$ 27,455	$ 657	$ 9,351	$ 1,153
39		Allocation Percentage	Total O&M	0.01%	0.02%	0.02%	0.00%	0.00%	0.00%	0.01%	0.06%	0.02%	0.00%	0.01%	0.00%
		Other Operating Deductions													
40		Administrative & General Expense	Total O&M	3,071	9,079	12,238	663	1,725	1,215	6,155	32,646	12,653	303	4,309	531
41		Interest on Customer Deposits	8.0	-	-	-	-	-	-	-	-	-	-	-	-
42		Taxes Other Than Income	1.1	4,357	6,464	2,821	940	600	280	8,731	15,375	2,916	429	2,286	122
43		Total Allocated Operating Deductions		$ 14,093	$ 35,243	$ 41,614	$ 3,040	$ 6,068	$ 4,131	$ 28,239	$ 118,855	$ 43,025	$ 1,389	$ 15,946	$ 1,806
		Tax Adjustments													
44		Interest Expense	1.1	5,277	7,829	3,417	1,138	727	339	10,575	18,622	3,532	520	2,769	148
45		State South Georgia	1.1	10	15	6	2	1	1	20	35	7	1	5	0
46		Investment Tax Credit	1.1	(69)	(102)	(45)	(15)	(9)	(4)	(138)	(243)	(46)	(7)	(36)	(2)
47		Federal South Georgia	1.1	38	56	24	8	5	2	75	132	25	4	20	1

SOUTHWEST GAS CORPORATION
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Line No.	Account No.	Description	Allocation Factor No.	Air-Conditioning Gas Service Demand	Air-Conditioning Gas Service Customer	Air-Conditioning Gas Service Commodity	CNG - Small Demand	CNG - Small Customer	CNG - Small Commodity	CNG - Large Demand	CNG - Large Customer	CNG - Large Commodity	CNG - Residential Demand	CNG - Residential Customer	CNG - Residential Commodity
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)
		Summary of Allocated Cost of Service													
		Rate Base													
1		Direct Net Plant		$ 136,922	$ 203,131	$ 88,646	$ 29,539	$ 18,859	$ 8,800	$ 274,369	$ 483,166	$ 91,652	$ 13,493	$ 71,845	$ 3,848
2		Systems Allocable Net Plant		5,286	7,842	3,422	1,140	728	340	10,592	18,653	3,538	521	2,774	149
3		Cash Working Capital	1.1	(649)	(1,917)	(2,584)	(140)	(364)	(257)	(1,300)	(6,894)	(2,672)	(64)	(910)	(112)
4		Materials & Supplies	1.1	1,201	1,782	778	259	165	77	2,407	4,238	804	118	630	34
5		Prepayments	1.1	357	530	231	77	49	23	715	1,260	239	35	187	10
6		Gas Plant Acquisition Adjustment	1.1	-	-	-	-	-	-	-	-	-	-	-	-
7		Customer Deposits	8.0	-	-	-	-	-	-	-	-	-	-	-	-
8		Customer Advances	8.0	-	-	-	-	-	-	-	-	-	-	-	-
9		Deferred Taxes	1.1	(17,802)	(26,410)	(11,525)	(3,840)	(2,452)	(1,144)	(35,671)	(62,818)	(11,916)	(1,754)	(9,341)	(500)
10		Deferred Gain Hdqtrs Bldg	7.0	-	-	-	-	-	-	-	-	-	-	-	-
11		Total Rate Base		$ 125,316	$ 184,958	$ 78,968	$ 27,035	$ 16,985	$ 7,839	$ 251,113	$ 437,606	$ 81,645	$ 12,350	$ 65,185	$ 3,428
12		Net Operating Margin	Direct	$ 139,816	$ 27,400	$ -	$ 24,257	$ 5,280	$ -	$ 252,636	$ 55,080	$ -	$ 10,607	$ 10,560	$ -
13		Special Contract & Optional Margin	Net Op. Marg.	$ 3,488	$ 684	$ -	$ 605	$ 132	$ -	$ 6,303	$ 1,374	$ -	$ 265	$ 263	$ -
14		Late Charges	Direct	$ 636	$ 125	$ -	$ 110	$ 24	$ -	$ 1,149	$ 250	$ -	$ 48	$ 48	$ -
15		Service Establishment Charges	Direct	$ 3,186	$ 624	$ -	$ 553	$ 120	$ -	$ 5,756	$ 1,255	$ -	$ 242	$ 241	$ -
16		Reconnect / Reread Charges	Direct	$ 251	$ 49	$ -	$ 44	$ 9	$ -	$ 454	$ 99	$ -	$ 19	$ 19	$ -
17		Other Revenue - Labor	Direct	$ 1	$ 0	$ -	$ 0	$ 0	$ -	$ 1	$ 0	$ -	$ 0	$ 0	$ -
18		Other Revenue - Parts & Material	Direct	$ 3	$ 1	$ -	$ 0	$ 0	$ -	$ 5	$ 1	$ -	$ 0	$ 0	$ -
19		Other Revenue - Field Collection Fee	Direct	$ 178	$ 35	$ -	$ 31	$ 7	$ -	$ 322	$ 70	$ -	$ 14	$ 13	$ -
20		Other Revenue - Returned Item Fee	Direct	$ 62	$ 12	$ -	$ 11	$ 2	$ -	$ 112	$ 24	$ -	$ 5	$ 5	$ -
21		Other Revenue - Rental Income	Direct	$ 352	$ 69	$ -	$ 61	$ 13	$ -	$ 635	$ 139	$ -	$ 27	$ 27	$ -
22		Total Revenue		147,972	28,998	-	25,672	5,588	-	267,373	58,293	-	11,226	11,176	-
23		O & M		(6,664)	(19,700)	(26,555)	(1,438)	(3,743)	(2,636)	(13,354)	(70,834)	(27,455)	(657)	(9,351)	(1,153)
24		A & G	Total O&M	(3,071)	(9,079)	(12,238)	(663)	(1,725)	(1,215)	(6,155)	(32,646)	(12,653)	(303)	(4,309)	(531)
25		Depreciation Expense		(9,891)	(14,674)	(6,404)	(2,134)	(1,362)	(636)	(19,820)	(34,903)	(6,621)	(975)	(5,190)	(278)
26		Interest on Customer Deposits	8.0	-	-	-	-	-	-	-	-	-	-	-	-
27		Taxes other than Income	1.1	(4,357)	(6,464)	(2,821)	(940)	(600)	(280)	(8,731)	(15,375)	(2,916)	(429)	(2,286)	(122)
		State Income Tax													
28		Taxable Income before Interest Exp.		$ 123,988	$(20,919)	$(48,017)	$ 20,498	$(1,843)	$(4,767)	$ 219,313	$(95,465)	$(49,645)	$ 8,862	$(9,960)	$(2,084)
29		Interest Expense	1.1	(5,277)	(7,829)	(3,417)	(1,138)	(727)	(339)	(10,575)	(18,622)	(3,532)	(520)	(2,769)	(148)
30		State Taxable Income		$ 118,711	$(28,748)	$(51,434)	$ 19,359	$(2,569)	$(5,106)	$ 208,739	$(114,087)	$(53,178)	$ 8,342	$(12,729)	$(2,233)
31		State Income Tax		8,272	(2,003)	(3,584)	1,349	(179)	(356)	14,545	(7,950)	(3,705)	581	(887)	(156)
32		South Georgia	1.1	10	15	6	2	1	1	20	35	7	1	5	0
33		State Income Tax		8,282	(1,988)	(3,577)	1,351	(178)	(355)	14,565	(7,914)	(3,699)	582	(882)	(155)
		Federal Income Tax													
34		Taxable Income before Interest Exp.		123,988	(20,919)	(48,017)	20,498	(1,843)	(4,767)	219,313	(95,465)	(49,645)	8,862	(9,960)	(2,084)
35		Interest Expense	1.1	(5,277)	(7,829)	(3,417)	(1,138)	(727)	(339)	(10,575)	(18,622)	(3,532)	(520)	(2,769)	(148)
36		Federal Taxable Income		118,711	(28,748)	(51,434)	19,359	(2,569)	(5,106)	208,739	(114,087)	(53,178)	8,342	(12,729)	(2,233)
37		Federal Income Tax		$ 38,654	$(9,361)	$(16,748)	$ 6,304	$(837)	$(1,663)	$ 67,968	$(37,148)	$(17,315)	$ 2,716	$(4,145)	$(727)
38		I T C	1.1	(69)	(102)	(45)	(15)	(9)	(4)	(138)	(243)	(46)	(7)	(36)	(2)
39		South Georgia	1.1	38	56	24	8	5	2	75	132	25	4	20	1
40		Total Federal Income Tax		$ 38,622	$(9,407)	$(16,768)	$ 6,297	$(841)	$(1,665)	$ 67,905	$(37,258)	$(17,336)	$ 2,713	$(4,161)	$(728)
41		Regulatory Amortization	1.1	-	-	-	-	-	-	-	-	-	-	-	-
42		Net Income		$ 77,084	$(9,524)	$(27,672)	$ 12,850	$(824)	$(2,747)	$ 136,843	$(50,292)	$(28,610)	$ 5,567	$(4,917)	$(1,201)
43		Rate of Return on Rate Base		61.51%	(5.15%)	(35.04%)	47.53%	(4.85%)	(35.04%)	54.49%	(11.49%)	(35.04%)	45.08%	(7.54%)	(35.04%)
44		Rate of Return by Class Total			10.25%			17.89%			7.52%			(0.68%)	

SCHEDULE G-4B
SHEET 15 of 20

SOUTHWEST GAS CORPORATION
ARIZONA
CLASS COST OF SERVICE STUDY
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Line No.	Account No.	Description	Allocation Factor No.	Electric Generation Gas Service			Small Essential Agr. User Gas Service			Natural Gas Engine Gas Service			Street Lighting Gas Service		
				Demand	Customer	Commodity	Demand	Customer	Commodity	Demand	Customer	Commodity	Demand	Customer	Commodity
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)
		Direct Depreciation Expense													
1	301-303	Intangible	Intang. Plant	$ 482	$ 42	$ 145	$ 297	$ 45	$ 28	$ 160	$ 1,303	$ 205	$ 4	$ 5	$ 1
2	325.5-336	Production Plant	Prod. Plant	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
3	366.1-371	Transmission	Trans. Plant	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
4	374.1-387	Distribution	Dist. Plant	$ 143,103	$ 12,397	$ 42,967	$ 88,249	$ 13,471	$ 8,432	$ 47,528	$ 386,981	$ 60,899	$ 1,088	$ 1,337	$ 286
5	389-398	General	1.1	$ 11,063	$ 958	$ 3,322	$ 6,822	$ 1,041	$ 652	$ 3,674	$ 29,916	$ 4,708	$ 84	$ 103	$ 22
6		Total Direct Dep. Exp.		$ 154,648	$ 13,397	$ 46,433	$ 95,369	$ 14,557	$ 9,112	$ 51,362	$ 418,201	$ 65,812	$ 1,176	$ 1,445	$ 309
		Systems Allocable Depreciation Expense													
7	301-303	Intangible	Intang. Plant	$ 10,759	$ 932	$ 3,230	$ 6,635	$ 1,013	$ 634	$ 3,573	$ 29,095	$ 4,579	$ 82	$ 101	$ 21
8	389-398	General	1.1	$ 5,448	$ 472	$ 1,636	$ 3,360	$ 513	$ 321	$ 1,809	$ 14,732	$ 2,318	$ 41	$ 51	$ 11
		System Allocable Amortization													
9		Miscellaneous Intangible	1.1	-	-	-	-	-	-	-	-	-	-	-	-
10		Structures-Leasehold Improvements	1.1	-	-	-	-	-	-	-	-	-	-	-	-
11		Total System Allocable Amortization		-	-	-	-	-	-	-	-	-	-	-	-
12		Total System Alloc Dep. Exp. & Amortization		16,207	1,404	4,866	9,995	1,526	955	5,383	43,827	6,897	123	151	32
13		Total Depreciation Expense		170,855	14,801	51,299	105,363	16,083	10,067	56,745	462,028	72,709	1,299	1,597	341
14		Amortization-Limited Term Gas Plant	1.1	-	-	-	-	-	-	-	-	-	-	-	-
15		Amortization-Gas Plant Acquisition	1.1	(122)	(11)	(37)	(75)	(11)	(7)	(40)	(329)	(52)	(1)	(1)	(0)
16		Amortization of PBOP Costs	1.1	775	67	233	478	73	46	257	2,095	330	6	7	2
17		Amortization of Service Investigation	7.0	-	-	-	-	-	-	-	-	-	-	-	-
18		Amortization of TRIMP Costs	1.1	2,715	235	815	1,675	256	160	902	7,343	1,156	21	25	5
19		Amortization of SOX Implementation	1.1	63	5	19	39	6	4	21	170	27	0	1	0
20		Total Depreciation & Amortization Expense		$ 174,286	$ 15,098	$ 52,329	$ 107,479	$ 16,406	$ 10,269	$ 57,885	$ 471,306	$ 74,169	$ 1,325	$ 1,629	$ 348

SOUTHWEST GAS CORPORATION
ARIZONA
CLASS COST OF SERVICE STUDY
TEST YEAR ENDING
AUGUST 31, 2004

Line No.	Account No.	Description	Allocation Factor No.	Electric Generation Gas Service			Small Essential Agr. User Gas Service			Natural Gas Engine Gas Service			Street Lighting Gas Service		
				Demand	Customer	Commodity	Demand	Customer	Commodity	Demand	Customer	Commodity	Demand	Customer	Commodity
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)
		Operation and Maintenance Expense													
		Gas Supply Expense													
1	800	Natural Gas Wellhead Purchases	3.0	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
2	803	Natural Gas Transmission Line Purch	3.0	-	-	-	-	-	-	-	-	-	-	-	-
3	805	Purchased Gas Cost Adj.	3.0	-	-	-	-	-	-	-	-	-	-	-	-
4	810	Gas Used for Compressor Sta. Fuel--	3.0	-	-	-	-	-	-	-	-	-	-	-	-
5	813	Other Gas Supply Expense	3.0	-	-	-	-	-	-	-	-	-	-	-	-
6		Labor & Labor Loading	3.0	-	-	16,926	-	-	3,321	-	-	23,990	-	-	113
7		Materials & Expenses	3.0	-	-	1,417	-	-	278	-	-	2,009	-	-	9
8		Total Gas Supply Expense		$ -	$ -	$ 18,343	$ -	$ -	$ 3,600	$ -	$ -	$ 25,998	$ -	$ -	$ 122
		Transmission Expenses													
9	850	Operation Supervision & Engin.													
10		Labor & Labor Loading	5.0	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
11		Materials & Expenses	5.0	-	-	-	-	-	-	-	-	-	-	-	-
12	851	System Control & Load Dispatch													
13		Labor & Labor Loading	3.0	-	-	-	-	-	-	-	-	-	-	-	-
14		Materials & Expenses	3.0	-	-	-	-	-	-	-	-	-	-	-	-
15	852	Communication System Exp.													
16		Labor & Labor Loading	1.0	-	-	-	-	-	-	-	-	-	-	-	-
17		Materials & Expenses	1.0	-	-	-	-	-	-	-	-	-	-	-	-
18	853	Compressor Station													
19		Labor & Labor Loading	1.0	-	-	-	-	-	-	-	-	-	-	-	-
20		Materials & Expenses	1.0	-	-	-	-	-	-	-	-	-	-	-	-
21	854	Gas for Compressor Station Fuel	3.0	-	-	-	-	-	-	-	-	-	-	-	-
22	856	Mains Expense													
23		Labor & Labor Loading	6.0	-	-	-	-	-	-	-	-	-	-	-	-
24		Materials & Expenses	6.0	-	-	-	-	-	-	-	-	-	-	-	-
25	857	Meas. & Res. Sta. Exp.													
26		Labor & Labor Loading	1.0	-	-	-	-	-	-	-	-	-	-	-	-
27		Materials & Expenses	1.0	-	-	-	-	-	-	-	-	-	-	-	-
28	858	Trans. & comp. of Gas by Others	3.0	-	-	-	-	-	-	-	-	-	-	-	-
29	860	Rents	1.0	-	-	-	-	-	-	-	-	-	-	-	-
30	861	Maint. Supervision & Eng.													
31		Labor & Labor Loading	7.0	-	-	-	-	-	-	-	-	-	-	-	-
32		Materials & Expenses	7.0	-	-	-	-	-	-	-	-	-	-	-	-
33	862	Maint. of Struct. & Imp.	1.0	-	-	-	-	-	-	-	-	-	-	-	-
34	863	Maint. of Mains													
35		Labor & Labor Loading	6.0	-	-	-	-	-	-	-	-	-	-	-	-
36		Materials & Expenses	6.0	-	-	-	-	-	-	-	-	-	-	-	-
37	864	Maint. of Comp. Sta. Equip.													
38		Labor & Labor Loading	3.0	-	-	-	-	-	-	-	-	-	-	-	-
39		Materials & Expenses	3.0	-	-	-	-	-	-	-	-	-	-	-	-
40	865	Maint. of Meas. & Reg. Sta. Equip.													
41		Labor & Labor Loading	1.0	-	-	-	-	-	-	-	-	-	-	-	-
42		Materials & Expenses	1.0	-	-	-	-	-	-	-	-	-	-	-	-
43		Total Transmission Expense		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

SOUTHWEST GAS CORPORATION
ARIZONA
CLASS COST OF SERVICE STUDY
TEST YEAR ENDING
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Line No.	Account No.	Description	Allocation Factor No.	Electric Generation Gas Service Demand	Electric Generation Gas Service Customer	Electric Generation Gas Service Commodity	Small Essential Agr. User Gas Service Demand	Small Essential Agr. User Gas Service Customer	Small Essential Agr. User Gas Service Commodity	Natural Gas Engine Gas Service Demand	Natural Gas Engine Gas Service Customer	Natural Gas Engine Gas Service Commodity	Street Lighting Gas Service Demand	Street Lighting Gas Service Customer	Street Lighting Gas Service Commodity
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)
		Distribution Expenses													
1	870	Operation Supervision & Eng.													
2		Labor & Labor Loading	5.5	$ 7,597	$ 2,229	$ 21,179	$ 4,685	$ 2,766	$ 4,156	$ 2,523	$ 116,005	$ 30,018	$ 58	$ 71	$ 141
3		Materials & Expenses	5.5	1,189	349	3,314	733	433	650	395	18,154	4,698	9	11	22
4	871	Distribution Load Dispatching													
5		Labor & Labor Loading	3.0	-	-	13,166	-	-	2,584	-	-	18,661	-	-	88
6		Materials & Expenses	3.0	-	-	3,194	-	-	627	-	-	4,527	-	-	21
7	874	Mains & Svcs. Expense													
8		Labor & Labor Loading	4.4	14,187	845	0	8,749	833	0	4,712	14,874	0	108	133	0
9		Materials & Expenses	4.4	16,050	956	0	9,898	942	0	5,331	16,827	0	122	151	0
10	875	Meas. & Reg. Sta. Exp.-Gen.													
11		Labor & Labor Loading	3.0	-	-	48,660	-	-	9,549	-	-	68,969	-	-	324
12		Materials & Expenses	3.0	-	-	19,268	-	-	3,781	-	-	27,310	-	-	128
13	878	Meter & House Reg. Exp.													
14		Labor & Labor Loading	6.0	-	2,813	-	-	3,675	-	-	171,119	-	-	-	-
15		Materials & Expenses	6.0	-	425	-	-	555	-	-	25,834	-	-	-	-
16	879	Customer Installation Exp.													
17		Labor & Labor Loading	6.0	-	3,325	-	-	4,343	-	-	202,234	-	-	-	-
18		Materials & Expenses	6.0	-	506	-	-	661	-	-	30,795	-	-	-	-
19	880	Other Expenses													
20		Labor & Labor Loading	5.5	6,537	1,918	18,222	4,031	2,380	3,576	2,171	99,810	25,827	50	61	121
21		Materials & Expenses	5.5	4,428	1,299	12,343	2,730	1,612	2,422	1,471	67,606	17,494	34	42	82
22	881	Rents	5.5	2,057	603	5,734	1,269	749	1,125	683	31,409	8,128	16	19	38
23		Total Distribution-Operations		$ 52,044	$ 15,269	$ 145,080	$ 32,095	$ 18,950	$ 28,470	$ 17,285	$ 794,667	$ 205,631	$ 396	$ 488	$ 966
		Operation and Maintenance Expense													
		Distribution Expenses													
24	885	Maint. Supervision & Eng.													
25		Labor & Labor Loading	6.6	$ 5,452	$ 417	$ 4,467	$ 3,362	$ 439	$ 877	$ 1,811	$ 11,094	$ 6,331	$ 41	$ 51	$ 30
26		Materials & Expenses	6.6	585	45	479	361	47	94	194	1,191	680	4	6	3
27	886	Maint. of Structures & Imp.													
28		Labor & Labor Loading	1.0	146	-	-	90	-	-	49	-	-	1	-	-
29		Materials & Expenses	1.0	542	-	-	334	-	-	180	-	-	4	-	-
30	887	Maint. of Mains													
31		Labor & Labor Loading	2.2	32,402	119	0	19,982	188	0	10,761	3,128	0	246	150	0
32		Materials & Expenses	2.2	25,810	95	0	15,916	150	0	8,572	2,492	0	196	120	0
33	889	Maint. of Meas. & Reg. Sta-Gen													
34		Labor & Labor Loading	3.0	-	-	27,701	-	-	5,436	-	-	39,263	-	-	184
35		Materials & Expenses	3.0	-	-	20,560	-	-	4,035	-	-	29,140	-	-	137
36	892	Maint. of Services													
37		Labor & Labor Loading	3.3	0	2,171	-	0	2,055	-	0	36,972	-	0	184	-
38		Materials & Expenses	3.3	0	1,188	-	0	1,125	-	0	20,229	-	0	101	-
39	893	Maint of Meter & House Reg.													
40		Labor & Labor Loading	6.0	-	547	-	-	714	-	-	33,262	-	-	-	-
41		Materials & Expenses	6.0	-	391	-	-	511	-	-	23,775	-	-	-	-
42	894	Maint of Other Equip.													
43		Labor & Labor Loading	6.6	345	26	283	213	28	55	115	702	401	3	3	2
44		Materials & Expenses	6.6	102	8	83	63	8	16	34	207	118	1	1	1
45		Total Distribution-Maintenance		$ 65,383	$ 5,007	$ 53,574	$ 40,321	$ 5,264	$ 10,513	$ 21,715	$ 133,052	$ 75,933	$ 497	$ 616	$ 357
46		Total Distribution O & M		$ 117,428	$ 20,275	$ 198,654	$ 72,416	$ 24,214	$ 38,983	$ 39,001	$ 927,719	$ 281,564	$ 893	$ 1,104	$ 1,322

SOUTHWEST GAS CORPORATION
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Line No.	Account No.	Description	Allocation Factor No.	Electric Generation Gas Service Demand	Electric Generation Gas Service Customer	Electric Generation Gas Service Commodity	Small Essential Agr. User Gas Service Demand	Small Essential Agr. User Gas Service Customer	Small Essential Agr. User Gas Service Commodity	Natural Gas Engine Gas Service Demand	Natural Gas Engine Gas Service Customer	Natural Gas Engine Gas Service Commodity	Street Lighting Gas Service Demand	Street Lighting Gas Service Customer	Street Lighting Gas Service Commodity
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)
		Customer Accounts Expenses													
1	901	Supervision													
2		Labor & Labor Loading	10.1	$ -	$ 349	$ -	$ -	$ 2,027	$ -	$ -	$ 17,065	$ -	$ -	$ 1,865	$ -
3		Materials & Expenses	10.1	-	21	-	-	124	-	-	1,042	-	-	114	
4	902	Meter Reading Exp.													
5		Labor & Labor Loading	13.0	-	520	-	-	3,052	-	-	25,600	-	-	2,809	
6		Materials & Expenses	13.0	-	130	-	-	765	-	-	6,416	-	-	704	
7	903	Customer Records & Collections													
8		Labor & Labor Loading	13.0	-	1,436	-	-	8,431	-	-	70,725	-	-	7,762	
9		Materials & Expenses	13.0	-	669	-	-	3,927	-	-	32,944	-	-	3,615	
10	903	Customer Records & Collections - LCS													
11		Labor & Labor Loading - LCS	13.0	-	109	-	-	641	-	-	5,375	-	-	590	
12		Materials & Expenses - LCS	13.0	-	5	-	-	29	-	-	239	-	-	26	
13	904	Uncollectible Accounts Exp.	4.0	-	40	-	-	63	-	-	1,048	-	-	50	
14	905	Misc. Customer Accounts Exp.													
15		Labor & Labor Loading	10.1	-	36	-	-	211	-	-	1,780	-	-	195	
16		Materials & Expenses	10.1	-	2	-	-	12	-	-	101	-	-	11	
17		Total Customer Accounts Expenses		$ -	$ 3,318	$ -	$ -	$ 19,280	$ -	$ -	$ 162,335	$ -	$ -	$ 17,742	$ -
		Customer Service & Info. Exp.													
18	908	Customer Assistance Exp.													
19		Labor & Labor Loading	13.0	$ -	$ 28	$ -	$ -	$ 164	$ -	$ -	$ 1,374	$ -	$ -	$ 151	$ -
20		Materials & Expenses	13.0	-	25	-	-	148	-	-	1,240	-	-	136	
21	909	Info. & Instructional Exp.													
22		Labor & Labor Loading	13.0	-	-	-	-	-	-	-	-	-	-	-	
23		Materials & Expenses	13.0	-	-	-	-	-	-	-	-	-	-	-	
24	910	Misc. C.S. & I. Expense													
25		Labor & Labor Loading	13.0	-	0	-	-	0	-	-	4	-	-	0	
26		Materials & Expenses	13.0	-	2	-	-	14	-	-	119	-	-	13	
27		Total Customer Service & Info. Exp.		$ -	$ 56	$ -	$ -	$ 326	$ -	$ -	$ 2,737	$ -	$ -	$ 300	$ -
		Sales Expense													
28	911	Supervision													
29		Labor & Labor Loading	4.0	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
30		Materials & Expenses	4.0	-	-	-	-	-	-	-	-	-	-	-	
31	912	Demonstrating & Selling Exp.													
32		Labor & Labor Loading	4.0	-	-	-	-	-	-	-	-	-	-	-	
33		Materials & Expenses	4.0	-	-	-	-	-	-	-	-	-	-	-	
34	913	Advertising Expense													
35		Labor & Labor Loading	4.0	-	-	-	-	-	-	-	-	-	-	-	
36		Materials & Expenses	4.0	-	-	-	-	-	-	-	-	-	-	-	
37		Total Sales Expense		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
38		Total O & M Expense		$ 117,428	$ 23,649	$ 216,997	$ 72,416	$ 43,821	$ 42,583	$ 39,001	$ 1,092,790	$ 307,562	$ 893	$ 19,146	$ 1,444
39		Allocation Percentage	Total O&M	0.10%	0.02%	0.19%	0.06%	0.04%	0.04%	0.03%	0.96%	0.27%	0.00%	0.02%	0.00%
		Other Operating Deductions													
40		Administrative & General Expense	Total O&M	54,120	10,899	100,009	33,375	20,196	19,825	17,974	503,641	141,748	412	8,824	666
41		Interest on Customer Deposits	8.0	-	-	-	-	-	-	-	-	-	-	-	
42		Taxes Other Than Income	1.1	76,771	6,650	23,050	47,344	7,227	4,523	25,498	207,606	32,671	584	717	153
43		Total Allocated Operating Deductions		$ 248,319	$ 41,199	$ 340,056	$ 153,134	$ 71,244	$ 66,732	$ 82,473	$ 1,804,038	$ 481,982	$ 1,888	$ 28,688	$ 2,263
		Tax Adjustments													
44		Interest Expense	1.1	92,987	8,055	27,919	57,343	8,753	5,479	30,883	251,457	39,572	707	869	186
45		State South Georgia	1.1	177	15	53	109	17	10	59	478	75	1	2	0
46		Investment Tax Credit	1.1	(1,212)	(105)	(364)	(748)	(114)	(71)	(403)	(3,279)	(516)	(9)	(11)	(2)
47		Federal South Georgia	1.1	661	57	199	408	62	39	220	1,789	281	5	6	1

SOUTHWEST GAS CORPORATION
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Line No.	Account No.	Description	Allocation Factor No.	Electric Generation Gas Service Demand	Electric Generation Gas Service Customer	Electric Generation Gas Service Commodity	Small Essential Agr. User Gas Service Demand	Small Essential Agr. User Gas Service Customer	Small Essential Agr. User Gas Service Commodity	Natural Gas Engine Gas Service Demand	Natural Gas Engine Gas Service Customer	Natural Gas Engine Gas Service Commodity	Street Lighting Gas Service Demand	Street Lighting Gas Service Customer	Street Lighting Gas Service Commodity
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)
		Summary of Allocated Cost of Service													
		Rate Base													
1		Direct Net Plant		$ 2,412,641	$ 209,001	$ 724,393	$ 1,487,835	$ 227,107	$ 142,153	$ 801,298	$ 6,524,304	$ 1,026,726	$ 18,348	$ 22,546	$ 4,821
2		Systems Allocable Net Plant		93,143	8,069	27,966	57,440	8,768	5,488	30,935	251,878	39,638	708	870	186
3		Cash Working Capital	1.1	(11,428)	(2,302)	(21,118)	(7,048)	(4,265)	(4,144)	(3,796)	(106,351)	(29,932)	(87)	(1,863)	(141)
4		Materials & Supplies	1.1	21,163	1,833	6,354	13,051	1,992	1,247	7,029	57,230	9,006	161	198	42
5		Prepayments	1.1	6,289	545	1,888	3,879	592	371	2,089	17,008	2,677	48	59	13
6		Gas Plant Acquisition Adjustment	1.1	-	-	-	-	-	-	-	-	-	-	-	
7		Customer Deposits	8.0	-	-	-	-	-	-	-	-	-	-	-	
8		Customer Advances	8.0	-	-	-	-	-	-	-	-	-	-	-	
9		Deferred Taxes	1.1	(313,673)	(27,173)	(94,180)	(193,437)	(29,527)	(18,482)	(104,179)	(848,239)	(133,487)	(2,386)	(2,931)	(627)
10		Deferred Gain Hdqtrs Bldg	7.0	-	-	-	-	-	-	-	-	-	-	-	
11		Total Rate Base		$ 2,208,135	$ 189,973	$ 645,304	$ 1,361,720	$ 204,667	$ 126,633	$ 733,377	$ 5,895,829	$ 914,627	$ 16,793	$ 18,879	$ 4,295
12		Net Operating Margin	Direct	$ 1,340,792	$ 64,560	$ -	$ 573,347	$ 32,625	$ -	$ 3,443,622	$ 289,800	$ -	$ 47,592	$ -	$ -
13		Special Contract & Optional Margin	Net Op. Marg.	$ 33,452	$ 1,611	$ -	$ 14,305	$ 814	$ -	$ 85,917	$ 7,230	$ -	$ 1,187	$ -	$ -
14		Late Charges	Direct	$ 6,096	$ 294	$ -	$ 2,607	$ 148	$ -	$ 15,656	$ 1,318	$ -	$ 216	$ -	$ -
15		Service Establishment Charges	Direct	$ 30,548	$ 1,471	$ -	$ 13,063	$ 743	$ -	$ 78,458	$ 6,603	$ -	$ 1,084	$ -	$ -
16		Reconnect / Reread Charges	Direct	$ 2,407	$ 116	$ -	$ 1,029	$ 59	$ -	$ 6,182	$ 520	$ -	$ 85	$ -	$ -
17		Other Revenue - Labor	Direct	$ 7	$ 0	$ -	$ 3	$ 0	$ -	$ 19	$ 2	$ -	$ 0	$ -	$ -
18		Other Revenue - Parts & Material	Direct	$ 25	$ 1	$ -	$ 11	$ 1	$ -	$ 65	$ 5	$ -	$ 1	$ -	$ -
19		Other Revenue - Field Collection Fee	Direct	$ 1,708	$ 82	$ -	$ 730	$ 42	$ -	$ 4,386	$ 369	$ -	$ 61	$ -	$ -
20		Other Revenue - Returned Item Fee	Direct	$ 595	$ 29	$ -	$ 255	$ 14	$ -	$ 1,529	$ 129	$ -	$ 21	$ -	$ -
21		Other Revenue - Rental Income	Direct	$ 3,372	$ 162	$ -	$ 1,442	$ 82	$ -	$ 8,660	$ 729	$ -	$ 120	$ -	$ -
22		Total Revenue		1,419,003	68,326	-	606,791	34,528	-	3,644,495	306,705	-	50,368	-	
23		O & M		(117,428)	(23,649)	(216,997)	(72,416)	(43,821)	(42,583)	(39,001)	(1,092,790)	(307,562)	(893)	(19,146)	(1,444)
24		A & G	Total O&M	(54,120)	(10,899)	(100,009)	(33,375)	(20,196)	(19,625)	(17,974)	(503,641)	(141,748)	(412)	(8,824)	(666)
25		Depreciation Expense		(174,286)	(15,098)	(52,329)	(107,479)	(16,406)	(10,269)	(57,885)	(471,306)	(74,169)	(1,325)	(1,629)	(348)
26		Interest on Customer Deposits	8.0	-	-	-	-	-	-	-	-	-	-	-	
27		Taxes other than Income	1.1	(76,771)	(6,650)	(23,050)	(47,344)	(7,227)	(4,523)	(25,498)	(207,606)	(32,671)	(584)	(717)	(153)
		State Income Tax													
28		Taxable Income before Interest Exp.		$ 996,399	$ 12,029	$(392,385)	$ 346,178	$(53,121)	$(77,000)	$ 3,504,137	$(1,968,639)	$(556,151)	$ 47,154	$(30,317)	$(2,611)
29		Interest Expense	1.1	(92,987)	(8,055)	(27,919)	(57,343)	(8,753)	(5,479)	(30,883)	(251,457)	(39,572)	(707)	(869)	(186)
30		State Taxable Income		$ 903,412	$ 3,974	$(420,304)	$ 288,835	$(61,874)	$(82,479)	$ 3,473,254	$(2,220,096)	$(595,722)	$ 46,447	$(31,185)	$(2,797)
31		State Income Tax		62,950	277	(29,287)	20,126	(4,311)	(5,747)	242,016	(154,696)	(41,510)	3,236	(2,173)	(195)
32		South Georgia	1.1	177	15	53	109	17	10	59	478	75	1	2	0
33		State Income Tax		63,126	292	(29,234)	20,235	(4,295)	(5,737)	242,075	(154,218)	(41,435)	3,238	(2,171)	(195)
		Federal Income Tax													
34		Taxable Income before Interest Exp.		996,399	12,029	(392,385)	346,178	(53,121)	(77,000)	3,504,137	(1,968,639)	(556,151)	47,154	(30,317)	(2,611)
35		Interest Expense	1.1	(92,987)	(8,055)	(27,919)	(57,343)	(8,753)	(5,479)	(30,883)	(251,457)	(39,572)	(707)	(869)	(186)
36		Federal Taxable Income		903,412	3,974	(420,304)	288,835	(61,874)	(82,479)	3,473,254	(2,220,096)	(595,722)	46,447	(31,185)	(2,797)
37		Federal Income Tax		$ 294,162	$ 1,294	$(136,856)	$ 94,048	$(20,147)	$(26,856)	$ 1,130,933	$(722,890)	$(193,974)	$ 15,124	$(10,154)	$(911)
38		I T C	1.1	(1,212)	(105)	(364)	(748)	(114)	(71)	(403)	(3,279)	(516)	(9)	(11)	(2)
39		South Georgia	1.1	661	57	199	408	62	39	220	1,789	281	5	6	1
40		Total Federal Income Tax		$ 293,611	$ 1,246	$(137,022)	$ 93,708	$(20,199)	$(26,889)	$ 1,130,750	$(724,380)	$(194,209)	$ 15,120	$(10,160)	$(912)
41		Regulatory Amortization	1.1	-	-	-	-	-	-	-	-	-	-	-	
42		Net Income		$ 639,661	$ 10,491	$(226,130)	$ 232,235	$(28,628)	$(44,375)	$ 2,131,312	$(1,090,041)	$(320,507)	$ 28,797	$(17,986)	$(1,505)
43		Rate of Return on Rate Base		28.97%	5.52%	(35.04%)	17.05%	(13.99%)	(35.04%)	290.62%	(18.49%)	(35.04%)	171.48%	(95.27%)	(35.04%)
44		Rate of Return by Class Total			13.93%			9.41%			9.55%			23.29%	

SCHEDULE G-4B
SHEET 20 of 20

SOUTHWEST GAS CORPORATION
EMBEDDED CLASS COST OF SERVICE MODEL
DATA ENTRY AND CLASSIFICATION OF COSTS

Line No.	Acct No.	Description	Production				Transmission				Distribution				Customer Accounting		
			Specific	Demand	Customer	Commodity	Specific	Demand	Customer	Commodity	Specific	Demand	Customer	Commodity	Specific	Demand	Customer
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	(q)
		Net Plant in Service															
		Direct															
		Intangible															
1	301	Organization	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 9,152	$ 32,314	$ 1,186	$ -	$ -	$ -
2	302	Franchise & Consent	-	-	-	-	-	-	-	-	-	254,311	897,884	32,960	-	-	-
3	303	Misc. Intangible	-	-	-	-	-	-	-	-	-	59,692	210,750	7,736	-	-	-
		Total Intangible	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 323,156	$ 1,140,948	$ 41,883	$ -	$ -	$ -
		Production															
4	326	Other Land & Land Rights	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
5	332	Field Lines	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	334	Field Meas & Reg. Stations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	336	Purification Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8		Total Production	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
		Transmission															
9	365	Land & Land Rights	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
10	365	Rights of Way	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	366	Structures-Compressor Stas.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	366	Structures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	367	Mains	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	367	Mains-Bridge	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	368	Compressor Stations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
16	369	Measuring & Reg. Sta. Equip.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
17	370	Communication Equip.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18	371	Other Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19		Total Transmission	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
		Distribution															
20	374.1	Land & Land Rights	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 351,685	$ -	$ -	$ -	$ -	$ -
21	374.2	Rights of Way	-	-	-	-	-	-	-	-	-	445,985	-	-	-	-	-
22	375	Structures	-	-	-	-	-	-	-	-	-	47,682	-	-	-	-	-
23	376	Mains	-	-	-	-	-	-	-	-	-	208,461,866	307,811,910	1	-	-	-
24	378	Measuring & Reg. Station	-	-	-	-	-	-	-	-	-	-	-	23,180,184	-	-	-
25	380	Services	-	-	-	-	-	-	-	-	-	0	305,210,571	0	-	-	-
26	381	Meters	-	-	-	-	-	-	-	-	-	-	125,828,203	-	-	-	-
27	385	Industrial Meas. & Reg. Sta.	-	-	-	-	-	-	-	-	-	-	-	3,942,124	-	-	-
28	386	Other Prop. on Cust. Premises	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
29	387	Other Equipment	-	-	-	-	-	-	-	-	-	(39,455)	-	-	-	-	-
30		Total Distribution	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 209,267,764	$ 738,850,684	$ 27,122,308	$ -	$ -	$ -
31		Total Trans., Dist., Prod.	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 209,267,764	$ 738,850,684	$ 27,122,308	$ -	$ -	$ -

SOUTHWEST GAS CORPORATION
EMBEDDED CLASS COST OF SERVICE MODEL
DATA ENTRY AND CLASSIFICATION OF COSTS

Line No.	Acct No.	Description	Production Specific	Production Demand	Production Customer	Production Commodity	Transmission Specific	Transmission Demand	Transmission Customer	Transmission Commodity	Distribution Specific	Distribution Demand	Distribution Customer	Distribution Commodity	Customer Accounting Specific	Customer Accounting Demand	Customer Accounting Customer
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	(q)
		General															
1	389	Land & Land Rights	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,385,030	$ 4,890,051	$ 179,508	$ -	$ -	$ -
2	390.1	Structures & Improvements	-	-	-	-	-	-	-	-	-	4,079,343	14,402,723	528,706	-	-	-
3	390.2	Struct. & Imp.-Leasehold	-	-	-	-	-	-	-	-	-	87,079	307,446	11,286	-	-	-
4	391.0	Office Furn. & Equip.	-	-	-	-	-	-	-	-	-	899,784	3,176,819	116,617	-	-	-
5	391.1	Office Furn. & Computer Equip.	-	-	-	-	-	-	-	-	-	1,568,636	5,538,302	203,304	-	-	-
6	392.1	Transp. Equip.-Light	-	-	-	-	-	-	-	-	-	5,397,476	19,056,585	699,544	-	-	-
7	392.0	Transp. Equip.-Heavy	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	393	Stores Equipment	-	-	-	-	-	-	-	-	-	100,392	354,448	13,011	-	-	-
9	394	Tools, Shop, & Garage Equip.	-	-	-	-	-	-	-	-	-	1,616,856	5,708,549	209,554	-	-	-
10	395	Laboratory Equip.	-	-	-	-	-	-	-	-	-	123,476	435,951	16,003	-	-	-
11	396	Power Operated Equip.	-	-	-	-	-	-	-	-	-	576,947	2,036,995	74,776	-	-	-
12	397.1	Comm. Equip.-General	-	-	-	-	-	-	-	-	-	(23,321)	(82,338)	(3,023)	-	-	-
13	397.2	Comm. Equip.-Telemetering	-	-	-	-	-	-	-	-	-	27,493	97,067	3,563	-	-	-
14	398	Miscellaneous Equip.	-	-	-	-	-	-	-	-	-	174,104	614,699	22,565	-	-	-
15		Total General	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 16,013,294	$ 56,537,296	$ 2,075,415	$ -	$ -	$ -
		Systems Allocable															
		Intangible															
16	301	Organization	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 7,638	$ 26,966	$ 990	$ -	$ -	$ -
17	302	Franchise & Consent	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18	303	Miscellaneous Intang.	-	-	-	-	-	-	-	-	-	5,657,476	19,974,552	733,241	-	-	-
19		Total Intangible	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 5,665,113	$ 20,001,518	$ 734,231	$ -	$ -	$ -
		General															
20	389	Land & Land Rights	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 48,348	$ 170,699	$ 6,266	$ -	$ -	$ -
21	390.10	Structures & Improvements	-	-	-	-	-	-	-	-	-	1,021,293	3,605,824	132,365	-	-	-
22	390.20	Struct. & Imp.-Leasehold	-	-	-	-	-	-	-	-	-	30,802	108,752	3,992	-	-	-
23	391.00	Office Furn. & Equip.	-	-	-	-	-	-	-	-	-	728,309	2,571,403	94,393	-	-	-
24	391.10	Office Furn. & Computer Equip.	-	-	-	-	-	-	-	-	-	373,712	1,319,446	48,435	-	-	-
25	392.11	Transp. Equip.-Light	-	-	-	-	-	-	-	-	-	283,401	1,000,590	36,730	-	-	-
26	392.12	Transp. Equip.-Heavy	-	-	-	-	-	-	-	-	-	18,014	63,601	2,335	-	-	-
27	392.22	Aircraft-Left Engine	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
28	392.23	Aircraft-Right Engine	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
29	393	Stores Equipment	-	-	-	-	-	-	-	-	-	3,597	12,699	466	-	-	-
30	394	Tools, Shop, & Garage Equip.	-	-	-	-	-	-	-	-	-	54,906	193,855	7,116	-	-	-
31	395	Laboratory Equip.	-	-	-	-	-	-	-	-	-	23,033	81,322	2,985	-	-	-
32	397.0	Comm. Equip.-General	-	-	-	-	-	-	-	-	-	257,709	909,879	33,401	-	-	-
33	397.2	Telemetering Equipment	-	-	-	-	-	-	-	-	-	72,650	256,500	9,416	-	-	-
34	398	Miscellaneous Equip.	-	-	-	-	-	-	-	-	-	128,809	454,779	16,694	-	-	-
35		Total General	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 3,044,584	$ 10,749,351	$ 394,596	$ -	$ -	$ -
36		Total Net Plant-Direct	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 225,604,214	$ 796,528,928	$ 29,239,606	$ -	$ -	$ -
37		Total Net Plant-Systems Alloc.	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 8,709,697	$ 30,750,869	$ 1,128,827	$ -	$ -	$ -
38		Total Net Plant	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 234,313,911	$ 827,279,797	$ 30,368,433	$ -	$ -	$ -
39		Cash Working Capital	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$(2,378,016)	$(8,395,936)	$(308,205)	$ -	$ -	$ -
40		Materials and Supplies	-	-	-	-	-	-	-	-	-	1,978,967	6,987,036	256,486	-	-	-
41		Prepayments	-	-	-	-	-	-	-	-	-	588,126	2,076,465	76,224	-	-	-
42		Gas Plant Acquisition Adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
43		Customer Deposits	-	-	-	-	-	-	-	-	-	-	(23,912,141)	-	-	-	-
44		Customer Advances	-	-	-	-	-	-	-	-	-	-	(7,027,372)	-	-	-	-
45		Deferred Taxes	-	-	-	-	-	-	-	-	-	(29,331,310)	(103,558,512)	(3,801,507)	-	-	-
46		Deferred Gain Headquarters Bldg.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
47		Total Rate Base	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 205,171,678	$ 693,449,337	$ 26,591,432	$ -	$ -	$ -

SCHEDULE G-5B
SHEET 2 of 2

SOUTHWEST GAS CORPORATION
EMBEDDED CLASS COST OF SERVICE MODEL
DATA ENTRY AND CLASSIFICATION OF COSTS

Line No.	Acct No.	Description	Production Specific	Production Demand	Production Customer	Production Commodity	Transmission Specific	Transmission Demand	Transmission Customer	Transmission Commodity	Distribution Specific	Distribution Demand	Distribution Customer	Distribution Commodity	Customer Accounting Specific	Customer Accounting Demand	Customer Accounting Customer
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	(q)
		Depreciation Expense & Amortizatic															
		Direct															
		Intangible															
1	301	Organization	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
2	302	Franchise & Consent	-	-	-	-	-	-	-	-	-	16,657	58,810	2,159	-	-	-
3	303	Misc. Intangible	-	-	-	-	-	-	-	-	-	28,402	100,278	3,681	-	-	-
4		Total Intangible Dep. Exp.	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 45,059	$ 159,089	$ 5,840	$ -	$ -	$ -
		Production															
5	326	Other Land & Land Rights	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
6	332	Field Lines	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	334	Field Meas & Reg. Stations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	336	Purification Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9		Total Production Dep. Exp.	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
		Transmission															
10	365	Land & Land Rights	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
11	365	Rights of Way	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	366	Structures-Compressor Stas.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	366	Structures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	367	Mains	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	367	Mains-Bridge	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
16	368	Compressor Stations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
17	369	Measuring & Reg. Sta. Equip.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18	370	Communication Equip.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19	371	Other Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20		Total Transmission Dep. Exp.	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	#$ -	$ -	$ -	$ -	$ -	$ -	$ -
		Distribution															
21	374	Land & Land Rights	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
22	374.2	Rights of Way	-	-	-	-	-	-	-	-	-	15,501	-	-	-	-	-
23	375	Structures	-	-	-	-	-	-	-	-	-	1,271	-	-	-	-	-
24	376	Mains	-	-	-	-	-	-	-	-	-	12,179,878	17,984,640	0	-	-	-
25	378	Measuring & Reg. Station	-	-	-	-	-	-	-	-	-	-	-	1,007,546	-	-	-
26	380	Services	-	-	-	-	-	-	-	-	-	0	27,761,544	0	-	-	-
27	381	Meters	-	-	-	-	-	-	-	-	-	-	3,104,837	-	-	-	-
28	385	Industrial Meas. & Reg. Sta.	-	-	-	-	-	-	-	-	-	-	-	281,378	-	-	-
29	386	Other Prop. on Cust. Premises															
30	387	Other Equipment	-	-	-	-	-	-	-	-	-	24,340	-	-	-	-	-
31		Total Distribution Dep. Exp.	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 12,220,990	$ 48,851,021	$ 1,288,924	$ -	$ -	$ -

SCHEDULE G-6B
SHEET 1 of 7

SOUTHWEST GAS CORPORATION
EMBEDDED CLASS COST OF SERVICE MODEL
DATA ENTRY AND CLASSIFICATION OF COSTS

Line No.	Acct No.	Description	Production Specific	Production Demand	Production Customer	Production Commodity	Transmission Specific	Transmission Demand	Transmission Customer	Transmission Commodity	Distribution Specific	Distribution Demand	Distribution Customer	Distribution Commodity	Customer Accounting Specific	Customer Accounting Demand	Customer Accounting Customer
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	(q)
		General															
1	389	Land & Land Rights	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
2	390.1	Structures & Improvements	-	-	-	-	-	-	-	-	-	103,781	366,415	13,451	-	-	-
3	390.2	Struct. & Imp.-Leasehold	-	-	-	-	-	-	-	-	-	13,378	47,233	1,734	-	-	-
4	391	Office Furn. & Equip.	-	-	-	-	-	-	-	-	-	28,411	100,308	3,682	-	-	-
5	391	Office Furn. & Computer Equip.	-	-	-	-	-	-	-	-	-	270,869	956,344	35,106	-	-	-
6	392	Transp. Equip.	-	-	-	-	-	-	-	-	-	499,803	1,764,627	64,777	-	-	-
7	393	Stores Equipment	-	-	-	-	-	-	-	-	-	2,151	7,594	279	-	-	-
8	394	Tools, Shop, & Garage Equip.	-	-	-	-	-	-	-	-	-	22,779	80,425	2,952	-	-	-
9	395	Laboratory Equip.	-	-	-	-	-	-	-	-	-	3,587	12,664	465	-	-	-
10	396	Power Operated Equip.	-	-	-	-	-	-	-	-	-	31,701	111,924	4,109	-	-	-
11	397.1	Comm. Equip.-General	-	-	-	-	-	-	-	-	-	42,372	149,600	5,492	-	-	-
12	397.2	Comm. Equip.-Telemetering	-	-	-	-	-	-	-	-	-	7,442	26,276	965	-	-	-
13	398	Miscellaneous Equip.	-	-	-	-	-	-	-	-	-	8,206	28,972	1,064	-	-	-
14		Total General Dep. Exp.	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,034,479	$ 3,652,381	$ 134,074	$ -	$ -	$ -
		Systems Allocable															
		Intangible															
15	301	Organization	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
16	302	Franchise & Consent															
17	303	Miscellaneous Intang.	-	-	-	-	-	-	-	-	-	1,006,082	3,552,119	130,394	-	-	-
18		Total Intangible Dep. Exp.	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,006,082	$ 3,552,119	$ 130,394	$ -	$ -	$ -
		General															
19	389	Land & Land Rights	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
20	390.1	Structures	-	-	-	-	-	-	-	-	-	36,545	129,027	4,736	-	-	-
21	390.2	Structures - Leasehold Improvements	-	-	-	-	-	-	-	-	-	3,673	12,969	476	-	-	-
22	391	Office Furniture & Equipment	-	-	-	-	-	-	-	-	-	78,195	276,078	10,134	-	-	-
23	391.1	Computer Equipment	-	-	-	-	-	-	-	-	-	270,856	956,296	35,104	-	-	-
24	392.11	Transportation Equipment - Light	-	-	-	-	-	-	-	-	-	30,152	106,456	3,908	-	-	-
25	392.12	Transportation Equipment - Heavy	-	-	-	-	-	-	-	-	-	990	3,496	128	-	-	-
26	393	Stores Equipment	-	-	-	-	-	-	-	-	-	477	1,686	62	-	-	-
27	394	Tools, Shop, & Garage Equipment	-	-	-	-	-	-	-	-	-	5,718	20,189	741	-	-	-
28	395	Laboratory Equipment	-	-	-	-	-	-	-	-	-	1,585	5,595	205	-	-	-
29	396	Power Operated Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30	397.1	Communication Equipment	-	-	-	-	-	-	-	-	-	48,427	170,977	6,276	-	-	-
31	397.2	Telemetering Equipment	-	-	-	-	-	-	-	-	-	19,954	70,449	2,586	-	-	-
32	398	Miscellaneous Equipment	-	-	-	-	-	-	-	-	-	12,841	45,337	1,664	-	-	-
33		Total General Dep. Exp.	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 509,412	$ 1,798,554	$ 66,023	$ -	$ -	$ -
		System Allocable Amortization															
34		Miscellaneous Intangible	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
35		Structures-Leasehold Improvements	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
36		Total System Allocable Amortization	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
37		Total Depreciation Exp.-Direct	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 13,300,529	$ 52,662,490	$ 1,428,838	$ -	$ -	$ -
38		Total Dep. Exp.-Systems Alloc.	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,515,493	$ 5,350,673	$ 196,417	$ -	$ -	$ -
39		Amortization-Limited Term Gas Plant	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
40		Amortization-Gas Plant Acquisition	-	-	-	-	-	-	-	-	-	(10,459)	(41,413)	(1,124)	-	-	-
41		Amortization of PBOP Costs	-	-	-	-	-	-	-	-	-	66,614	263,754	7,156	-	-	-
42		Amortization of Service Investigation	-	-	-	-	-	-	-	-	-	66,614	263,754	7,156	-	-	-
43		Amortization of TRIMP Costs															
44		Amortization of SOX Implementation	-	-	-	-	-	-	-	-	-	5,397	21,369	580	-	-	-
45		Total Depreciation Expense	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 14,944,188	$ 58,520,627	$ 1,639,024	$ -	$ -	$ -

SOUTHWEST GAS CORPORATION
EMBEDDED CLASS COST OF SERVICE MODEL
DATA ENTRY AND CLASSIFICATION OF COSTS

Line No.	Acct No.	Description	Production				Transmission				Distribution				Customer Accounting		
			Specific	Demand	Customer	Commodity	Specific	Demand	Customer	Commodity	Specific	Demand	Customer	Commodity	Specific	Demand	Customer
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	(q)
		Operation and Maintenance Expense															
		Gas Supply Expense															
1	800	Natural Gas Wellhead Purchases	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
2	803	Natural Gas Transmission Line Pur	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	805.1	Purchased Gas Cost Adj.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	810	Gas Used for Compressor Sta. Fue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	813	Other Gas Supply Expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6		Labor & Labor Loading	-	-	-	683,189	-	-	-	-	-	-	-	-	-	-	-
7		Materials & Expenses	-	-	-	57,202	-	-	-	-	-	-	-	-	-	-	-
8		Total Gas Supply Expense	$ -	$ -	$ -	$ 740,391	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
		Transmission Expenses															
9	850	Operation Supervision & Engin.															
10		Labor & Labor Loading	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
11		Materials & Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	851	System Control & Load Dispatch															
13		Labor & Labor Loading	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14		Materials & Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	852	Communication System Exp.															
16		Labor & Labor Loading	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
17		Materials & Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18	853	Compressor Station															
19		Labor & Labor Loading	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20		Materials & Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
21	854	Gas for Compressor Station Fuel															
22	856	Mains Expense															
23		Labor & Labor Loading	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
24		Materials & Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
25	857	Meas. & Res. Sta. Exp.															
26		Labor & Labor Loading	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
27		Materials & Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
28	858	Trans. & comp. of Gas by Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
29	860	Rents	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30	861	Maint. Supervision & Eng.															
31		Labor & Labor Loading	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
32		Materials & Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
33	862	Maint. of Struct. & Imp.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
34	863	Maint. of Mains															
35		Labor & Labor Loading	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
36		Materials & Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
37	864	Maint. of Comp. Sta. Equip.															
38		Labor & Labor Loading	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
39		Materials & Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
40	865	Maint. of Meas. & Reg. Sta. Equip.															
41		Labor & Labor Loading	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
42		Materials & Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
43		Total Transmission Expense	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

SOUTHWEST GAS CORPORATION
EMBEDDED CLASS COST OF SERVICE MODEL
DATA ENTRY AND CLASSIFICATION OF COSTS

Line No.	Acct No.	Description	Production Specific	Production Demand	Production Customer	Production Commodity	Transmission Specific	Transmission Demand	Transmission Customer	Transmission Commodity	Distribution Specific	Distribution Demand	Distribution Customer	Distribution Commodity	Customer Accounting Specific	Customer Accounting Demand	Customer Accounting Customer
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	(q)
		Distribution Expenses															
1	870	Operation Supervision & Eng.															
2		Labor & Labor Loading	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 793,391	$ 5,748,939	$ 771,904	$ -	$ -	$ -
3		Materials & Expenses	-	-	-	-	-	-	-	-	-	124,158	899,651	120,795	-	-	-
4	871	Distribution Load Dispatching															
5		Labor & Labor Loading	-	-	-	-	-	-	-	-	-	265,715	-	265,715	-	-	-
6		Materials & Expenses	-	-	-	-	-	-	-	-	-	64,465	-	64,465	-	-	-
7	874	Mains & Svcs. Expense															
8		Labor & Labor Loading	-	-	-	-	-	-	-	-	-	1,326,589	3,901,091	0	-	-	-
9		Materials & Expenses	-	-	-	-	-	-	-	-	-	1,500,801	4,413,395	0	-	-	-
10	875	Meas. & Reg. Sta. Exp.-Gen.															
11		Labor & Labor Loading	-	-	-	-	-	-	-	-	-	-	-	1,964,122	-	-	-
12		Materials & Expenses	-	-	-	-	-	-	-	-	-	-	-	777,755	-	-	-
13	878	Meter & House Reg. Exp.															
14		Labor & Labor Loading	-	-	-	-	-	-	-	-	-	-	5,796,552	-	-	-	-
15		Materials & Expenses	-	-	-	-	-	-	-	-	-	-	875,104	-	-	-	-
16	879	Customer Installation Exp.															
17		Labor & Labor Loading	-	-	-	-	-	-	-	-	-	-	6,850,542	-	-	-	-
18		Materials & Expenses	-	-	-	-	-	-	-	-	-	-	1,043,174	-	-	-	-
19	880	Other Expenses															
20		Labor & Labor Loading	-	-	-	-	-	-	-	-	-	682,626	4,946,332	664,139	-	-	-
21		Materials & Expenses	-	-	-	-	-	-	-	-	-	462,372	3,350,367	449,851	-	-	-
22	881	Rents	-	-	-	-	-	-	-	-	-	214,817	1,556,568	208,999	-	-	-
23		Total Distribution-Operations	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 5,434,933	$ 39,381,715	$ 5,287,745	$ -	$ -	$ -
24	885	Maint. Supervision & Eng.															
25		Labor & Labor Loading	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 509,766	$ 1,684,195	$ 180,300	$ -	$ -	$ -
26		Materials & Expenses	-	-	-	-	-	-	-	-	-	54,716	180,774	19,353	-	-	-
27	886	Maint. of Structures & Imp.															
28		Labor & Labor Loading	-	-	-	-	-	-	-	-	-	13,682	-	-	-	-	-
29		Materials & Expenses	-	-	-	-	-	-	-	-	-	50,707	-	-	-	-	-
30	887	Maint. of Mains															
31		Labor & Labor Loading	-	-	-	-	-	-	-	-	-	3,029,859	4,473,847	0	-	-	-
32		Materials & Expenses	-	-	-	-	-	-	-	-	-	2,413,442	3,563,655	0	-	-	-
33	889	Maint. of Meas. & Reg. Sta-Gen															
34		Labor & Labor Loading	-	-	-	-	-	-	-	-	-	-	-	1,118,151	-	-	-
35		Materials & Expenses	-	-	-	-	-	-	-	-	-	-	-	829,877	-	-	-
36	892	Maint. of Services															
37		Labor & Labor Loading	-	-	-	-	-	-	-	-	-	0	5,317,554	0	-	-	-
38		Materials & Expenses	-	-	-	-	-	-	-	-	-	0	2,909,486	0	-	-	-
39	893	Maint of Meter & House Reg.															
40		Labor & Labor Loading	-	-	-	-	-	-	-	-	-	-	1,126,714	-	-	-	-
41		Materials & Expenses	-	-	-	-	-	-	-	-	-	-	805,373	-	-	-	-
42	894	Maint of Other Equip.															
43		Labor & Labor Loading	-	-	-	-	-	-	-	-	-	32,274	106,629	11,415	-	-	-
44		Materials & Expenses	-	-	-	-	-	-	-	-	-	9,512	31,426	3,364	-	-	-
45		Total Distribution-Maintenance	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 6,113,958	$ 20,199,655	$ 2,162,461	$ -	$ -	$ -
46		Total Distribution O & M	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 11,548,891	$ 59,581,369	$ 7,450,206	$ -	$ -	$ -

SOUTHWEST GAS CORPORATION
EMBEDDED CLASS COST OF SERVICE MODEL
DATA ENTRY AND CLASSIFICATION OF COSTS

Line No.	Acct No.	Description	Production				Transmission				Distribution				Customer Accounting		
			Specific	Demand	Customer	Commodity	Specific	Demand	Customer	Commodity	Specific	Demand	Customer	Commodity	Specific	Demand	Customer
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	(q)
		Customer Accounts Expenses															
1	901	Supervision															
2		Labor & Labor Loading	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 3,574,463
3		Materials & Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	218,328
4	902	Meter Reading Exp.															
5		Labor & Labor Loading	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,130,538
6		Materials & Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,285,812
7	903	Customer Records & Collections															
8		Labor & Labor Loading	-	-	-	-	-	-	-	-	-	-	-	-	-	-	14,174,373
9		Materials & Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,602,396
10	903	Customer Records & Collections - L															
11		Labor & Labor Loading - LCS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,077,228
12		Materials & Expenses - LCS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	47,923
13	904	Uncollectible Accounts Exp.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,498,151
14	905	Misc. Customer Accounts Exp.															
15		Labor & Labor Loading	-	-	-	-	-	-	-	-	-	-	-	-	-	-	372,869
16		Materials & Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	21,199
17		Total Customer Accounts Expenses	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 34,003,279
		Customer Service & Info. Exp.															
18	908	Customer Assistance Exp.															
19		Labor & Labor Loading	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 275,434
20		Materials & Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	248,457
21	909	Info. & Instructional Exp.															
22		Labor & Labor Loading	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
23		Materials & Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
24	910	Misc. C.S. & I. Expense															
25		Labor & Labor Loading	-	-	-	-	-	-	-	-	-	-	-	-	-	-	773
26		Materials & Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	23,832
27		Total Customer Service & Info. Exp.	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 548,496
		Sales Expense															
28	911	Supervision															
29		Labor & Labor Loading	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
30		Materials & Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31	912	Demonstrating & Selling Exp.															
32		Labor & Labor Loading	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
33		Materials & Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
34	913	Advertising Expense															
35		Labor & Labor Loading	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
36		Materials & Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
37		Total Sales Expense	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
38		Total O & M Expense	$ -	$ -	$ -	$ 740,391	$ -	$ -	$ -	$ -	$ -	$ 11,548,891	$ 59,581,369	$ 7,450,206	$ -	$ -	$ 34,551,775

SOUTHWEST GAS CORPORATION
EMBEDDED CLASS COST OF SERVICE MODEL
DATA ENTRY AND CLASSIFICATION OF COSTS

Line No.	Acct No.	Description	Production Specific	Production Demand	Production Customer	Production Commodity	Transmission Specific	Transmission Demand	Transmission Customer	Transmission Commodity	Distribution Specific	Distribution Demand	Distribution Customer	Distribution Commodity	Customer Accounting Specific	Customer Accounting Demand	Customer Accounting Customer
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	(q)
1		Administrative & General Expense	$ -	$ -	$ -	$ 341,229	$ -	$ -	$ -	$ -	$ -	$ 5,322,610	$ 27,459,640	$ 3,433,623	$ -	$ -	$ 15,924,093
2		Interest on Customer Deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	717,364
3		Taxes other than Income	-	-	-	-	-	-	-	-	-	7,418,884	25,074,709	961,530	-	-	-
4		Interest Expense	-	-	-	-	-	-	-	-	-	8,985,904	30,371,001	1,164,625	-	-	-
5		South Georgia - State	-	-	-	-	-	-	-	-	-	17,080	57,727	2,214	-	-	-
6		Investment Tas Credit (I T C)	-	-	-	-	-	-	-	-	-	(117,165)	(396,001)	(15,185)	-	-	-
7		South Georgia - Federal	-	-	-	-	-	-	-	-	-	63,917	216,031	8,284	-	-	-
8		Regulatory Amortization	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
9		SIT Rate															
10		FIT Rate															
		Rate Base															
11		Direct Net Plant	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 225,604,214	$ 796,528,928	$ 29,239,606	$ -	$ -	$ -
12		Systems Allocable Net Plant	-	-	-	-	-	-	-	-	-	8,709,697	30,750,869	1,128,827	-	-	-
13		Cash Working Capital	-	-	-	-	-	-	-	-	-	(2,378,016)	(8,395,936)	(308,205)	-	-	-
14		Materials & Supplies	-	-	-	-	-	-	-	-	-	1,978,967	6,987,036	256,486	-	-	-
15		Prepayments	-	-	-	-	-	-	-	-	-	588,126	2,076,465	76,224	-	-	-
16		Gas Plant Acquisition Adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
17		Customer Deposits	-	-	-	-	-	-	-	-	-	-	(23,912,141)	-	-	-	-
18		Customer Advances	-	-	-	-	-	-	-	-	-	-	(7,027,372)	-	-	-	-
19		Deferred Taxes	-	-	-	-	-	-	-	-	-	(29,331,310)	(103,558,512)	(3,801,507)	-	-	-
20		Deferred Gain Hdqtrs Bldg	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
21		Total Rate Base	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 205,171,678	$ 693,449,337	$ 26,591,432	$ -	$ -	$ -
22		Net Operating Margin	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 67,651,339	$ 228,651,324	$ 8,768,003	$ -	$ -	$ -
23		Special Contract & Optional	-	-	-	-	-	-	-	-	-	1,687,882	5,704,788	218,759	-	-	-
24		Late Charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,386,957
25		Service Establishment Charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,950,610
26		Reconnect / Reread Charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	547,658
27		Other Revenue - Labor	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,705
28		Other Revenue - Parts & Material	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,764
29		Other Revenue - Field Collection Fee	-	-	-	-	-	-	-	-	-	-	-	-	-	-	388,540
30		Other Revenue - Returned Item Fee	-	-	-	-	-	-	-	-	-	-	-	-	-	-	135,450
31		Other Revenue - Rental Income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	767,198
32		Total Revenue	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 69,339,221	$ 234,356,112	$ 8,986,763	$ -	$ -	$ 10,183,882
		Operating Deductions															
33		O & M	$ -	$ -	$ -	$(740,391)	$ -	$ -	$ -	$ -	$ -	$(11,548,891)	$(59,581,369)	$(7,450,206)	$ -	$ -	$(34,551,775)
34		A & G	-	-	-	(341,229)	-	-	-	-	-	(5,322,610)	(27,459,640)	(3,433,623)	-	-	(15,924,093)
35		Depreciation Expense	-	-	-	-	-	-	-	-	-	(14,944,188)	(58,520,627)	(1,639,024)	-	-	-
36		Interest on Customer Deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(717,364)
37		Taxes other than Income	-	-	-	-	-	-	-	-	-	(7,418,884)	(25,074,709)	(961,530)	-	-	-

SOUTHWEST GAS CORPORATION
EMBEDDED CLASS COST OF SERVICE MODEL
DATA ENTRY AND CLASSIFICATION OF COSTS

Line No.	Acct No.	Description	Production				Transmission				Distribution				Customer Accounting		
			Specific	Demand	Customer	Commodity	Specific	Demand	Customer	Commodity	Specific	Demand	Customer	Commodity	Specific	Demand	Customer
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	(q)
		State Income Tax															
1		Taxable Income before Interest Exp.	$ -	$ -	$ -	$(1,081,620)	$ -	$ -	$ -	$ -	$ -	$ 30,104,648	$ 63,719,766	$(4,497,620)	$ -	$ -	$(41,009,350)
2		Interest Expense	-	-	-	-	-	-	-	-	-	(8,985,904)	(30,371,001)	(1,164,625)	-	-	-
3		State Taxable Income	$ -	$ -	$ -	$(1,081,620)	$ -	$ -	$ -	$ -	$ -	$ 21,118,744	$ 33,348,766	$(5,662,245)	$ -	$ -	$(41,009,350)
4		State Income Tax @ 6.9680%	$ -	$ -	$ -	$(75,367)	$ -	$ -	$ -	$ -	$ -	$ 1,471,554	$ 2,323,742	$(394,545)	$ -	$ -	$(2,857,531)
5		South Georgia	-	-	-	-	-	-	-	-	-	17,080	57,727	2,214	-	-	-
6		State Income Tax	$ -	$ -	$ -	$(75,367)	$ -	$ -	$ -	$ -	$ -	$ 1,488,634	$ 2,381,469	$(392,332)	$ -	$ -	$(2,857,531)
		Federal Income Tax															
7		Taxable Income before Interest Exp.	$ -	$ -	$ -	$(1,081,620)	$ -	$ -	$ -	$ -	$ -	$ 30,104,648	$ 63,719,766	$(4,497,620)	$ -	$ -	$(41,009,350)
8		Interest Expense	-	-	-	-	-	-	-	-	-	(8,985,904)	(30,371,001)	(1,164,625)	-	-	-
9		Federal Taxable Income	$ -	$ -	$ -	$(1,081,620)	$ -	$ -	$ -	$ -	$ -	$ 21,118,744	$ 33,348,766	$(5,662,245)	$ -	$ -	$(41,009,350)
10		Federal Income Tax @ 32.5612%	$ -	$ -	$ -	$(352,188)	$ -	$ -	$ -	$ -	$ -	$ 6,876,516	$ 10,858,758	$(1,843,695)	$ -	$ -	$(13,353,136)
11		I T C	-	-	-	-	-	-	-	-	-	117,165	396,001	15,185	-	-	-
12		South Georgia	-	-	-	-	-	-	-	-	-	63,917	216,031	8,284	-	-	-
13		Total Federal Income Tax	$ -	$ -	$ -	$(352,188)	$ -	$ -	$ -	$ -	$ -	$ 7,057,599	$ 11,470,791	$(1,820,226)	$ -	$ -	$(13,353,136)
14		Regulatory Amortization	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15		Net Income	$ -	$ -	$ -	$(654,064)	$ -	$ -	$ -	$ -	$ -	$ 21,558,415	$ 49,867,507	$(2,285,063)	$ -	$ -	$(24,798,682)

SOUTHWEST GAS CORPORATION
ARIZONA
DEVELOPMENT OF ALLOCATION FACTORS
TEST YEAR ENDING
AUGUST 31, 2004

Line No.	Description	Allocation Factor No.	Total	Residential Gas Service Demand	Residential Gas Service Customer	Residential Gas Service Commodity	Multi-Family Residential Demand	Multi-Family Residential Customer	Multi-Family Residential Commodity	MMMHP Gas Service Demand	MMMHP Gas Service Customer	MMMHP Gas Service Commodity	Small General Gas Service Demand	Small General Gas Service Customer	Small General Gas Service Commodity
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)
1	CP Demand		1,384,417	766,063			38,053			6,409			11,300		
		1	100.0000%	55.334712%	0.000000%	0.000000%	2.748697%	0.000000%	0.000000%	0.462936%	0.000000%	0.000000%	0.816223%	0.000000%	0.000000%
2	NCP Demand		1,534,800	766,063			38,053			6,409			11,300		
		2	100.0000%	49.912903%	0.000000%	0.000000%	2.479374%	0.000000%	0.000000%	0.417576%	0.000000%	0.000000%	0.736247%	0.000000%	0.000000%
3	Throughput		605,776,598	0		269,525,564	0		15,860,260			2,452,509			3,787,060
		3	100.0000%	0.000000%	0.000000%	44.492568%	0.000000%	0.000000%	2.618170%	0.000000%	0.000000%	0.404854%	0.000000%	0.000000%	0.625158%
4	Customers		863,424		760,637			61,743			189			16,504	
		4	100.0000%	0.000000%	88.095460%	0.000000%	0.000000%	7.150928%	0.000000%	0.000000%	0.021890%	0.000000%	0.000000%	1.911488%	0.000000%
5	Customers With Mains		863,424	0	760,637	0	0	61,743	0	0	189	0	0	16,504	0
		5	100.0000%	0.000000%	88.095460%	0.000000%	0.000000%	7.150928%	0.000000%	0.000000%	0.021890%	0.000000%	0.000000%	1.911488%	0.000000%
6	Meters for Customers		1,125,795		760,637			65,501			3,529			62,327	
		6	100.0000%	0.000000%	67.564442%	0.000000%	0.000000%	5.818203%	0.000000%	0.000000%	0.313490%	0.000000%	0.000000%	5.536253%	0.000000%
7	Service Lines for Customers		974,582		760,637			17,397			980			74,048	
		7	100.0000%	0.000000%	78.047523%	0.000000%	0.000000%	1.785071%	0.000000%	0.000000%	0.100508%	0.000000%	0.000000%	7.597968%	0.000000%
8	Res., MMMHP & Small, Medium GS		855,373	0	760,637	0	0	61,743	0	0	189	0	0	16,504	0
		8	100.0000%	0.000000%	88.924673%	0.000000%	0.000000%	7.218237%	0.000000%	0.000000%	0.022096%	0.000000%	0.000000%	1.929480%	0.000000%
9	Extra		0	0	0	0	0	0	0	0	0	0	0	0	0
		9	0.0000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
10	Extra		0	0	0	0	0	0	0	0	0	0	0	0	0
		10	0.0000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
11	Extra		0	0	0	0	0	0	0	0	0	0	0	0	0
		11	0.0000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
12	Industrial Meas. & Reg.		7,163	0	0	0	0	0	0	0	0	0	0	0	0
		12	100.0000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
13	Weighted Customers for Meter Reading		953,272	0	760,637	0	0	61,743	0	0	1,401	0	0	41,590	0
		13	100.0000%	0.000000%	79.792269%	0.000000%	0.000000%	6.476958%	0.000000%	0.000000%	0.146949%	0.000000%	0.000000%	4.362879%	0.000000%
14	Extra		0	0	0	0	0	0	0	0	0	0	0	0	0
		14	0.0000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
15	Extra		0	0	0	0	0	0	0	0	0	0	0	0	0
		15	0.0000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
	Internally Generated Allocation Factors														
	Net Production, Transmission, & Distribution Plant		975,240,756	115,797,715	594,392,729	12,067,411	5,752,136	34,780,573	710,108	968,775	768,600	109,806	1,708,091	36,039,757	169,557
16		1.1	100.0000%	11.873757%	60.948307%	1.237378%	0.589817%	3.566358%	0.072814%	0.099337%	0.078811%	0.011259%	0.175146%	3.695473%	0.017386%
	Distribution Mains		516,273,776	115,351,773	271,168,317	0	5,729,984	22,011,408	0	965,044	67,379	0	1,701,513	5,883,789	0
17		2.2	100.0000%	22.343140%	52.524132%	0.000000%	1.109873%	4.263515%	0.000000%	0.186925%	0.013051%	0.000000%	0.329576%	1.139664%	0.000000%
	Distribution Services		305,210,571	0	238,209,289	0	0	5,448,226	0	0	306,762	0	0	23,189,801	0
18		3.3	100.0000%	0.000000%	78.047523%	0.000000%	0.000000%	1.785071%	0.000000%	0.000000%	0.100508%	0.000000%	0.000000%	7.597968%	0.000000%
	Distribution Mains & Services		821,484,347	115,351,774	509,377,607	0	5,729,984	27,459,634	0	965,044	374,141	0	1,701,513	29,073,589	0
19		4.4	100.0000%	14.041871%	62.006977%	0.000000%	0.697516%	3.342685%	0.000000%	0.117476%	0.045545%	0.000000%	0.207127%	3.539153%	0.000000%
	Allocable Distribution Operating Expenses		29,109,484	1,564,528	16,749,753	1,513,742	77,716	1,219,881	89,076	13,089	50,736	13,774	23,078	1,200,704	21,269
20		5.5	100.0000%	5.374633%	57.540534%	5.200169%	0.266980%	4.190664%	0.306004%	0.044965%	0.174292%	0.047318%	0.079279%	4.124786%	0.073067%
	Allocable Distribution Maintenance Expenses		25,652,348	3,047,664	14,807,080	866,728	151,390	834,027	51,003	25,497	16,085	7,887	44,955	885,689	12,178
21		6.6	100.0000%	11.880645%	57.722122%	3.378746%	0.590159%	3.251271%	0.198823%	0.099395%	0.062704%	0.030744%	0.175247%	3.452662%	0.047474%
	Transmission Operating Expense		0	0	0	0	0	0	0	0	0	0	0	0	0
22		7.7	0.0000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
	Transmission Mains		0	0	0	0	0	0	0	0	0	0	0	0	0
23		8.8	0.0000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
	Transmission Maintenance Expense		0	0	0	0	0	0	0	0	0	0	0	0	0
24		9.9	0.0000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
	Customer Accounting Expense		29,816,420	0	23,915,593	0	0	1,941,294	0	0	41,941	0	0	1,264,129	0
25		10.1	100.0000%	0.000000%	80.209470%	0.000000%	0.000000%	6.510822%	0.000000%	0.000000%	0.140665%	0.000000%	0.000000%	4.239706%	0.000000%
	Total O & M Expense		113,872,632	6,076,068	72,978,836	3,897,066	301,823	5,274,960	229,323	50,833	153,821	35,461	89,626	4,515,451	54,757
		11.2	100.0000%	5.335846%	64.088126%	3.422303%	0.265053%	4.632333%	0.201386%	0.044640%	0.135081%	0.031141%	0.078707%	3.965352%	0.048086%

SCHEDULE G-7B
SHEET 1 of 4

SOUTHWEST GAS CORPORATION
ARIZONA
DEVELOPMENT OF ALLOCATION FACTORS
TEST YEAR ENDING
AUGUST 31, 2004

Line No.	Description	Allocation Factor No.	Medium General Gas Service Demand	Medium General Gas Service Customer	Medium General Gas Service Commodity	Large General Gas Service Demand	Large General Gas Service Customer	Large General Gas Service Commodity	Transportation Eligible Service Demand	Transportation Eligible Service Customer	Transportation Eligible Service Commodity
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)
1	CP Demand		90,019			320,849			119,971		
		1	6.502274%	0.000000%	0.000000%	23.175763%	0.000000%	0.000000%	8.665801%	0.000000%	0.000000%
2	NCP Demand		90,019			320,849			119,971		
		2	5.865167%	0.000000%	0.000000%	20.904954%	0.000000%	0.000000%	7.816708%	0.000000%	0.000000%
3	Throughput				43,029,696			141,998,559			85,801,495
		3	0.000000%	0.000000%	7.103229%	0.000000%	0.000000%	23.440747%	0.000000%	0.000000%	14.163884%
4	Customers			16,299			6,992			171	
		4	0.000000%	1.887746%	0.000000%	0.000000%	0.809789%	0.000000%	0.000000%	0.019805%	0.000000%
5	Customers With Mains		0	16,299	0	0	6,992	0	0	171	0
		5	0.000000%	1.887746%	0.000000%	0.000000%	0.809789%	0.000000%	0.000000%	0.019805%	0.000000%
6	Meters for Customers			66,064			110,413			20,273	
		6	0.000000%	5.868198%	0.000000%	0.000000%	9.807511%	0.000000%	0.000000%	1.800803%	0.000000%
7	Service Lines for Customers			73,533			36,249			2,988	
		7	0.000000%	7.545126%	0.000000%	0.000000%	3.719439%	0.000000%	0.000000%	0.306562%	0.000000%
8	Res., MMMHP & Small, Medium GS		0	16,299							
		8	0.000000%	1.905514%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
9	Extra		0	0	0	0	0	0	0	0	0
		9	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
10	Extra		0	0	0	0	0	0	0	0	0
		10	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
11	Extra		0	0	0	0	0	0	0	0	0
		11	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
12	Industrial Meas. & Reg.		0	0	0	0	6,992	0	0	171	0
		12	0.000000%	0.000000%	0.000000%	0.000000%	97.612704%	0.000000%	0.000000%	2.387296%	0.000000%
13	Weighted Customers for Meter Reading		0	51,342	0	0	29,366	0	0	718	0
		13	0.000000%	5.385858%	0.000000%	0.000000%	3.080591%	0.000000%	0.000000%	0.075341%	0.000000%
14	Extra		0	0	0	0	0	0	0	0	0
		14	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
15	Extra		0	0	0	0	0	0	0	0	0
		15	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
	Internally Generated Allocation Factors										
	Net Production, Transmission, & Distribution Plant		13,607,163	36,223,075	1,926,560	48,499,401	26,185,365	6,357,672	18,134,728	3,262,541	3,841,572
16		1.1	1.395262%	3.714270%	0.197547%	4.973070%	2.685015%	0.651908%	1.859513%	0.334537%	0.393910%
	Distribution Mains		13,554,761	5,810,706	0	48,312,628	2,492,628	0	18,064,891	60,962	0
17		2.2	2.625499%	1.125509%	0.000000%	9.357947%	0.482811%	0.000000%	3.499091%	0.011808%	0.000000%
	Distribution Services		0	23,028,521	0	0	11,352,122	0	0	935,661	0
18		3.3	0.000000%	7.545126%	0.000000%	0.000000%	3.719439%	0.000000%	0.000000%	0.306562%	0.000000%
	Distribution Mains & Services		13,554,761	28,839,227	0	48,312,628	13,844,750	0	18,064,891	996,623	0
19		4.4	1.650033%	3.510624%	0.000000%	5.881138%	1.685333%	0.000000%	2.199055%	0.121320%	0.000000%
	Allocable Distribution Operating Expenses		183,845	1,245,874	241,669	655,269	1,616,278	797,510	245,016	275,811	481,889
20		5.5	0.631563%	4.279960%	0.830206%	2.251050%	5.552411%	2.739690%	0.841705%	0.947495%	1.655436%
	Allocable Distribution Maintenance Expenses		358,125	885,847	138,373	1,276,449	560,576	456,632	477,285	61,606	275,916
21		6.6	1.396071%	3.453278%	0.539416%	4.975955%	2.185283%	1.780080%	1.860592%	0.240157%	1.075599%
	Transmission Operating Expense		0	0	0	0	0	0	0	0	0
22		7.7	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
	Transmission Mains		0	0	0	0	0	0	0	0	0
23		8.8	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
	Transmission Maintenance Expense		0	0	0	0	0	0	0	0	0
24		9.9	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
	Customer Accounting Expense		0	1,553,463	0	0	884,502	0	0	21,632	0
25		10.1	0.000000%	5.210092%	0.000000%	0.000000%	2.966493%	0.000000%	0.000000%	0.072550%	0.000000%
	Total O & M Expense		713,987	4,928,949	622,166	2,544,832	4,429,886	2,053,155	951,555	568,207	1,240,603
		11.2	0.627005%	4.328476%	0.546370%	2.234805%	3.890212%	1.803028%	0.835631%	0.498984%	1.089465%

SOUTHWEST GAS CORPORATION
ARIZONA
DEVELOPMENT OF ALLOCATION FACTORS
TEST YEAR ENDING
AUGUST 31, 2004

Line No.	Description	Allocation Factor No.	Air-Conditioning Gas Service Demand	Air-Conditioning Gas Service Customer	Air-Conditioning Gas Service Commodity	CNG - Small Demand	CNG - Small Customer	CNG - Small Commodity	CNG - Large Demand	CNG - Large Customer	CNG - Large Commodity	CNG - Residential Demand	CNG - Residential Customer	CNG - Residential Commodity
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)
1	CP Demand		840			181			1,684			83		
		1	0.060691%	0.000000%	0.000000%	0.013093%	0.000000%	0.000000%	0.121615%	0.000000%	0.000000%	0.005981%	0.000000%	0.000000%
2	NCP Demand		5,469			614			14,805			265		
		2	0.356347%	0.000000%	0.000000%	0.040034%	0.000000%	0.000000%	0.964630%	0.000000%	0.000000%	0.017238%	0.000000%	0.000000%
3	Throughput				1,836,544			182,313			1,898,808			79,719
		3	0.000000%	0.000000%	0.303172%	0.000000%	0.000000%	0.030096%	0.000000%	0.000000%	0.313450%	0.000000%	0.000000%	0.013160%
4	Customers			37			22			27			110	
		4	0.000000%	0.004334%	0.000000%	0.000000%	0.002548%	0.000000%	0.000000%	0.003127%	0.000000%	0.000000%	0.012740%	0.000000%
5	Customers With Mains		0	37	0	0	22	0	0	27	0	0	110	0
		5	0.000000%	0.004334%	0.000000%	0.000000%	0.002548%	0.000000%	0.000000%	0.003127%	0.000000%	0.000000%	0.012740%	0.000000%
6	Meters for Customers			74			21			2,360			100	
		6	0.000000%	0.006599%	0.000000%	0.000000%	0.001889%	0.000000%	0.000000%	0.209672%	0.000000%	0.000000%	0.008921%	0.000000%
7	Service Lines for Customers			533			23			558			52	
		7	0.000000%	0.054644%	0.000000%	0.000000%	0.002383%	0.000000%	0.000000%	0.057248%	0.000000%	0.000000%	0.005308%	0.000000%
8	Res., MMMHP & Small, Medium GS													
		8	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
9	Extra		0	0	0	0	0	0	0	0	0	0	0	0
		9	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
10	Extra		0	0	0	0	0	0	0	0	0	0	0	0
		10	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
11	Extra		0	0	0	0	0	0	0	0	0	0	0	0
		11	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
12	Industrial Meas. & Reg.		0	0	0	0	0	0	0	0	0	0	0	0
		12	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
13	Weighted Customers for Meter Reading		0	239	0	0	69	0	0	113	0	0	110	0
		13	0.000000%	0.025114%	0.000000%	0.000000%	0.007270%	0.000000%	0.000000%	0.011896%	0.000000%	0.000000%	0.011539%	0.000000%
14	Extra		0	0	0	0	0	0	0	0	0	0	0	0
		14	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
15	Extra		0	0	0	0	0	0	0	0	0	0	0	0
		15	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
	Internally Generated Allocation Factors													
	Net Production, Transmission, & Distribution Plant		127,007	188,422	82,227	27,400	17,493	8,163	254,502	448,179	85,015	12,516	66,642	3,569
16		1.1	0.013023%	0.019321%	0.008431%	0.002810%	0.001794%	0.000837%	0.026096%	0.045956%	0.008717%	0.001283%	0.006833%	0.000366%
	Distribution Mains		126,518	13,339	0	27,295	7,843	0	253,522	9,626	0	12,468	39,215	0
17		2.2	0.024506%	0.002584%	0.000000%	0.005287%	0.001519%	0.000000%	0.049106%	0.001864%	0.000000%	0.002415%	0.007596%	0.000000%
	Distribution Services		0	166,779	0	0	7,273	0	0	174,727	0	0	16,202	0
18		3.3	0.000000%	0.054644%	0.000000%	0.000000%	0.002383%	0.000000%	0.000000%	0.057248%	0.000000%	0.000000%	0.005308%	0.000000%
	Distribution Mains & Services		126,518	180,118	0	27,295	15,116	0	253,522	184,353	0	12,468	55,417	0
19		4.4	0.015401%	0.021926%	0.000000%	0.003323%	0.001840%	0.000000%	0.030861%	0.022441%	0.000000%	0.001518%	0.006746%	0.000000%
	Allocable Distribution Operating Expenses		1,716	3,404	10,315	370	480	1,024	3,439	33,040	10,664	169	2,051	448
20		5.5	0.005895%	0.011694%	0.035434%	0.001272%	0.001649%	0.003518%	0.011812%	0.113502%	0.036635%	0.000581%	0.007046%	0.001538%
	Allocable Distribution Maintenance Expenses		3,343	4,971	5,906	721	437	586	6,698	9,012	6,106	329	1,633	256
21		6.6	0.013031%	0.019380%	0.023023%	0.002811%	0.001705%	0.002285%	0.026111%	0.035132%	0.023803%	0.001284%	0.006366%	0.000999%
	Transmission Operating Expense		0	0	0	0	0	0	0	0	0	0	0	0
22		7.7	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
	Transmission Mains		0	0	0	0	0	0	0	0	0	0	0	0
23		8.8	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
	Transmission Maintenance Expense		0	0	0	0	0	0	0	0	0	0	0	0
24		9.9	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
	Customer Accounting Expense		0	7,177	0	0	2,097	0	0	3,416	0	0	3,459	0
25		10.1	0.000000%	0.024069%	0.000000%	0.000000%	0.007032%	0.000000%	0.000000%	0.011455%	0.000000%	0.000000%	0.011600%	0.000000%
	Total O & M Expense		6,664	19,700	26,555	1,438	3,743	2,636	13,354	70,834	27,455	657	9,351	1,153
		11.2	0.005852%	0.017300%	0.023320%	0.001263%	0.003287%	0.002315%	0.011727%	0.062205%	0.024110%	0.000577%	0.008211%	0.001012%

SOUTHWEST GAS CORPORATION
ARIZONA
DEVELOPMENT OF ALLOCATION FACTORS
TEST YEAR ENDING
AUGUST 31, 2004

Line No.	Description	Allocation Factor No.	Electric Generation Gas Service Demand	Electric Generation Gas Service Customer	Electric Generation Gas Service Commodity	Small Essential Agr. User Gas Service Demand	Small Essential Agr. User Gas Service Customer	Small Essential Agr. User Gas Service Commodity	Natural Gas Engine Gas Service Demand	Natural Gas Engine Gas Service Customer	Natural Gas Engine Gas Service Commodity	Street Lighting Gas Service Demand	Street Lighting Gas Service Customer	Street Lighting Gas Service Commodity
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)
1	CP Demand		14,805			9,130			4,917			113		
		1	1.069413%	0.000000%	0.000000%	0.659489%	0.000000%	0.000000%	0.355179%	0.000000%	0.000000%	0.008133%	0.000000%	0.000000%
2	NCP Demand		45,747			9,130			105,993			113		
		2	2.980643%	0.000000%	0.000000%	0.594871%	0.000000%	0.000000%	6.905971%	0.000000%	0.000000%	0.007336%	0.000000%	0.000000%
3	Throughput				15,007,742			2,945,076			21,271,370			99,883
		3	0.000000%	0.000000%	2.477438%	0.000000%	0.000000%	0.486165%	0.000000%	0.000000%	3.511422%	0.000000%	0.000000%	0.016488%
4	Customers			23			36			604			29	
		4	0.000000%	0.002664%	0.000000%	0.000000%	0.004198%	0.000000%	0.000000%	0.069925%	0.000000%	0.000000%	0.003359%	0.000000%
5	Customers With Mains		0	23	0	0	36	0	0	604	0	0	29	0
		5	0.000000%	0.002664%	0.000000%	0.000000%	0.004198%	0.000000%	0.000000%	0.069925%	0.000000%	0.000000%	0.003359%	0.000000%
6	Meters for Customers			546			714			33,234			0	
		6	0.000000%	0.048537%	0.000000%	0.000000%	0.063399%	0.000000%	0.000000%	2.952084%	0.000000%	0.000000%	0.000000%	0.000000%
7	Service Lines for Customers			398			377			6,776			34	
		7	0.000000%	0.040822%	0.000000%	0.000000%	0.038650%	0.000000%	0.000000%	0.695282%	0.000000%	0.000000%	0.003465%	0.000000%
8	Res., MMMHP & Small, Medium GS													
		8	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
9	Extra		0	0	0	0	0	0	0	0	0	0	0	0
		9	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
10	Extra		0	0	0	0	0	0	0	0	0	0	0	0
		10	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
11	Extra		0	0	0	0	0	0	0	0	0	0	0	0
		11	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
12	Industrial Meas. & Reg.		0	0	0	0	0	0	0	0	0	0	0	0
		12	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
13	Weighted Customers for Meter Reading		0	97	0	0	567	0	0	4,757	0	0	522	0
		13	0.000000%	0.010134%	0.000000%	0.000000%	0.059479%	0.000000%	0.000000%	0.498966%	0.000000%	0.000000%	0.054759%	0.000000%
14	Extra		0	0	0	0	0	0	0	0	0	0	0	0
		14	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
15	Extra		0	0	0	0	0	0	0	0	0	0	0	0
		15	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
	Internally Generated Allocation Factors													
	Net Production, Transmission, & Distribution Plant		2,237,937	193,867	671,938	1,380,098	210,662	131,859	743,275	6,051,866	952,379	17,020	20,914	4,472
16		1.1	0.229475%	0.019879%	0.068900%	0.141514%	0.021601%	0.013521%	0.076214%	0.620551%	0.097656%	0.001745%	0.002144%	0.000459%
	Distribution Mains		2,229,318	8,200	0	1,374,784	12,923	0	740,412	215,238	0	16,954	10,339	0
17		2.2	0.431809%	0.001588%	0.000000%	0.266290%	0.002503%	0.000000%	0.143415%	0.041691%	0.000000%	0.003284%	0.002003%	0.000000%
	Distribution Services		0	124,593	0	0	117,964	0	0	2,122,074	0	0	10,575	0
18		3.3	0.000000%	0.040822%	0.000000%	0.000000%	0.038650%	0.000000%	0.000000%	0.695282%	0.000000%	0.000000%	0.003465%	0.000000%
	Distribution Mains & Services		2,229,318	132,793	0	1,374,784	130,888	0	740,412	2,337,312	0	16,954	20,914	0
19		4.4	0.271377%	0.016165%	0.000000%	0.167354%	0.015933%	0.000000%	0.090131%	0.284523%	0.000000%	0.002064%	0.002546%	0.000000%
	Allocable Distribution Operating Expenses		30,236	8,871	84,288	18,646	11,010	16,540	10,042	461,683	119,467	230	284	561
20		5.5	0.103872%	0.030474%	0.289556%	0.064056%	0.037821%	0.056822%	0.034498%	1.586023%	0.410405%	0.000790%	0.000974%	0.001927%
	Allocable Distribution Maintenance Expenses		58,900	4,510	48,261	36,323	4,742	9,471	19,562	119,858	68,403	448	555	321
21		6.6	0.229608%	0.017583%	0.188136%	0.141596%	0.018486%	0.036919%	0.076259%	0.467241%	0.266656%	0.001746%	0.002164%	0.001252%
	Transmission Operating Expense		0	0	0	0	0	0	0	0	0	0	0	0
22		7.7	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
	Transmission Mains		0	0	0	0	0	0	0	0	0	0	0	0
23		8.8	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
	Transmission Maintenance Expense		0	0	0	0	0	0	0	0	0	0	0	0
24		9.9	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%	0.000000%
	Customer Accounting Expense		0	2,910	0	0	16,906	0	0	142,346	0	0	15,557	0
25		10.1	0.000000%	0.009758%	0.000000%	0.000000%	0.056702%	0.000000%	0.000000%	0.477408%	0.000000%	0.000000%	0.052176%	0.000000%
	Total O & M Expense		117,428	23,649	216,997	72,416	43,821	42,583	39,001	1,092,790	307,562	893	19,146	1,444
		11.2	0.103122%	0.020768%	0.190561%	0.063594%	0.038482%	0.037395%	0.034249%	0.959660%	0.270093%	0.000784%	0.016814%	0.001268%

H

SOUTHWEST GAS CORPORATION
ARIZONA DIVISION
SUMMARY OF REVENUES AT PRESENT AND PROPOSED RATES
FOR THE TWELVE MONTHS ENDED AUGUST 31, 2004

Line No.	Description	Proposed Schedule Number	Revenues Present Rates [1]	Revenues Proposed Rates [2]	Increase/(Decrease) Dollars	Increase/(Decrease) Percent	Line No.
	(a)	(b)	(c)	(d)	(e)	(f)	
	Sales Service						
1	Residential Gas Service	G-5	$ 329,052,995	$ 379,916,565	$ 50,863,570	15.46%	1
2	Low Income Residential Gas Service [3]	G-5	10,131,213	10,569,327	438,114	4.32%	2
3	Multi-Family Residential Gas Service	G-6	20,344,346	23,404,391	3,060,045	15.04%	3
4	Low Income Multi-Family Residential [3]	G-6	1,381,224	1,426,811	45,587	3.30%	4
5	Master Metered Mobile Home Park Gas Service	G-20	2,194,379	2,328,772	134,393	6.12%	5
	General Gas Service	G-25					
6	Small		7,438,688	9,590,877	2,152,189	28.93%	6
7	Medium		43,343,592	47,089,208	3,745,616	8.64%	7
8	Large		122,121,737	127,369,985	5,248,248	4.30%	8
9	Transporation Eligible		61,704,477	63,282,108	1,577,631	2.56%	9
10	Optional Gas Service	G-30	61,408,388	61,475,128	66,740	0.11%	10
11	Air Conditioning Gas Service	G-40	1,148,592	1,178,575	29,983	2.61%	11
12	Street Lighting Gas Service	G-45	100,965	107,953	6,988	6.92%	12
	Gas Service for Compression on Customer's Premises	G-55					
13	Small		126,958	128,941	1,983	1.56%	13
14	Large		1,322,363	1,387,595	65,232	4.93%	14
15	Residential		63,766	69,336	5,570	8.74%	15
16	Electric Generation Gas Service	G-60	7,970,039	8,185,176	215,137	2.70%	16
17	Small Essential Agriculture User Gas Service	G-75	2,179,703	2,292,375	112,672	5.17%	17
18	Natural Gas Engine Gas Service	G-80	13,037,945	13,037,860	(85)	(0.00%)	18
19	Total Gas Sales		$ 685,071,369	$ 752,840,982	$ 67,769,613	9.89%	19
20	Special Contract Service	B-1	2,134,837	2,134,837	0	0.00%	20
21	Other Operating Revenue		10,183,883	11,434,480	1,250,597	12.28%	21
22	Total Arizona Revenue		$ 697,390,089	$ 766,410,299	$ 69,020,210	9.90%	22
23	Less Estimated Gas Cost for Transportation customers		$(18,346,462)	$(18,346,462)			23
24	Plus Low Income Benefit		$ 1,593,570	$ 3,381,592	1,788,022	112.20%	24
25	Total Excluding Estimated Gas Cost for Transporation customers		$ 680,637,198	$ 751,445,430	$ 70,808,232	10.40%	25
26	Total Requirement			$ 751,446,319			26
27	Over/(Under) Requirement			$ 889			27

[1] Schedule H-2, Sheets 4-8, including estimated gas cost for transporation customers.
[2] Schedule H-6, Sheets 9-11, including estimated gas cost for transportation customers.
[3] Low Income Benefit at Present Rates excluding reduction to rate Schedule No. G-10 Basic Service Charge.

SOUTHWEST GAS CORPORATION
ARIZONA DIVISION
SUMMARY OF MARGIN AT PRESENT AND PROPOSED RATES
FOR THE TWELVE MONTHS ENDED AUGUST 31, 2004

Line No.	Description	Proposed Schedule Number	Margin: Present Rates [1]	Margin: Proposed Rates [2]	Increase/(Decrease): Dollars	Increase/(Decrease): Percent	Line No.
	(a)	(b)	(c)	(d)	(e)	(f)	
	Sales Service						
1	Residential Gas Service	G-5	$ 190,026,871	$ 240,890,441	$ 50,863,570	26.77%	1
2	Low Income Residential Gas Service [3]	G-5	5,133,656	5,387,435	253,779	4.94%	2
3	Multi-Family Residential Gas Service	G-6	12,503,879	15,563,924	3,060,045	24.47%	3
4	Low Income Multi-Family Residential [3]	G-6	746,603	768,782	22,179	2.97%	4
5	Master Metered Mobile Home Park Gas Service	G-20	883,856	1,018,249	134,393	15.21%	5
	General Gas Service	G-25					
6	Small		5,415,035	7,567,224	2,152,189	39.74%	6
7	Medium		20,350,243	24,095,859	3,745,616	18.41%	7
8	Large		46,243,388	51,491,636	5,248,248	11.35%	8
9	Transporation Eligible		15,855,591	17,433,222	1,577,631	9.95%	9
10	Optional Gas Service	G-30	5,476,592	5,543,332	66,740	1.22%	10
11	Air Conditioning Gas Service	G-40	167,216	197,199	29,983	17.93%	11
12	Street Lighting Gas Service	G-45	47,592	54,580	6,988	14.68%	12
	Gas Service for Compression on Customer's Premises	G-55					
13	Small		29,537	31,520	1,983	6.71%	13
14	Large		307,716	372,948	65,232	21.20%	14
15	Residential		21,167	26,737	5,570	26.31%	15
16	Electric Generation Gas Service	G-60	1,405,352	1,620,489	215,137	15.31%	16
17	Small Essential Agriculture User Gas Service	G-75	605,972	718,644	112,672	18.59%	17
18	Natural Gas Engine Gas Service	G-80	3,733,422	3,733,337	(85)	(0.00%)	18
19	Total Sales and Full Margin Transportation		$ 308,953,688	$ 376,515,558	$ 67,561,870	21.87%	19
20	Special Contract Service	B-1	2,134,837	2,134,837	0	0.00%	20
21	Other Operating Revenue		10,183,883	11,434,480	1,250,597	12.28%	21
22	Plus Low Income Benefit		$ 1,593,570	$ 3,381,592	1,788,022	112.20%	22
23	Total Arizona Revenue		$ 322,865,978	$ 393,466,467	$ 70,600,489	21.87%	23
24	Total Requirement			$ 393,675,099			24
25	Over/(Under) Requirement			$ 208,632			25

[1] Schedule H-2, Sheets 4-8.
[2] Schedule H-6, Sheets 9-11.
[3] Low Income Benefit at Present Rates excluding reduction to rate Schedule No. G-10 Basic Service Charge.

SOUTHWEST GAS CORPORATION
ARIZONA DIVISION
SUMMARY OF REVENUES AT PRESENT RATES BY PRESENT RATE SCHEDULES
FOR THE TWELVE MONTHS ENDED AUGUST 31, 2004

Line No.	Description	Proposed Schedule Number	Billing Determinants: Number of Bills	Billing Determinants: Sales (Therms)	Present Margin Rates [1]: Basic Service Charge	Present Margin Rates [1]: Commodity Charge	Margin at Present Rates: Basic Service Charge	Margin at Present Rates: Commodity Charge	Margin at Present Rates: Total Margin	Revenue at Present Rates: Gas Cost [2]	Revenue at Present Rates: Total Revenue	Line No.
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	
	Residential Gas Service	G-5										
1	Basic Service Charge per Month		9,496,924		$ 8.00		$ 75,975,392		$ 75,975,392		$ 75,975,392	1
	Commodity Charge per Therm											
	Summer (May - October)											
2	First 20 Therms			49,593,360		$ 0.48762		$ 24,182,714	24,182,714	$ 26,500,708	50,683,422	2
3	Over 20 Therms			9,691,283		0.40344		3,909,851	3,909,851	5,178,634	9,088,485	3
	Winter (November - April)											
4	First 40 Therms			136,597,796		$ 0.48762		66,607,817	66,607,817	72,992,398	139,600,215	4
5	Over 40 Therms			78,738,764		0.40344		31,766,367	31,766,367	42,074,846	73,841,213	5
6	Total Residential Gas Service		9,496,924	274,621,203			$ 75,975,392	$ 126,466,749	$ 202,442,141	$ 146,746,586	$ 349,188,727	6
	Low Income Residential Gas Service	G-10										
7	Basic Service Charge		369,755		$ 7.00		$ 2,588,285		$ 2,588,285		$ 2,588,285	7
	Commodity Charge per Therm											
	Summer (May - October)											
8	First 20 Therms			1,996,133		$ 0.48762		$ 973,354	973,354	$ 1,066,654	2,040,008	8
9	Over 20 Therms			238,288		0.40344		96,135	96,135	127,332	223,467	9
	Winter (November - April)											
10	First 40 Therms			5,526,657		0.48762		2,694,908	2,694,908	2,953,224	5,648,132	10
11	Next 110 Therms			2,703,999		0.40344		1,090,901	1,090,901	1,444,909	2,535,810	11
12	Over 150 Therms			74,968		0.40344		30,245	30,245	40,060	70,305	12
13	Total Low Income Residential Gas Service		369,755	10,540,045			$ 2,588,285	$ 4,885,543	$ 7,473,828	$ 5,632,179	$ 13,106,007	13
	Special Residential Gas Service for Air Conditioning	G-15										
14	Basic Service Charge per Month		1,884		$ 8.00		$ 15,072		$ 15,072		$ 15,072	14
	Commodity Charge per Therm											
	Summer (May - October)											
15	First 20 Therms			14,784		$ 0.48762		$ 7,210	7,210	$ 7,900	15,110	15
16	Over 20 Therms			99,140		0.19125		18,961	18,961	52,976	71,937	16
	Winter (November - April)											
17	First 40 Therms			32,391		0.48762		15,794	15,794	17,308	33,102	17
18	Over 40 Therms			78,261		0.40344		31,574	31,574	41,820	73,394	18
19	Total Special Residential Gas Service		1,884	224,576			$ 15,072	$ 73,539	$ 88,611	$ 120,004	$ 208,615	19
	Special Residential Gas Service for Electric Generation	G-16										
20	Basic Service Charge per Month		0		$ 8.00		$ 0		$ 0		$ 0	20
	Commodity Charge per Therm											
	Summer (May - October)											
21	First 20 Therms			0		$ 0.48762		$ 0	0	$ 0	0	21
22	Over 20 Therms			0		0.19125		0	0	0	0	22
	Winter (November - April)											
23	First 40 Therms			0		0.48762		0	0	0	0	23
24	Over 40 Therms			0		0.40344		0	0	0	0	24
25	Total Special Residential Gas Service		0	0			$ 0	$ 0	$ 0	$ 0	$ 0	25
26	Total Residential Gas Service		9,868,563	285,385,824			$ 78,578,749	$ 131,425,831	$ 210,004,580	$ 152,498,769	$ 362,503,349	26
	Master Metered Mobile Home Park Gas Service	G-20										
27	Basic Service Charge per Month		2,268		$ 50.00		$ 113,400		$ 113,400		$ 113,400	27
	Commodity Charge per Therm											
28	All Usage			2,452,509		$ 0.31415		$ 770,456	770,456	1,310,523	2,080,979	28
29	Total MMMHP Gas Service		2,268	2,452,509			$ 113,400	$ 770,456	$ 883,856	$ 1,310,523	$ 2,194,379	29

[1] Margin rates effective November 1, 2001 per Decision No. 64172.
[2] Gas cost effective August 27, 2004 without surcharges.

SOUTHWEST GAS CORPORATION
ARIZONA DIVISION
SUMMARY OF REVENUES AT PRESENT RATES BY PRESENT RATE SCHEDULES
FOR THE TWELVE MONTHS ENDED AUGUST 31, 2004

Line No.	Description	Proposed Schedule Number	Billing Determinants: Number of Bills	Billing Determinants: Sales (Therms)	Present Margin Rates [1]: Basic Service Charge	Present Margin Rates [1]: Commodity Charge	Margin at Present Rates: Basic Service Charge	Margin at Present Rates: Commodity Charge	Margin at Present Rates: Total Margin	Revenue at Present Rates: Gas Cost [2]	Revenue at Present Rates: Total Revenue	Line No.
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	
	General Gas Service - Small	G-25(S)										
1	Basic Service Charge		393,517		$ 20.00		$ 7,870,340		$ 7,870,340		$ 7,870,340	1
	Commodity Charge per Therm											
2	Transportation Customers			183,935		$ 0.38024		$ 69,939	69,939	$ 0	69,939	2
3	Sales Customers			47,676,684		0.38024		18,128,582	18,128,582	25,476,513	43,605,095	3
4	Total Small General Gas Service		393,517	47,860,619			$ 7,870,340	$ 18,198,521	$ 26,068,861	$ 25,476,513	$ 51,545,374	4
	General Gas Service - Medium	G-25(M)										
5	Basic Service Charge		83,248		$ 90.00		$ 7,492,320		$ 7,492,320		$ 7,492,320	5
	Commodity Charge per Therm											
6	Transportation Customers			2,781,916		$ 0.27211		$ 756,987	756,987	$ 0	756,987	6
7	Sales Customers			137,503,584		0.27211		37,416,100	37,416,100	73,476,415	110,892,515	7
8	Total Medium General Gas Service		83,248	140,285,500			$ 7,492,320	$ 38,173,087	45,665,407	$ 73,476,415	$ 119,141,822	8
	General Gas Service - Large	G-25(L)										
9	Basic Service Charge		1,812		$ 500.00		$ 906,000		$ 906,000		$ 906,000	9
10	Demand Charge per Month			7,272,517	0.072695			$ 6,344,107	6,344,107		6,344,107	10
	Commodity Charge per Therm:											
11	Transportation Customers			26,148,523		$ 0.08548		$ 2,235,176	2,235,176	$ 0	2,235,176	11
12	Sales Customers			47,519,293		0.08548		4,061,949	4,061,949	25,392,409	29,454,358	12
13	Total Large General Gas Service		1,812	73,667,816			$ 906,000	$ 12,641,232	$ 13,547,232	$ 25,392,409	$ 38,939,641	13
14	Total General Gas Service		478,577	261,813,935			$ 16,268,660	$ 69,012,840	$ 85,281,500	$ 124,345,337	$ 209,626,837	14
	Gas Service to Armed Forces	G-35										
15	Basic Service Charge		108		$ 350.00		$ 37,800		$ 37,800		$ 37,800	15
	Commodity Charge per Therm											
16	Transportation Customers			0		$ 0.18966		$ 0	0	$ 0	0	16
17	Sales Customers			3,168,716		0.18966		600,979	600,979	1,693,235	2,294,214	17
18	Total Armed Forces Gas Service		108	3,168,716			$ 37,800	$ 600,979	$ 638,779	$ 1,693,235	$ 2,332,014	18
	Air Conditioning Gas Service	G-40										
	Basic Service Charge											
19	General Service - Small		317		$ 20.00		$ 6,340		$ 6,340		$ 6,340	19
20	General Service - Medium		24		90.00		2,160		2,160		2,160	20
21	General Service - Large		36		500.00		18,000		18,000		18,000	21
22	Essential Agricultural		12		75.00		900		900		900	22
23	w/ other service (zero BSC)		60		0.00		0		0		0	23
	Commodity Charge per Therm											
24	Transportation Customers			628,909		$ 0.07613		$ 47,879	47,879	$ 0	47,879	24
25	Sales Customers			1,207,635		0.07613		91,937	91,937	645,312	737,249	25
26	Total Air Conditioning Gas Service		449	1,836,544			$ 27,400	$ 139,816	$ 167,216	$ 645,312	$ 812,528	26
	Street Lighting Gas Service	G-45										
	Commodity Charge per Therm of Rated Capacity											
27	All Usage		348	99,883		$ 0.47648		$ 47,592	47,592	53,373	100,965	27
28	Total Street Lighting Gas Service		348	99,883			$ 0	$ 47,592	$ 47,592	$ 53,373	$ 100,965	28

[1] Margin rates effective November 1, 2001 per Decision No. 64172.
[2] Gas cost effective August 27, 2004 without surcharges.

SOUTHWEST GAS CORPORATION
ARIZONA DIVISION
SUMMARY OF REVENUES AT PRESENT RATES BY PRESENT RATE SCHEDULES
FOR THE TWELVE MONTHS ENDED AUGUST 31, 2004

Line No.	Description	Proposed Schedule Number	Billing Determinants: Number of Bills	Billing Determinants: Sales (Therms)	Present Margin Rates [1]: Basic Service Charge	Present Margin Rates [1]: Commodity Charge	Margin at Present Rates: Basic Service Charge	Margin at Present Rates: Commodity Charge	Margin at Present Rates: Total Margin	Revenue at Present Rates: Gas Cost [2]	Revenue at Present Rates: Total Revenue	Line No.
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	
	Gas Service for Compression on Customer's Premises	G-55										
	Basic Service Charge											
1	Small		264		$ 20.00		$ 5,280		$ 5,280		$ 5,280	1
2	Large		324		170.00		55,080		55,080		55,080	2
3	Residential		1,320		8.00		10,560		10,560		10,560	3
	Commodity Charge per Therm											
4	Transportation Customers			0		$ 0.13305		$ 0	0	$ 0	0	4
	Sales Customers											
5	Small			182,313		0.13305		24,257	24,257	97,421	121,678	5
6	Large			1,898,808		0.13305		252,636	252,636	1,014,647	1,267,283	6
7	Residential			79,719		0.13305		10,607	10,607	42,599	53,206	7
8	Total Air Conditioning Gas Service		1,908	2,160,840			$ 70,920	287,500	358,420	1,154,667	1,513,087	8
	Cogeneration Gas Service	G-60										
	Basic Service Charge											
9	General Service - Small		60		$ 20.00		$ 1,200		$ 1,200		$ 1,200	9
10	General Service - Medium		84		$ 90.00		$ 7,560		$ 7,560		$ 7,560	10
11	General Service - Large		108		500.00		54,000		54,000		54,000	11
12	Essential Agricultural		24		75.00		1,800		1,800		1,800	12
	Commodity Charge per Therm											
13	Transportation Customers			0		$ 0.08934		$ 0	0	$ 0	0	13
14	Sales Customers			15,007,742		0.08934		1,340,792	1,340,792	6,564,687	7,905,479	14
15	Total Cogeneration Gas Service		276	15,007,742			$ 64,560	$ 1,340,792	$ 1,405,352	# $ 6,564,687	$ 7,970,039	15
	Small Essential Agriculture User Gas Service	G-75										
16	Basic Service Charge		1,347		$ 75.00		$ 101,025		$ 101,025		$ 101,025	16
	Commodity Charge per Therm											
17	Transportation Customers			4,590,241		$ 0.19468		$ 893,628	893,628	$ 0	893,628	17
18	Sales Customers			7,988,994		0.19468		1,555,297	1,555,297	4,268,999	5,824,296	18
19	Total Essential Agricultural Gas Service		1,347	12,579,235			$ 101,025	$ 2,448,925	$ 2,549,950	$ 4,268,999	$ 6,818,949	19
	Natural Gas Engine Gas Service	G-80										
	Basic Service Charge											
20	Off-Peak Season (Oct. - March)		3,623		$ 0.00		$ 0		$ 0		$ 0	20
21	Peak Season (April - September)		3,623		80.00		289,800		289,800		289,800	21
	Commodity Charge per Therm											
22	Transportation Customers			0		$ 0.16189		$ 0	0	$ 0	0	22
23	Sales Customers			21,271,370		0.16189		3,443,622	3,443,622	9,304,523	12,748,145	23
24	Total Natural Gas Engine Gas Service		7,245	21,271,370			$ 289,800	$ 3,443,622	$ 3,733,422	$ 9,304,523	$ 13,037,945	24
25	Total Tariff Sales		10,361,089	605,776,598			95,552,314	209,518,353	305,070,667	301,839,425	606,910,092	25
26	Optional Gas Service	G-30	324	101,647,104			$ 479,840	$ 4,996,752	$ 5,476,592	$ 55,931,796	$ 61,408,388	26
27	Special Contract Service	B-1	271	30,410,785			$ 184,703	$ 1,950,134	$ 2,134,837		$ 2,134,837	27
28	Other Operating Revenues						$ 10,183,883		$ 10,183,883		$ 10,183,883	28
29	Total Revenue		10,361,684	737,834,487			$ 106,400,740	$ 216,465,239	$ 322,865,979	$ 357,771,221	$ 680,637,200	29
30	Total Revenue Requirement								393,675,106	357,771,221	751,446,327	30
31	Over/(Under)								($70,809,127)	$ 0	($70,809,127)	31

[1] Margin rates effective November 1, 2001 per Decision No. 64172.
[2] Gas cost effective August 27, 2004 without surcharges.

SOUTHWEST GAS CORPORATION
ARIZONA DIVISION
SUMMARY OF REVENUES AT PRESENT RATES BY PROPOSED RATE SCHEDULES
FOR THE TWELVE MONTHS ENDED AUGUST 31, 2004

Line No.	Description	Proposed Schedule Number	Billing Determinants: Number of Bills	Billing Determinants: Sales (Therms)	Present Margin Rates [1]: Basic Service Charge	Present Margin Rates [1]: Commodity Charge	Margin at Present Rates: Basic Service Charge	Margin at Present Rates: Commodity Charge	Margin at Present Rates: Total Margin	Revenue at Present Rates: Gas Cost [2]	Revenue at Present Rates: Total Revenue	Line No.
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	
	Single-Family Residential Gas Service	G-5										
	Summer (April - November)											
1	Basic Service Charge per Month		5,834,248		$ 8.00		$ 46,673,984		$ 46,673,984		$ 46,673,984	1
	Commodity Charge per Therm											
2	First 8 Therms			40,157,005		$ 0.48762		$ 19,581,359	19,581,359	$ 21,458,297	41,039,656	2
3	Next 12 / 32 Therms [3]			35,488,283		0.48762		17,304,796	17,304,796	18,963,519	36,268,315	3
4	Over 20 / 40 Therms [3]			15,159,885		0.40344		6,116,104	6,116,104	8,100,836	14,216,940	4
5	Over 20 Therms (prior G-15 Summer)			99,140		0.19125		18,961	18,961	52,976	71,937	5
	Winter (December - March)											
6	Basic Service Charge per Month		2,974,733		$ 8.00		$ 23,797,864		$ 23,797,864		$ 23,797,864	6
	Commodity Charge per Therm											
7	First 30 Therms			78,149,816		$ 0.48762		38,107,413	38,107,413	41,760,136	79,867,549	7
8	Next 10 Therms			19,783,002		0.48762		9,646,587	9,646,587	10,571,245	20,217,832	8
9	Over 40 Therms			71,336,019		0.40344		28,779,803	28,779,803	38,119,115	66,898,918	9
10	Total Single-Family Residential Gas Service		8,808,981	260,173,149			$ 70,471,848	$ 119,555,023	$ 190,026,871	$ 139,026,124	$ 329,052,995	10
	Low Income Residential Gas Service	G-5										
	Summer (April - November)											
11	Basic Service Charge		211,472		$ 7.00		$ 1,480,304		$ 1,480,304		$ 1,480,304	11
	Commodity Charge per Therm											
	Summer (May - October)											
12	First 8 Therms			1,491,739		$ 0.48762		$ 727,402	727,402	$ 797,125	1,524,527	12
13	Next 12 / 32 Therms [3]			1,419,741		0.48762		692,294	692,294	758,653	1,450,947	13
14	Over 20 / 40 Therms [3]			328,699		0.40344		132,610	132,610	175,644	308,254	14
	Winter (December - March)											
15	Basic Service Charge per Month		107,196		$ 7.00		$ 750,372		$ 750,372		$ 750,372	15
	Commodity Charge per Therm											
16	First 30 Therms			2,567,923		0.48762		1,252,170	1,252,170	1,372,195	2,624,365	16
17	Next 10 Therms			1,049,387		0.48762		511,702	511,702	560,750	1,072,452	17
18	Next 110 Therms			2,424,450		0.40344		978,120	978,120	1,295,529	2,273,649	18
19	Over 150 Therms			70,477		0.40344		28,433	28,433	37,660	66,093	19
20	Total Low Income Residential Gas Service		318,668	9,352,415			$ 2,230,676	$ 4,322,731	$ 6,553,407	$ 4,997,556	$ 11,550,963	20
	Multi-Family Residential Gas Service	G-6										
	Summer (April - November)											
21	Basic Service Charge per Month		456,582		$ 8.00		$ 3,652,656		$ 3,652,656		$ 3,652,656	21
	Commodity Charge per Therm											
22	First 7 Therms			2,901,893		$ 0.48762		$ 1,415,021	1,415,021	$ 1,550,656	2,965,677	22
23	Next 13 / 33 Therms [3]			2,697,544		$ 0.48762		1,315,377	1,315,377	1,441,460	2,756,837	23
24	Over 20 / 40 Therms [3]			479,657		$ 0.40344		193,513	193,513	256,309	449,822	24
	Winter (December - March)											
25	Basic Service Charge per Month		233,245		$ 8.00		$ 1,865,960		$ 1,865,960		$ 1,865,960	25
	Commodity Charge per Therm											
26	First 18 Therms			4,364,020		0.48762		2,127,983	2,127,983	2,331,958	4,459,941	26
27	Next 22 Therms			2,696,749		0.48762		1,314,989	1,314,989	1,441,035	2,756,024	27
28	Over 40 Therms			1,532,767		0.40344		618,380	618,380	819,049	1,437,429	28
29	Total Multi-Family Residential Gas Service		689,827	14,672,630			$ 5,518,616	$ 6,985,263	$ 12,503,879	$ 7,840,467	$ 20,344,346	29

[1] Margin rates effective November 1, 2001 per Decision No. 64172.
[2] Gas cost effective August 27, 2004 without surcharges.
[3] Proposed change in summer and winter season.

SOUTHWEST GAS CORPORATION
ARIZONA DIVISION
SUMMARY OF REVENUES AT PRESENT RATES BY PROPOSED RATE SCHEDULES
FOR THE TWELVE MONTHS ENDED AUGUST 31, 2004

Line No.	Description	Proposed Schedule Number	Billing Determinants: Number of Bills	Billing Determinants: Sales (Therms)	Present Margin Rates [1]: Basic Service Charge	Present Margin Rates [1]: Commodity Charge	Margin at Present Rates: Basic Service Charge	Margin at Present Rates: Commodity Charge	Margin at Present Rates: Total Margin	Revenue at Present Rates: Gas Cost [2]	Revenue at Present Rates: Total Revenue	Line No.
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	
	Multi-Family Low Income Residential Gas Service	G-6										
	Summer (April - November)											
1	Basic Service Charge per Month		33,599		$ 7.00		$ 235,193		$ 235,193		$ 235,193	1
	Commodity Charge per Therm											
2	First 7 Therms			208,053		$ 0.48762		$ 101,451	101,451	$ 111,175	212,626	2
3	Next 13 / 33 Therms [3]			216,713		0.48762		105,674	105,674	115,803	221,477	3
4	Over 20 / 40 Therms [3]			38,126		0.40344		15,382	15,382	20,373	35,755	4
	Winter (December - March)											
5	Basic Service Charge per Month		17,488		$ 7.00		$ 122,416		$ 122,416		$ 122,416	5
	Commodity Charge per Therm											
6	First 18 Therms			327,920		0.48762		159,900	159,900	175,227	335,127	6
7	Next 22 Therms			241,315		0.48762		117,670	117,670	128,949	246,619	7
8	Next 110 Therms			153,349		0.40344		61,867	61,867	81,944	143,811	8
9	Over 150 Therms			2,154		0.40344		869	869	1,151	2,020	9
10	Total Multi-Family Low Income Residential Gas Service		51,087	1,187,630			$ 357,609	$ 562,813	$ 920,422	$ 634,622	$ 1,555,044	10
11	Total Residential Gas Service		9,868,563	285,385,824			78,578,749	131,425,830	210,004,579	152,498,769	362,503,348	11
	Master Metered Mobile Home Park Gas Service	G-20										
12	Basic Service Charge per Month		2,268		$ 50.00		$ 113,400		$ 113,400		$ 113,400	12
	Commodity Charge per Therm All Usage											
13	All Usage			2,452,509		$ 0.31415		$ 770,456	770,456	1,310,523	2,080,979	13
14	Total MMMHP Gas Service		2,268	2,452,509			$ 113,400	$ 770,456	$ 883,856	$ 1,310,523	$ 2,194,379	14
	General Gas Service - Small	G-25(S)										
	Basic Service Charge											
15	Former Small GS Customers		197,811		$ 20.00		$ 3,956,220		$ 3,956,220		$ 3,956,220	15
16	Former Medium GS Customers		96		$ 90.00		$ 8,640		$ 8,640		$ 8,640	16
17	Former Essential Agriculture Customers		144		$ 75.00		$ 10,800		$ 10,800		$ 10,800	17
	Commodity Charge per Therm All Usage											
18	Transportation Customers			629		$ 0.38024		$ 239	239	$ 0	239	18
	Sales Customers											
19	Former Small GS Customers			3,782,407		0.38024		$ 1,438,222	1,438,222	$ 2,021,167	3,459,389	19
20	Former Medium GS Customers			1,687		0.27211		$ 459	459	$ 901	1,360	20
21	Former Essential Agriculture Customers			2,337		0.19468		$ 455	455	$ 1,249	1,704	21
22	Total Small General Gas Service		198,051	3,787,060			3,975,660	1,439,375	5,415,035	2,023,317	7,438,352	22
	General Gas Service - Medium	G-25(M)										
	Basic Service Charge											
23	Former Small GS Customers		191,331		$ 20.00		$ 3,826,620		$ 3,826,620		$ 3,826,620	23
24	Former Medium GS Customers		3,708		90.00		333,720		333,720		333,720	24
25	Former Large GS Customers		12		500.00		6,000		6,000		6,000	25
25	Former Armed Forces Customers		24		350.00		8,400		8,400		8,400	25
26	Former Essential Agriculture Customers		516		75.00		38,700		38,700		38,700	26
	Transportation Customers											
27	Former Small GS Customers			101,424		$ 0.38024		$ 38,565	38,565	0	38,565	27
28	Former Medium GS Customers			85,250		0.27211		23,197	23,197	0	23,197	28
	Sales Customers											
29	Former Small GS Customers			40,955,338		0.38024		15,572,858	15,572,858	21,884,894	37,457,752	29
30	Former Medium GS Customers			1,745,235		0.27211		474,896	474,896	932,584	1,407,480	30
31	Former Armed Forces Customers			5,050		0.18966		958	958	2,699	3,657	31
31	Former Large GS Customers			3,847		0.08548		329	329	2,056	2,385	31
32	Former Essential Agriculture Customers			133,552		0.19468		26,000	26,000	71,365	97,365	32
33	Total Medium General Gas Service		195,591	43,029,696			$ 4,213,440	$ 16,136,803	$ 20,350,243	$ 22,893,598	$ 43,243,841	33

[1] Margin rates effective November 1, 2001 per Decision No. 64172.
[2] Gas cost effective August 27, 2004 without surcharges.
[3] Proposed change in summer and winter season.

SOUTHWEST GAS CORPORATION
ARIZONA DIVISION
SUMMARY OF REVENUES AT PRESENT RATES BY PROPOSED RATE SCHEDULES
FOR THE TWELVE MONTHS ENDED AUGUST 31, 2004

Line No.	Description	Proposed Schedule Number	Billing Determinants: Number of Bills	Billing Determinants: Sales (Therms)	Present Margin Rates [1]: Basic Service Charge	Present Margin Rates [1]: Commodity Charge	Margin at Present Rates: Basic Service Charge	Margin at Present Rates: Commodity Charge	Margin at Present Rates: Total Margin	Revenue at Present Rates: Gas Cost [2]	Revenue at Present Rates: Total Revenue	Line No.
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	
	General Gas Service - Large	G-25(L)										
	Basic Service Charge											
1	Former Small GS Customers		4,375		$ 20.00		$ 87,500		$ 87,500		$ 87,500	1
2	Former Medium GS Customers		79,384		90.00		7,144,560		7,144,560		7,144,560	2
3	Former Large GS Customers		120		500.00		60,000		60,000		60,000	3
3	Former Armed Forces Customers		24		350.00		8,400		8,400		8,400	3
	Demand Charge per Month											
4	Former Large GS Customers			283,133	0.072695			$ 246,988	246,988		246,988	4
	Commodity Charge per Therm All Usage											
	Transportation Customers											
5	Former Small GS Customers			81,882		$ 0.38024		$ 31,135	31,135	$ 0	31,135	5
6	Former Medium GS Customers			2,696,666		0.27211		733,790	733,790	0	733,790	6
7	Former Large GS Customers			316,390		0.08548		27,045	27,045	0	27,045	7
	Sales Customers											
8	Former Small GS Customers			2,938,939		0.38024		1,117,502	1,117,502	1,570,451	2,687,953	8
9	Former Medium GS Customers			134,740,525		0.27211		36,664,244	36,664,244	71,999,947	108,664,191	9
10	Former Large GS Customers			1,055,381		0.08548		90,214	90,214	563,953	654,167	10
10	Former Armed Forces Customers			168,776		0.18966		32,010	32,010	90,187	122,197	10
11	Total Large General Gas Service		83,903	141,998,559			$ 7,300,460	$ 38,942,928	46,243,388	$ 74,224,538	$ 120,467,926	11
	General Gas Service - Transportation Eligible	G-25(TE)										
	Basic Service Charge											
12	Former Medium GS Customers		60		$ 90.00		$ 5,400		5,400		$ 5,400	12
13	Former Essential Agricultural Service Customers		252		$ 75.00		$ 18,900		18,900		$ 18,900	13
14	Former Large GS Customers		1,680		500.00		840,000		840,000		840,000	14
14	Former Armed Forces Customers		60		350.00		21,000		21,000		21,000	14
	Demand Charge per Month											
15	Former Medium GS Customers			0	0.000000			$ 0	0		0	15
16	Former Essential Agricultural Service Customers			0	0.000000			$ 0	0		0	16
17	Former Large GS Customers			6,989,384	0.072695			6,097,119	6,097,119		6,097,119	17
	Commodity Charge per Therm All Usage											
	Transportation Customers											
18	Former Medium GS Customers			0		$ 0.27211		$ 0	0	0	0	18
19	Former Essential Agricultural Service Customers			4,434,348		$ 0.19468		$ 863,279	863,279	0	863,279	19
20	Former Large GS Customers			25,832,133		0.08548		2,208,131	2,208,131	0	2,208,131	20
	Sales Customers											
21	Former Medium GS Customers			1,016,137		0.27211		276,501	276,501	542,983	819,484	21
22	Former Essential Agricultural Service Customers			5,063,922		0.19468		985,844	985,844	2,705,957	3,691,801	22
23	Former Large GS Customers			46,460,065		0.08548		3,971,406	3,971,406	24,826,400	28,797,806	23
23	Former Armed Forces Customers			2,994,890		0.18966		568,011	568,011	1,600,349	2,168,360	23
24	Total Transportation Eligible General Gas Service		2,052	85,801,495			$ 885,300	$ 14,970,291	$ 15,855,591	$ 29,675,689	$ 45,531,280	24
25	Total General Gas Service		479,597	274,616,810			$ 16,374,860	$ 71,489,397	$ 87,864,257	$ 128,817,142	$ 216,681,399	25
	Gas Service to Armed Forces	G-35										
26	Basic Service Charge		0		$ 350.00		$ 0		$ 0		$ 0	26
	Commodity Charge per Therm All Usage											
27	Transportation Customers			0		$ 0.18966		$ 0	0	$ 0	0	27
28	Sales Customers			0		0.18966		0	0	0	0	28
29	Total Armed Forces Gas Service		0	0			$ 0	$ 0	$ 0	$ 0	$ 0	29

[1] Margin rates effective November 1, 2001 per Decision No. 64172.
[2] Gas cost effective August 27, 2004 without surcharges.

SOUTHWEST GAS CORPORATION
ARIZONA DIVISION
SUMMARY OF REVENUES AT PRESENT RATES BY PROPOSED RATE SCHEDULES
FOR THE TWELVE MONTHS ENDED AUGUST 31, 2004

Line No.	Description	Proposed Schedule Number	Billing Determinants: Number of Bills	Billing Determinants: Sales (Therms)	Present Margin Rates [1]: Basic Service Charge	Present Margin Rates [1]: Commodity Charge	Margin at Present Rates: Basic Service Charge	Margin at Present Rates: Commodity Charge	Margin at Present Rates: Total Margin	Revenue at Present Rates: Gas Cost [2]	Revenue at Present Rates: Total Revenue	Line No.
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	
	Air Conditioning Gas Service	G-40										
	Basic Service Charge											
1	With Other Service - No BSC		60		$ 0.00		$ 0		$ 0		$ 0	1
2	General Service - Small		317		$ 20.00		$ 6,340		$ 6,340		$ 6,340	2
3	General Service - Medium		24		90.00		2,160		2,160		2,160	3
4	General Service - Large		36		500.00		18,000		18,000		18,000	4
5	Essential Agricultural		12		75.00		900		900		900	5
	Commodity Charge per Therm All Usage											
6	Transportation Customers			628,909		$ 0.07613		$ 47,879	47,879	$ 0	47,879	6
7	Sales Customers			1,207,635		0.07613		91,937	91,937	645,312	737,249	7
8	Total Air Conditioning Gas Service		449	1,836,544			$ 27,400	$ 139,816	$ 167,216	$ 645,312	$ 812,528	8
	Street Lighting Gas Service	G-45										
	Commodity Charge per Therm of Rated Capacity											
9	All Usage		348	99,883		$ 0.47648		$ 47,592	47,592	53,373	100,965	9
10	Total Street Lighting Gas Service		348	99,883			$ 0	$ 47,592	$ 47,592	$ 53,373	$ 100,965	10
	Gas Service for Compression on Customer's Premises	G-55										
	Basic Service Charge											
11	Small		264		$ 20.00		$ 5,280		$ 5,280		$ 5,280	11
12	Large		324		170.00		55,080		55,080		55,080	12
13	Residential		1,320		8.00		10,560		10,560		10,560	13
	Commodity Charge per Therm All Usage											
14	Transportation Customers			0		$ 0.13305		$ 0	0	$ 0	0	14
	Sales Customers											
15	Small			182,313		0.13305		24,257	24,257	97,421	121,678	15
16	Large			1,898,808		0.13305		252,636	252,636	1,014,647	1,267,283	16
17	Residential			79,719		0.13305		10,607	10,607	42,599	53,206	17
18	Total CNG Gas Service		1,908	2,160,840			$ 70,920	$ 287,500	$ 358,420	$ 1,154,667	$ 1,513,087	18
	Electric Generation Gas Service	G-60										
	Basic Service Charge											
19	General Service - Small		60		$ 20.00		$ 1,200		$ 1,200		$ 1,200	19
20	General Service - Medium		84		$ 90.00		$ 7,560		$ 7,560		$ 7,560	20
21	General Service - Large		0		500.00		0		0		0	21
22	General Service - Transportation Eligible		108		500.00		54,000		54,000		54,000	22
23	Essential Agricultural		24		75.00		1,800		1,800		1,800	23
	Commodity Charge per Therm All Usage											
24	Transportation Customers			0		$ 0.08934		$ 0	0	$ 0	0	24
25	Sales Customers			15,007,742		0.08934		1,340,792	1,340,792	6,564,687	7,905,479	25
26	Total Electric Generation Gas Service		$ 276	15,007,742			$ 64,560	$ 1,340,792	$ 1,405,352	$ 6,564,687	$ 7,970,039	26
	Essential Agriculture User Gas Service	G-75										
27	Basic Service Charge		435		$ 75.00		$ 32,625		$ 32,625		$ 32,625	27
	Commodity Charge per Therm All Usage											
28	Transportation Customers			155,893		$ 0.19468		$ 30,349	30,349	$ 0	30,349	28
29	Sales Customers			2,789,183		0.19468		542,998	542,998	1,490,428	2,033,426	29
30	Total Essential Agricultural Gas Service		435	2,945,076			$ 32,625	$ 573,347	$ 605,972	$ 1,490,428	$ 2,096,400	30

[1] Margin rates effective November 1, 2001 per Decision No. 64172.
[2] Gas cost effective August 27, 2004 without surcharges.

SOUTHWEST GAS CORPORATION
ARIZONA DIVISION
SUMMARY OF REVENUES AT PRESENT RATES BY PROPOSED RATE SCHEDULES
FOR THE TWELVE MONTHS ENDED AUGUST 31, 2004

Line No.	Description	Proposed Schedule Number	Billing Determinants		Present Margin Rates [1]		Margin at Present Rates			Revenue at Present Rates		Line No.
			Number of Bills	Sales (Therms)	Basic Service Charge	Commodity Charge	Basic Service Charge	Commodity Charge	Total Margin	Gas Cost [2]	Total Revenue	
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	
	Natural Gas Engine Gas Service	G-80										
	Basic Service Charge											
1	Off-Peak Season (Oct. - March)		3,623		$ 0.00		$ 0		$ 0		$ 0	1
2	Peak Season (April - September)		3,623		80.00		289,800		289,800		289,800	2
	Commodity Charge per Therm All Usage											
3	Transportation Customers			0		$ 0.16189		$ 0	0	$ 0	0	3
4	Sales Customers			21,271,370		0.16189		3,443,622	3,443,622	9,304,523	12,748,145	4
5	Total Natural Gas Engine Gas Service		7,245	21,271,370			$ 289,800	$ 3,443,622	$ 3,733,422	$ 9,304,523	$ 13,037,945	5
6	Total Tariff Sales		10,361,089	605,776,598			95,552,314	209,518,352	305,070,666	301,839,424	606,910,090	6
7	Optional Gas Service	G-30	324	101,647,104			$ 479,840	$ 4,996,752	$ 5,476,592	$ 55,931,796	$ 61,408,388	7
8	Special Contract Service	B-1	271	30,410,785			$ 184,703	$ 1,950,134	$ 2,134,837		$ 2,134,837	8
9	Other Operating Revenues						$ 10,183,883		$ 10,183,883		$ 10,183,883	9
10	Total		10,361,684	737,834,487			$ 106,400,740	$ 216,465,238	$ 322,865,978	$ 357,771,220	$ 680,637,198	10
11	Total Revenue Requirement								393,675,099	357,771,220	751,446,319	11
12	Over/(Under)								$ (70,809,121)	$ -	$ (70,809,121)	12

[1] Margin rates effective November 1, 2001 per Decision No. 64172.
[2] Gas cost effective August 27, 2004 without surcharges.

SOUTHWEST GAS CORPORATION
ARIZONA DIVISION
SUMMARY OF PRESENT AND PROPOSED REVENUES BY RATE COMPONENT
FOR THE TWELVE MONTHS ENDED AUGUST 31, 2004

Line No.	Description	Reference	Proposed Schedule Number	Billing Determinants: Number of Bills	Billing Determinants: Sales (Therms)	Revenue at Proposed Rates [1]: Basic Service Charge	Revenue at Proposed Rates [1]: Commodity Charge	Revenue at Proposed Rates [1]: Basic Service Charge	Revenue at Proposed Rates [1]: Commodity Charge	Revenue at Proposed Rates [1]: Total Margin	Revenue at Proposed Rates [1]: Gas Cost	Revenue at Proposed Rates [1]: Total Revenue	Revenue at Present Rates [2]	Increase / Decrease: Dollars	Increase / Decrease: Percent	Line No.
	(a)	(b)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	
	Single-Family Residential Gas Service		G-5													
	Summer (April - November)															
1	Basic Service Charge per Month			6,834,248		$ 12.00		$ 70,010,976		$ 70,010,976		$ 70,010,976	46,673,984	23,336,992		1
	Commodity Charge per Therm															
2	First 8 Therms				40,157,005		$ 0.84286		$ 33,846,733	33,846,733	$ 21,458,297	55,305,030	41,039,656	14,265,374		2
3	Over 8 Therms				50,747,308		0.25000		12,686,827	12,686,827	27,117,331	39,804,158	50,557,192	-10,753,034		3
	Winter (December - March)															
4	Basic Service Charge per Month			2,974,733		$ 12.00		$ 35,696,796		$ 35,696,796		$ 35,696,796	23,797,864	11,898,932		4
	Commodity Charge per Therm															
5	First 30 Therms				78,149,816		0.84286		65,869,354	65,869,354	41,760,136	107,629,490	79,867,549	27,761,941		5
6	Over 30 Therms				91,119,021		0.25000		22,779,755	22,779,755	48,690,360	71,470,115	87,116,750	-15,646,635		6
7	Total Single-Family Residential Gas Service			8,808,981	260,173,149			$ 105,707,772	$ 135,182,669	$ 240,890,441	$ 139,026,124	$ 379,916,565	329,052,995	50,863,570	15.46%	7
	Low Income Residential Gas Service		G-5													
	Summer (April - November)															
8	Basic Service Charge			211,472		$ 12.00		$ 2,537,664		$ 2,537,664		$ 2,537,664	1,480,304	1,057,360		8
	Commodity Charge per Therm															
	Summer (May - October)															
9	First 8 Therms				1,491,739		$ 0.84286		$ 1,257,327	1,257,327	$ 797,125	2,054,452	1,524,527	529,925		9
10	Over 8 Therms				1,748,440		0.25000		437,110	437,110	934,297	1,371,407	1,759,201	-387,794		10
	Winter (December - March)															
11	Basic Service Charge per Month			107,196		$ 12.00		$ 1,286,352		$ 1,286,352		$ 1,286,352	750,372	535,980		11
	Commodity Charge per Therm															
12	First 30 Therms				2,567,923		0.84286		2,164,399	2,164,399	1,372,195	3,536,594	2,624,365	912,229		12
13	Over 30 Therms				3,544,314		0.25000		886,078	886,078	1,893,939	2,780,017	3,412,194	-632,177		13
14	Total Low Income Residential Gas Service			318,668	9,352,415			$ 3,824,016	$ 4,744,914	$ 8,568,930	$ 4,997,556	$ 13,566,486	11,550,963	2,015,523	17.45%	14
	Multi-Family Residential Gas Service		G-6													
	Summer (April - November)															
15	Basic Service Charge per Month			466,582		$ 11.00		$ 5,022,402		$ 5,022,402		$ 5,022,402	3,652,656	1,369,746		15
	Commodity Charge per Therm															
16	First 7 Therms				2,901,893		$ 0.84286		$ 2,445,890	2,445,890	$ 1,550,656	3,996,546	2,965,677	1,030,869		16
17	Over 7 Therms				3,177,201		0.25000		794,300	794,300	1,697,769	2,492,069	3,206,859	-714,590		17
	Winter (December - March)															
18	Basic Service Charge per Month			233,245		$ 11.00		$ 2,565,695		$ 2,565,695		$ 2,565,695	1,865,960	699,735		18
	Commodity Charge per Therm															
19	First 18 Therms				4,364,020		0.84286		3,678,258	3,678,258	2,331,958	6,010,216	4,459,941	1,550,275		19
20	Over 18 Therms				4,229,516		0.25000		1,057,379	1,057,379	2,260,084	3,317,463	4,193,453	-875,990		20
21	Total Multi-Family Residential Gas Service			689,827	14,672,630			$ 7,588,097	$ 7,975,827	$ 15,563,924	$ 7,840,467	$ 23,404,391	20,344,346	3,060,045	15.04%	21
	Multi-Family Low Income Residential Gas Service		G-6													
	Summer (April - November)															
22	Basic Service Charge per Month			33,599		$ 11.00		$ 369,589		$ 369,589		$ 369,589	235,193	134,396		22
	Commodity Charge per Therm															
23	First 7 Therms				208,053		$ 0.84286		$ 175,360	175,360	$ 111,175	286,535	212,626	73,909		23
24	Over 7 Therms				254,839		0.25000		63,710	63,710	136,176	199,886	257,232	-57,346		24
	Winter (December - March)															
25	Basic Service Charge per Month			17,488		$ 11.00		$ 192,368		$ 192,368		$ 192,368	122,416	69,952		25
	Commodity Charge per Therm															
26	First 18 Therms				327,920		0.84286		276,390	276,390	175,227	451,617	335,127	116,490		26
27	Over 18 Therms				396,818		0.25000		99,205	99,205	212,044	311,249	392,450	-81,201		27
28	Total Low Income Multi-Family Residential Gas Service			51,087	1,187,630			$ 561,957	$ 614,665	$ 1,176,622	$ 634,622	$ 1,811,244	1,555,044	256,200	16.48%	28
29	Total Residential Gas Service			9,868,563	285,385,824			$117,681,842	$ 148,518,075	$ 266,199,917	$ 152,498,769	$ 418,698,686	$ 362,503,348	$ 56,195,338	15.50%	29
	Master Metered Mobile Home Park Gas Service		G-20													
30	Basic Service Charge per Month			2,268		$ 100.00		$ 226,800		$ 226,800		$ 226,800	113,400	113,400		30
	Commodity Charge per Therm All Usage															
31	All Usage				2,452,509		$ 0.32271		$ 791,449	791,449	1,310,523	2,101,972	2,080,979	20,993		31
32	Total MMMHP Gas Service			2,268	2,452,509			$ 226,800	$ 791,449	$ 1,018,249	$ 1,310,523	$ 2,328,772	2,194,379	134,393	6.12%	32

[1] Schedule H-6, Sheets 3-5.
[2] Schedule H-2, Sheets 4-8.

SOUTHWEST GAS CORPORATION
ARIZONA DIVISION
SUMMARY OF PRESENT AND PROPOSED REVENUES BY RATE COMPONENT
FOR THE TWELVE MONTHS ENDED AUGUST 31, 2004

Line No.	Description (a)	Reference (b)	Proposed Schedule Number (b)	Billing Determinants: Number of Bills (c)	Billing Determinants: Sales (Therms) (d)	Revenue at Proposed Rates [1]: Basic Service Charge (e)	Revenue at Proposed Rates [1]: Commodity Charge (f)	Revenue at Proposed Rates [1]: Basic Service Charge (g)	Revenue at Proposed Rates [1]: Commodity Charge (h)	Revenue at Proposed Rates [1]: Total Margin (i)	Revenue at Proposed Rates [1]: Gas Cost (j)	Revenue at Proposed Rates [1]: Total Revenue (k)	Revenue at Present Rates [2] (l)	Increase / Decrease: Dollars (m)	Increase / Decrease: Percent (n)	Line No.
	General Gas Service - Small		G-25(S)													
	Basic Service Charge															
1	Former Small GS Customers			197,811		$ 25.00		$ 4,945,275		$ 4,945,275		$ 4,945,275	3,956,220	989,055		1
2	Former Medium GS Customers			96		$ 25.00		$ 2,400		$ 2,400		$ 2,400	8,640	-6,240		2
3	Former Essential Agriculture Customers			144		$ 25.00		$ 3,600		$ 3,600		$ 3,600	10,800	-7,200		3
	Commodity Charge per Therm All Usage															
4	Transportation Customers				629		$ 0.69076		$ 434	434	$ 0	434	239	195		4
5	Sales Customers				3,786,431		0.69076		2,615,515	$ 2,615,515	2,023,317	4,638,832	3,462,453	1,176,379		5
6	Total Small General Gas Service			198,051	3,787,060			$ 4,951,275	$ 2,615,949	$ 7,567,224	$ 2,023,317	$ 9,590,541	7,435,352	2,152,189	28.93%	6
	General Gas Service - Medium		G-25(M)													
	Basic Service Charge															
7	Former Small GS Customers			191,331		$ 35.00		$ 6,696,585		$ 6,696,585		$ 6,696,585	3,826,620	2,869,965		7
8	Former Medium GS Customers			3,708		35.00		129,780		129,780		129,780	333,720	-203,940		8
9	Former Large GS Customers			12		35.00		420		420		420	6,000	-5,580		9
10	Former Armed Forces Customers			24		35.00		840		840		840	8,400	-7,560		10
11	Former Essential Agriculture Customers			516		35.00		18,060		18,060		18,060	38,700	-20,640		11
	Commodity Charge per Therm All Usage															
	Transportation Customers															
12	Former Small GS Customers				101,424		$ 0.40089		$ 40,660	40,660	$ 0	40,660	38,565	2,095		12
13	Former Medium GS Customers				85,250		0.40089		34,176	34,176	0	34,176	23,197	10,979		13
	Sales Customers															
14	Former Small GS Customers				40,955,338		0.40089		16,418,585	16,418,585	21,884,894	38,303,479	37,457,752	845,727		14
15	Former Medium GS Customers				1,745,235		0.40089		699,647	699,647	932,584	1,632,231	1,407,480	224,751		15
16	Former Large GS Customers				5,050		0.40089		2,024	2,024	2,699	4,723	3,657	1,066		16
17	Former Armed Forces Customers				3,847		0.40089		1,542	1,542	2,056	3,598	2,385	1,213		17
18	Former Essential Agriculture Customers				133,552		0.40089		53,540	53,540	71,365	124,905	97,365	27,540		18
19	Total Medium General Gas Service			195,591	43,029,896			6,845,685	17,250,174	24,095,859	22,893,598	46,989,457	43,243,841	3,745,616	8.66%	19
	General Gas Service - Large		G-25(L)													
	Basic Service Charge															
20	Former Small GS Customers			4,375		$ 150.00		$ 656,250		$ 656,250		$ 656,250	87,500	568,750		20
21	Former Medium GS Customers			79,384		150.00		11,907,600		11,907,600		11,907,600	7,144,560	4,763,040		21
22	Former Large GS Customers			120		150.00		18,000		18,000		18,000	306,988	-288,988		22
23	Former Armed Forces Customers			24		150.00		3,600		3,600		3,600	8,400	-4,800		23
	Commodity Charge per Therm All Usage															
	Transportation Customers															
24	Former Small GS Customers				81,882		$ 0.27399		$ 22,435	22,435	$ 0	22,435	31,135	-8,700		24
25	Former Medium GS Customers				2,696,666		0.27399		738,860	738,860	$ 0	738,860	733,790	5,070		25
26	Former Large GS Customers				316,390		0.27399		86,688	86,688	$ 0	86,688	27,045	59,643		26
	Sales Customers															
27	Former Small GS Customers				2,938,939		0.27399		805,240	805,240	$ 1,570,451	2,375,691	2,687,953	-312,262		27
28	Former Medium GS Customers				134,740,525		0.27399		36,917,556	36,917,556	$ 71,999,947	108,917,503	108,664,191	253,312		28
29	Former Large GS Customers				1,055,381		0.27399		289,164	289,164	$ 563,953	853,117	654,167	198,950		29
30	Former Armed Forces Customers				166,776		0.27399		46,243	46,243	$ 90,187	136,430	122,197	14,233		30
31	Total Large General Gas Service			83,903	141,998,559			12,585,450	38,906,186	51,491,636	74,224,538	125,716,174	120,467,926	5,248,248	4.36%	31
	General Gas Service - Transportation Eligible		G-25(TE)													
	Basic Service Charge															
32	Former Medium GS Customers			60		$ 750.00		$ 45,000		$ 45,000		$ 45,000	5,400	39,600		32
33	Former Essential Agricultural Service Customers			252		$ 750.00		$ 189,000		$ 189,000		$ 189,000	18,900	170,100		33
34	Former Large GS Customers			1,680		$ 750.00		$ 1,260,000		$ 1,260,000		$ 1,260,000	840,000	420,000		34
35	Former Armed Forces Customers			60		750.00		45,000		45,000		45,000	21,000	24,000		35
36	Demand Charge per Month				10,571,934	0.062645			7,947,288	7,947,288		7,947,288	6,097,119	1,850,169		36
	Commodity Charge per Therm All Usage															
	Transportation Customers															
37	Former Medium GS Customers				0		$ 0.09262		$ 0	0	$ 0	0	0	0		37
38	Former Essential Agricultural Services Customers				4,434,346		$ 0.09262		$ 410,709	410,709	$ 0	410,709	863,279	-452,570		38
39	Former Large GS Customers				25,832,133		0.09262		2,392,572	2,392,572	$ 0	2,392,572	2,208,131	184,441		39
	Sales Customers															
40	Former Medium GS Customers				1,016,137		0.09262		94,115	94,115	$ 542,983	637,098	819,484	-182,386		40
41	Former Essential Agricultural Services Customers				5,063,922		0.09262		469,020	469,020	$ 2,705,957	3,174,977	3,691,801	-516,824		41
42	Former Large GS Customers				46,460,065		0.09262		4,303,131	4,303,131	$ 24,826,400	29,129,531	28,797,806	331,725		42
43	Former Armed Forces Customers				2,994,890		0.09262		277,387	277,387	$ 1,600,349	1,877,736	2,168,360	-290,624		43
44	Total Transportation Eligible General Gas Service			2,052	85,801,495			$ 1,539,000	$ 15,894,222	$ 17,433,222	$ 29,675,689	$ 47,108,911	45,531,280	1,577,631	3.46%	44
46	Total General Gas Service			479,597	274,616,810			$ 25,921,410	$ 74,666,531	$ 100,587,941	$ 128,817,142	$ 229,405,083	216,681,399	12,723,684	5.87%	45

[1] Schedule H-6, Sheets 3-5.
[2] Schedule H-2, Sheets 4-8.

SOUTHWEST GAS CORPORATION
ARIZONA DIVISION
SUMMARY OF PRESENT AND PROPOSED REVENUES BY RATE COMPONENT
FOR THE TWELVE MONTHS ENDED AUGUST 31, 2004

Line No.	Description (a)	Proposed Schedule Number (b)	Billing Determinants: Number of Bills (c)	Billing Determinants: Sales (Therms) (d)	Revenue at Proposed Rates [1]: Basic Service Charge (e)	Revenue at Proposed Rates [1]: Commodity Charge (f)	Revenue at Proposed Rates [1]: Basic Service Charge (g)	Revenue at Proposed Rates [1]: Commodity Charge (h)	Revenue at Proposed Rates [1]: Total Margin (i)	Revenue at Proposed Rates [1]: Gas Cost (j)	Revenue at Proposed Rates [1]: Total Revenue (k)	Revenue at Present Rates [2] (l)	Increase / Decrease: Dollars (m)	Increase / Decrease: Percent (n)	Line No.
	Air Conditioning Gas Service	G-40													
	Basic Service Charge														
1	W/ Other Service (No BSC)		60		0.00		0		0		0	0	0		1
2	Basic Service Charge		389		$ 25.00		$ 9,725		$ 9,725		$ 9,725	27,400	-17,675		2
	Commodity Charge per Therm All Usage														
3	Transportation Customers			628,909		$ 0.10208		$ 64,199	64,199	$ 0	64,199	47,879	16,320		3
4	Sales Customers			1,207,635		0.10208		123,275	123,275	845,312	768,587	737,249	31,338		4
5	Total Air Conditioning Gas Service		449	1,836,544			$ 9,725	$ 187,474	$ 197,199	$ 845,312	$ 842,511	812,528	29,983	3.69%	5
	Street Lighting Gas Service	G-45													
	Commodity Charge per Therm of Rated Capacity														
6	All Usage		348	99,883		$ 0.54644		$ 54,580	54,580	53,373	107,953	100,965	6,988		6
7	Total Street Lighting Gas Service		348	99,883			$ 0	$ 54,580	$ 54,580	$ 53,373	$ 107,953	100,965	6,988	6.92%	7
	Gas Service for Compression on Customer's Premises	G-55													
	Basic Service Charge														
8	Small		264		$ 25.00		$ 6,600		$ 6,600		$ 6,600	5,280	1,320		8
9	Large		324		350.00		113,400		113,400		113,400	55,080	58,320		9
10	Residential		1,320		12.00		15,840		15,840		15,840	10,560	5,280		10
	Commodity Charge per Therm All Usage														
11	Transportation Customers			0		$ 0.13669		$ 0	0	$ 0	0	0	0		11
	Sales Customers														
12	Small			182,313		0.13669		$ 24,920	24,920	$ 97,421	122,341	121,678	663		12
13	Large			1,896,808		0.13669		$ 259,548	259,548	$ 1,014,647	1,274,195	1,267,283	6,912		13
14	Residential			79,719		0.13669		$ 10,897	10,897	$ 42,599	53,496	53,206	290		14
15	Total CNG Gas Service		1,908	2,160,840			$ 135,840	$ 295,365	$ 431,205	$ 1,154,667	$ 1,585,872	1,513,087	72,785	4.81%	15
	Electric Generation Gas Service	G-60													
	Basic Service Charge														
16	General Service - Small		60		$ 25.00		$ 1,500		$ 1,500		$ 1,500	1,200	300		16
17	General Service - Medium		0		$ 35.00		$ 0		$ 0		$ 0	7,560	-7,560		17
18	General Service - Large		96		150.00		14,400		14,400		14,400	0	14,400		18
19	General Service - Transportation Eligible		96		750.00		72,000		72,000		72,000	54,000	18,000		19
20	Essential Agricultural		24		150.00		3,600		3,600		3,600	1,800	1,800		20
	Commodity Charge per Therm All Usage														
21	Transportation Customers			0		$ 0.10188		$ 0	0	$ 0	0	0	0		21
22	Sales Customers			15,007,742		0.10188		1,528,989	1,528,989	6,564,687	8,093,676	7,905,479	188,197		22
23	Total Electric Generation Gas Service		276	15,007,742			$ 91,500	$ 1,528,989	$ 1,620,489	$ 6,564,687	$ 8,185,176	7,970,039	215,137	2.70%	23
	Small Essential Agriculture User Gas Service	G-75													
24	Basic Service Charge		435		$ 150.00		$ 65,250		$ 65,250		$ 65,250	32,625	32,625		24
	Commodity Charge per Therm All Usage														
25	Transportation Customers			155,893		$ 0.22186		$ 34,586	34,586	$ 0	34,586	30,349	4,237		25
26	Sales Customers			2,789,183		0.22186		618,808	618,808	1,490,428	2,109,236	2,033,426	75,810		26
27	Total Essential Agricultural Gas Service		435	2,945,076			$ 65,250	$ 653,394	$ 718,644	$ 1,490,428	$ 2,209,072	2,096,400	112,672	5.37%	27
	Natural Gas Engine Gas Service	G-80													
	Basic Service Charge														
28	Off-Peak Season (Oct. - March)		3,623		$ 0.00		$ 0		$ 0		$ 0	0	0		28
29	Peak Season (April - September)		3,623		100.00		362,250		362,250		362,250	289,800	72,450		29
	Commodity Charge per Therm All Usage														
30	Transportation Customers			0		$ 0.15848		$ 0	0	$ 0	0	0	0		30
31	Sales Customers			21,271,370		0.15848		3,371,087	3,371,087	9,304,523	12,675,610	12,748,145	-72,535		31
32	Total Natural Gas Engine Gas Service		7,245	21,271,370			$ 362,250	$ 3,371,087	$ 3,733,337	$ 9,304,523	$ 13,037,860	13,037,945	-85	0.00%	32
33	Total Tariff Sales		10,361,089	605,776,598			144,494,617	230,066,944	374,561,561	301,839,424	676,400,985	606,910,090	69,490,895	11.45%	33
34	Optional Gas Service	G-30	324	101,647,104			$ 510,740	$ 5,032,592	5,543,332	$ 55,931,796	$ 61,475,128	61,408,388	66,740	0.11%	34
35	Special Contract Service	B-1	271	30,410,785			$ 184,703	$ 1,950,134	$ 2,134,837		$ 2,134,837	2,134,837	0	0.00%	35
36	Other Operating Revenues						$ 11,434,480		$ 11,434,480		$ 11,434,480	10,183,883	1,250,597	12.28%	36
37	Total Revenue		10,361,684	737,834,487			$ 156,624,540	$ 237,049,670	$ 393,674,210	$ 357,771,220	$ 751,445,430	680,637,198	70,808,232	10.40%	37
38	Total Revenue Requirement								393,675,099	357,771,220	751,446,319				38
39	Over/(Under)								($889)	$ 0	($889)				39

[1] Schedule H-6, Sheets 3-5.
[2] Schedule H-2, Sheets 4-8.

SOUTHWEST GAS CORPORATION
ARIZONA DIVISION
SUMMARY OF ADJUSTMENTS OF SALES AND ANNUAL NUMBER OF BILLS BY PROPOSED RATE SCHEDULE
FOR THE TWELVE MONTHS ENDED AUGUST 31, 2004

Line No.	Description	Present Schedule Number	Proposed Schedule Number	Annual Number of Bills: Test Period Adjusted At 8-31-04 [1]	Annual Number of Bills: Adjustment [2]	Annual Number of Bills: Test Period Adjusted At 8-31-04	Annual Sales Volumes (Therms): Test Period Adjusted At 8-31-04 [1]	Annual Sales Volumes (Therms): Adjustment [2]	Annual Sales Volumes (Therms): Test Period Adjusted At 8-31-04	Annual Revenues At Present Rates: Test Period Adjusted At 8-31-04 [1]	Annual Revenues At Present Rates: Adjustment [2]	Annual Revenues At Present Rates: Test Period Adjusted At 8-31-04	Line No.
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	
1	Single-Family Residential Gas Service	G-5	G-5	9,496,924	(687,943)	8,808,981	274,621,203	(14,448,054)	260,173,149	$ 349,188,727	(20,135,732)	$ 329,052,995	1
2	Low Income Residential Gas Service	G-10	G-5	369,755	(51,087)	318,668	10,540,045	(1,187,630)	9,352,415	13,106,007	(1,555,044)	11,550,963	2
3	Special Residential Gas Service for Air Conditioning	G-15	G-15	1,884	(1,884)	0	224,576	(224,576)	0	208,615	(208,615)	0	3
4	Multi-Family Residential Gas Service	G-5	G-6	0	689,827	689,827	0	14,672,630	14,672,630	0	20,344,346	20,344,346	4
5	Low Income Multi-Family Res Service	G-10	G-6	0	51,087	51,087	0	1,187,630	1,187,630	0	1,555,044	1,555,044	5
6	Master Metered Mobile Home Park Gas Service	G-20	G-20	2,268	0	2,268	2,452,509	0	2,452,509	2,194,379	0	2,194,379	6
	General Gas Service	G-25	G-25										
7	Small			393,517	(195,466)	198,051	47,860,619	(44,073,559)	3,787,060	51,545,374	(44,107,022)	7,438,352	7
8	Medium			83,248	112,343	195,591	140,285,500	(97,255,804)	43,029,696	119,141,822	(75,897,981)	43,243,841	8
9	Large			1,812	82,091	83,903	73,667,816	68,330,743	141,998,559	38,939,641	81,528,285	120,467,926	9
10	Transportation Eligible			0	2,052	2,052	0	85,801,495	85,801,495	0	45,531,280	45,531,280	10
11	Optional Gas Service	G-30	G-30	324	0	324	101,647,104	0	101,647,104	61,408,388	0	61,408,388	11
12	Gas Service to Armed Forces	G-35	G-25	108	(108)	0	3,168,716	(3,168,716)	0	2,332,014	(2,332,014)	0	12
13	Air Conditioning Gas Service	G-40	G-40	449	0	449	1,836,544	0	1,836,544	812,528	0	812,528	13
14	Street Lighting Gas Service	G-45	G-45	348	0	348	99,883	0	99,883	100,965	0	100,965	14
	Gas Service for Compression on Customer's Premises	G-55	G-55										
15	Small			264	0	264	182,313	0	182,313	126,958	0	126,958	15
16	Large			324	0	324	1,898,808	0	1,898,808	1,322,363	0	1,322,363	16
17	Residential			1,320	0	1,320	79,719	0	79,719	63,766	0	63,766	17
18	Electric Generation Gas Service	G-60	G-60	276	0	276	15,007,742	0	15,007,742	7,970,039	0	7,970,039	18
19	Small Essential Agriculture User Gas Service	G-75	G-75	1,347	(912)	435	12,579,235	(9,634,159)	2,945,076	6,818,949	(4,722,549)	2,096,400	19
20	Natural Gas Engine Gas Service	G-80	G-80	7,245	0	7,245	21,271,370	0	21,271,370	13,037,945	0	13,037,945	20
21	Total Gas Sales			10,361,413	0	10,361,413	707,423,702	0	707,423,702	$ 668,318,480	(2)	$ 668,318,478	21
22	Transportation Service	T-1	T-1	0	0	0	0	0	0	0	0	0	22
23	Special Contract Service	B-1	B-1	271	0	271	30,410,785	0	30,410,785	2,134,837	0	2,134,837	23
24	Other Operating Revenue									10,183,883	0	10,183,883	24
25	Total Arizona			10,361,684	0	10,361,684	737,834,487	0	737,834,487	$ 680,637,200	(2)	$ 680,637,198	25

[1] Schedule H-2, Sheet 13, Columns (e), (h) and (k).
[2] Adjustment to move bills, volumes and revenues to proposed rate schedules.

SOUTHWEST GAS CORPORATION
ARIZONA DIVISION
SUMMARY OF ADJUSTMENTS OF SALES AND ANNUAL NUMBER OF BILLS BY PRESENT RATE SCHEDULE
FOR THE TWELVE MONTHS ENDED AUGUST 31, 2004

				Annual Number of Bills			Annual Sales Volumes (Therms)			Annual Revenues At Present Rates			
Line No.	Description	Present Schedule Number	Schedule Number	Recorded 12 Months Ended 08-31-04[1]	Adjustment [2]	Test Period As Adjusted At 08-31-04	Recorded 12 Months Ended 08-31-04[1]	Adjustment [2]	Test Period As Adjusted At 08-31-04	Recorded 12 Months Ended 08-31-04[1]	Adjustment	Test Year As Adjusted At 08-31-04 [3]	Line No.
	(a)		(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	
1	Residential Gas Service	G-5	G-5	9,253,061	243,863	9,496,924	267,837,474	6,783,729	274,621,203	$ 330,193,899	$ 18,994,828	$ 349,188,727	1
2	Low Income Residential Gas Service	G-10	G-10	371,675	(1,920)	369,755	10,695,648	(155,603)	10,540,045	11,186,780	1,919,227	13,106,007	2
3	Special Residential Gas Service for Air Conditioning	G-15	G-15	1,883	1	1,884	228,821	(4,245)	224,576	201,618	6,997	208,615	3
4	Special Residential Gas Service for Electric Generation	G-16	G-16	0	0	0	0	0	0	0	0	0	4
5	Master Metered Mobile Home Park Gas Service	G-20	G-20	2,293	(25)	2,268	2,519,499	(66,990)	2,452,509	2,126,052	68,327	2,194,379	5
	General Gas Service	G-25	G-25										
6	Small			391,164	2,353	393,517	47,557,432	303,187	47,860,619	49,120,076	2,425,298	51,545,374	6
7	Medium			81,423	1,825	83,248	136,866,745	3,418,755	140,285,500	110,818,391	8,323,431	119,141,822	7
8	Large			1,254	558	1,812	44,280,034	29,387,782	73,667,816	29,805,775	9,133,866	38,939,641	8
9	Optional Gas Service	G-30	G-30	395	(71)	324	103,995,837	(2,348,733)	101,647,104	64,228,107	(2,819,720)	61,408,388	9
10	Gas Service to Armed Forces	G-35	G-35	99	9	108	3,308,091	(139,375)	3,168,716	1,738,241	593,773	2,332,014	10
11	Air Conditioning Gas Service	G-40	G-40	465	(16)	449	1,067,788	768,756	1,836,544	628,151	184,377	812,528	11
12	Street Lighting Gas Service	G-45	G-45	338	10	348	100,215	(332)	99,883	600,963	(499,998)	100,965	12
	Gas Service for Compression on Customer's Premises	G-55	G-55										
13	Small			309	(45)	264	196,184	(13,871)	182,313	139,636	(12,678)	126,958	13
14	Large			323	1	324	1,873,025	25,783	1,898,808	1,208,203	114,160	1,322,363	14
15	Residential			1,348	(28)	1,320	80,334	(615)	79,719	60,298	3,468	63,766	15
16	Electric Generation Gas Service	G-60	G-60	269	7	276	14,998,373	9,369	15,007,742	8,293,990	(323,951)	7,970,039	16
17	Small Essential Agriculture User Gas Service	G-75	G-75	1,169	178	1,347	7,932,305	4,646,930	12,579,235	5,507,594	1,311,355	6,818,949	17
18	Natural Gas Engine Gas Service	G-80	G-80	7,372	(127)	7,245	20,198,094	1,073,276	21,271,370	12,442,282	595,663	13,037,945	18
19	Resale Gas Service	G-95	G-95	3	(3)	0	(14,502)	14,502	0	(7,296)	7,296	0	19
20	Total Gas Sales			10,114,843	246,570	10,361,413	663,721,397	43,702,305	707,423,702	$ 628,292,760	$ 40,025,719	$ 668,318,480	20
21	Transportation Service	T-1	T-1	2,770	(2,770)	0	65,680,156	(65,680,156)	0	9,099,186	(9,099,186)	0	21
22	Special Contract Service	B-1	B-1	0	271	271	0	30,410,785	30,410,785	0	2,134,837	2,134,837	22
23	Other Operating Revenue									9,885,120	298,763	10,183,883	23
24	Total Arizona			10,117,613	244,071	10,361,684	729,401,553	8,432,934	737,834,487	$ 647,277,066	$ 33,360,133	$ 680,637,200	24

[1] Schedule H-2, Sheet 16.
[2] Schedule H-2, Sheet 14, Columns (g) and (h).
[3] Schedule H-2, Sheets 1- 3.

SOUTHWEST GAS CORPORATION
ARIZONA DIVISION
SUMMARY OF ADJUSTMENTS OF SALES AND ANNUAL NUMBER OF BILLS BY PRESENT RATE SCHEDULE
FOR THE TWELVE MONTHS ENDED AUGUST 31, 2004

Line No.	Description	Schedule Number	Weather Adjustment [1] Annual Bills	Weather Adjustment [1] Sales (Therms)	Customer Annualization and Reclassify Full-Margin Transportation Customers [2] Annual Bills	Customer Annualization and Reclassify Full-Margin Transportation Customers [2] Sales (Therms)	Total Adjustments Annual Bills	Total Adjustments Sales (Therms)	Line No.
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	
1	Residential Gas Service	G-5	0	(856,714)	243,838	7,638,184	243,863	6,783,729	1
2	Low Income Residential Gas Service	G-10	0	(95,864)	(1,920)	(59,739)	(1,920)	(155,603)	2
3	Special Residential Gas Service	G-15	0	(3,081)	0	0	1	(4,245)	3
4	Master Metered Mobile Home Park Gas Service	G-20	0	(14,619)	0	0	(25)	(66,990)	4
	General Gas Service	G-25							
5	Small		0	(27,001)	2,307	406,978	2,353	303,187	5
6	Medium		0	516,636	1,833	3,800,920	1,825	3,418,755	6
7	Large		0	(50,231)	504	26,148,523	558	29,387,782	7
8	Optional Gas Service	G-30	0	0	0	0	(71)	(2,348,733)	8
9	Gas Service to Armed Forces	G-35	0	(45,020)	0	0	9	(139,375)	9
10	Air Conditioning Gas Service	G-40	0	0	24	628,909	(16)	768,756	10
11	Street Lighting Gas Service	G-45	0	0	0	0	10	(332)	11
	Gas Service for Compression on Customer's Premises	G-55							
12	Small		0	0	0	0	(45)	(13,871)	12
13	Large		0	0	0	0	1	25,783	13
14	Residential		0	0	0	0	(28)	(615)	14
15	Electric Generation Gas Service	G-60	0	0	0	0	7	9,369	15
16	Small Essential Agriculture User Gas Service	G-75	0	0	144	4,590,241	178	4,646,930	16
17	Natural Gas Engine Gas Service	G-80	0	0	0	0	(127)	1,073,276	17
18	Resale Gas Service	G-95	0	0	0	0	(3)	14,502	18
19	Total Gas Sales		0	(575,894)	246,730	43,154,016	246,570	43,702,305	19
20	Transportation Service	T-1	0	9,553	(2,436)	(34,334,784)	(2,770)	(65,680,156)	20
21	Special Contract Service	B-1	0	0	0	0	271	30,410,785	21
22	Total Arizona		0	(566,341)	244,294	8,819,232	244,071	8,432,934	22

[1] Adjustment to reflect normal weather within the test year. (Workpapers H-2, Sheets 18 - 24).
[2] Adjustment to reflect customer annualization (Workpapers H-2, Sheet 17) and to reflect full-margin transportation customers' bills and volumes on their otherwise.

SOUTHWEST GAS CORPORATION
ARIZONA DIVISION
SUMMARY OF ADJUSTMENTS OF SALES AND ANNUAL NUMBER OF BILLS BY PRESENT RATE SCHEDULE
FOR THE TWELVE MONTHS ENDED AUGUST 31, 2004

Line No.	Description	Schedule Number	Billing Adjustments [1] Annual Bills	Billing Adjustments [1] Sales (Therms)	Volume Annualization [2] Annual Bills	Volume Annualization [2] Sales (Therms)	Reclassification [3] Annual Bills	Reclassification [3] Sales (Therms)	Line No.
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	
1	Residential Gas Service	G-5	0	(828)	0	0	25	3,087	1
2	Low Income Residential Gas Service	G-10	0	0	0	0	0	0	2
3	Special Residential Gas Service	G-15	7	(129)	31	1,379	(37)	(2,414)	3
4	Master Metered Mobile Home Park Gas Service	G-20	0	1,855	(31)	(60,255)	6	6,029	4
	General Gas Service	G-25							
5	Small		44	43,708	(31)	(5,813)	33	(114,685)	5
6	Medium		17	(52,637)	6	(4,494)	(31)	(841,670)	6
7	Large		(2)	(17,807)	0	(28,417)	56	3,335,714	7
8	Optional Gas Service	G-30	108	(89)	0	0	(179)	(2,348,644)	8
9	Gas Service to Armed Forces	G-35	9	(1,150)	0	0	0	(93,205)	9
10	Air Conditioning Gas Service	G-40	4	5,613	(47)	(1,917)	3	136,151	10
11	Street Lighting Gas Service	G-45	5	0	5	(332)	0	0	11
	Gas Service for Compression on Customer's Premises	G-55							
12	Residential		4	(182)	(43)	(1,155)	11	722	12
13	Small		(1)	(59)	(28)	134	(16)	(13,946)	13
14	Large		0	0	(4)	12,559	5	13,224	14
15	Electric Generation Gas Service	G-60	5	3,004	2	6,365	0	0	15
16	Small Essential Agriculture User Gas Service	G-75	29	43,318	0	1,057	5	12,314	16
17	Natural Gas Engine Gas Service	G-80	20	3,854	(301)	200,811	154	868,611	17
18	Resale Gas Service	G-95	0	0	(3)	14,502	0	0	18
19	Total Gas Sales		249	28,471	(444)	134,424	35	961,288	19
20	Transportation Service	T-1	(5)	65,169	(23)	(48,021)	(306)	(31,372,073)	20
21	Special Contract Service		0	0	0	0	271	30,410,785	21
22	Total Arizona		244	93,640	(467)	86,403	0	0	22

[1] Adjustments to recorded amounts to correct billing errors and to reflect the number of Basic Service Charges billed. (Workpapers H-2, Sheets 28 - 40).
[2] Adjustments to annualize partial test year volumes to reflect loss or addition of load within the test year (Workpapers H-2, Sheets 28 - 40).
[3] Adjustment to reclassify bills and volumes to other schedule in compliance with Southwest's Arizona Gas Tariff (Workpapers H-2, Sheets 28 - 40).

SOUTHWEST GAS CORPORATION
ARIZONA DIVISION
SALES AND REVENUE BY RATE SCHEDULE AS RECORDED
FOR THE TWELVE MONTHS ENDED AUGUST 31, 2004

Line No.	Description	Schedule No.	Recorded Test Year Data: Number Of Bills [1]	Sales (Therms) [1]	Revenues	Line No.
	(a)	(b)	(c)	(d)	(e)	
1	Residential Gas Service	G-5	9,253,061	267,837,474	$ 330,193,899	1
2	Low Income Residential Gas Service	G-10	371,675	10,695,648	11,186,780	2
3	Special Residential Gas Service for A/C	G-15	1,883	228,821	201,618	3
4	Special Residential Gas Service for Electric Generation	G-16	0	0	0	4
5	Master Metered Mobile Home Park Gas Service	G-20	2,293	2,519,499	2,126,052	5
	General Gas Service	G-25				
6	Small		391,164	47,557,432	49,120,076	6
7	Medium		81,423	136,866,745	110,818,391	7
8	Large		1,254	44,280,034	29,805,775	8
9	Optional Gas Service	G-30	395	103,995,837	64,228,107	9
10	Gas Service to Armed Forces	G-35	99	3,308,091	1,738,241	10
11	Air Conditioning Gas Service	G-40	465	1,067,788	628,151	11
12	Street Lighting Gas Service	G-45	338	100,215	600,963	12
	Gas Service for Compression on Customer's Premises	G-55				
13	Small		309	196,184	139,636	13
14	Large		323	1,873,025	1,208,203	14
15	Residential		1,348	80,334	60,298	15
16	Cogeneration Gas Service	G-60	269	14,998,373	8,293,990	16
17	Small Essential Agriculture User Gas Service	G-75	1,169	7,932,305	5,507,594	17
18	Natural Gas Engine Gas Service	G-80	7,372	20,198,094	12,442,282	18
19	Resale Gas Service	G-95	3	(14,502)	(7,296)	19
20	Total Gas Sales		10,114,843	663,721,397	$ 628,292,760	20
21	Transportation Service Including Special Contract	T-1/B-1	2,770	65,680,156	9,099,186	21
22	Other Operating Revenue				9,885,120	22
23	Total Arizona		10,117,613	729,401,553	$ 647,277,066	23

[1] See Workpapers H-2, Sheets 41 - 43.

SOUTHWEST GAS CORPORATION
ARIZONA DIVISION
SUMMARY OF PRESENT AND PROPOSED RATES
FOR THE TWELVE MONTHS ENDED AUGUST 31, 2004

			Present Rates [1]								Proposed Rates [2]					
			Base Tariff Rate								Base Tariff Rate					
Line No.	Description	Schedule	Margin	Gas Cost	Rate Adjustment	Monthly Gas Cost Adjustment	Currently Effective Tariff Rate	Description	Schedule	Margin	Gas Cost	Rate Adjustment	Monthly Gas Cost Adjustment	Currently Effective Tariff Rate	Line No.
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(d)	(k)	(l)	(m)	
	Residential Gas Service	G-5						Single-Family Residential Gas Service	G-5						
	Summer (May - October)							Summer (April - November)							
1	Basic Service Charge per Month		$ 8.00				$ 8.00	Basic Service Charge per Month		$ 12.00				$ 12.00	1
	Commodity Charge per Therm							Commodity Charge per Therm							
2	First 20 Therms		$ 0.48762	$ 0.37034	$ 0.01073	$ 0.16402	$ 1.03271	First 8 therms		$ 0.84286	$ 0.53436	$ 0.01971	-	$ 1.39693	2
3	Over 20 Therms		0.40344	0.37034	0.01073	0.16402	0.94853	Over 8 Therms		0.25000	0.53436	0.01971	-	0.80407	3
	Winter (November - April)							Winter (December - March)							
4	Basic Service Charge per Month		$ 8.00				$ 8.00	Basic Service Charge per Month		$ 12.00				$ 12.00	4
	Commodity Charge per Therm							Commodity Charge per Therm							
5	First 40 Therms		$ 0.48762	$ 0.37034	$ 0.01073	$ 0.16402	$ 1.03271	First 30 Therms		$ 0.84286	$ 0.53436	$ 0.01971	-	$ 1.39693	5
6	Over 40 Therms		0.40344	0.37034	0.01073	0.16402	0.94853	Over30 Therms		0.25000	0.53436	0.01971	-	0.80407	6
								Multi-Family Residential Gas Service	G-6						
								Summer (April - November)							
7								Basic Service Charge per Month		$ 11.00				$ 11.00	7
								Commodity Charge per Therm							
8								First 7 Therms		$ 0.84286	$ 0.53436	$ 0.01971	-	$ 1.39693	8
9								Over 7 Therms		0.25000	0.53436	0.01971	-	0.80407	9
								Winter (December - March)							
10								Basic Service Charge per Month		$ 11.00				$ 11.00	10
11								Commodity Charge per Therm							11
12								First 18 Therms		$ 0.84286	$ 0.53436	$ 0.01971	-	$ 1.39693	12
13								Over 18 Therms		0.25000	0.53436	0.01971	-	0.80407	13
								Illustrative Low Income Residential Rates							
	Low Income Residential Gas Service	G-10						Single-Family Residential Gas Service							
	Summer (May - October)							Summer (April - November)							
14	Basic Service Charge per Month		$ 7.00				$ 7.00	Basic Service Charge per Month		$ 7.00				$ 7.00	14
	Commodity Charge per Therm							Commodity Charge per Therm							
15	First 20 Therms		$ 0.48762	$ 0.37034	$ 0.00486	$ 0.16402	$ 1.02684	First 8 therms		$ 0.63519	$ 0.53436	$ 0.00724	-	$ 1.17679	15
16	Over 20 Therms		0.40344	0.37034	0.00486	0.16402	0.94266	Over 8 Therms		0.13126	0.53436	0.00724	-	0.67286	16
	Winter (November - April)							Winter (December - March)							
17	Basic Service Charge per Month		$ 7.00				$ 7.00	Basic Service Charge per Month		$ 7.00				$ 7.00	17
	Commodity Charge per Therm							Commodity Charge per Therm							
18	First 40 Therms		$ 0.28225	$ 0.37034	$ 0.00486	$ 0.16402	$ 0.82147	First 30 Therms		$ 0.63519	$ 0.53436	$ 0.00724	-	$ 1.17679	18
19	Next 110 Therms		0.21491	0.37034	0.00486	0.16402	0.75413	Over30 Therms		0.13126	0.53436	0.00724	-	0.67286	19
20	Over 150 Therms		0.40344	0.37034	0.00486	0.16402	0.94266								20
								Multi-Family Residential Gas Service	G-6						
								Summer (April - November)							
21								Basic Service Charge per Month		$ 7.00				$ 7.00	21
								Commodity Charge per Therm							
22								First 7 Therms		$ 0.63519	$ 0.53436	$ 0.00724	-	$ 1.17679	22
23								Over 7 Therms		0.13126	0.53436	0.00724	-	0.67286	23
								Winter (December - March)							
24								Basic Service Charge per Month		$ 7.00				$ 7.00	24
25								Commodity Charge per Therm							25
26								First 18 Therms		$ 0.63519	$ 0.53436	$ 0.00724	-	$ 1.17679	26
27								Over 18 Therms		0.13126	0.53436	0.00724	-	0.67286	27

[1] Margin rates effective November 1, 2001, per Decision No. 64172. Gas cost and rate adjustment effective August 31, 2004.
[2] Proposed margin rates per Schedule H-6, sheets 3-5.

SOUTHWEST GAS CORPORATION
ARIZONA DIVISION
SUMMARY OF PRESENT AND PROPOSED RATES
FOR THE TWELVE MONTHS ENDED AUGUST 31, 2004

Line No.	Description (a)	Schedule (b)	Present Rates [1] Base Tariff Rate Margin (c)	Present Rates [1] Base Tariff Rate Gas Cost (d)	Present Rates [1] Rate Adjustment (e)	Present Rates [1] Monthly Gas Cost Adjustment (f)	Present Rates [1] Currently Effective Tariff Rate (g)	Description (h)	Schedule (i)	Proposed Rates [2] Base Tariff Rate Margin (j)	Proposed Rates [2] Base Tariff Rate Gas Cost (d)	Proposed Rates [2] Rate Adjustment (k)	Proposed Rates [2] Monthly Gas Cost Adjustment (l)	Proposed Rates [2] Currently Effective Tariff Rate (m)	Line No.
	Special Residential Gas Service for Air Conditioning	G-15													
1	Basic Service Charge per Month		$ 8.00				$ 8.00								1
	Commodity Charge per Therm														
	Summer (May - October)														2
2	First 20 Therms		$ 0.48762	$ 0.37034	$ 0.00486	$ 0.16402	$ 1.02684								3
3	Over 20 Therms		0.19125	0.37034	0.00486	0.16402	0.73047								4
	Winter (November - April)														5
4	First 40 Therms		$ 0.48762	$ 0.37034	$ 0.00486	$ 0.16402	$ 1.02684								
5	Over 40 Therms		0.40344	0.37034	0.00486	0.16402	0.94266								
	Special Residential Gas Service for Electric Generation	G-16													
6	Basic Service Charge per Month		$ 8.00				$ 8.00								6
	Commodity Charge per Therm														
	Summer (May - October)														7
7	First 20 Therms		$ 0.48762	$ 0.37034	$ 0.00486	$ 0.16402	$ 1.02684								8
8	Over 20 Therms		0.19125	0.37034	0.00486	0.16402	0.73047								9
	Winter (November - April)														10
9	First 40 Therms		$ 0.48762	$ 0.37034	$ 0.00486	$ 0.16402	$ 1.02684								
10	Over 40 Therms		0.40344	0.37034	0.00486	0.16402	0.94266								
	Master Metered Mobile Home Park Gas Service	G-20						Master Metered Mobile Home Park Gas Service	G-20						
11	Basic Service Charge per Month		$ 50.00				$ 50.00	Basic Service Charge per Month		$ 100.00				$ 100.00	11
	Commodity Charge per Therm							Commodity Charge per Therm							
12	All Usage		$ 0.31415	$ 0.37034	$ 0.01073	$ 0.16402	$ 0.85924	All Usage		$ 0.32271	$ 0.53436	$ 0.01971	-	$ 0.87678	12
	General Gas Service	G-25						General Gas Service	G-25						
	Basic Service Charge per Month							Basic Service Charge per Month							
13	Small		$ 20.00				$ 20.00	Small		$ 25.00				$ 25.00	13
14	Medium		90.00				90.00	Medium		35.00				35.00	14
15	Large		500.00				500.00	Large		150.00				150.00	15
16								Transportation Eligible		750.00				750.00	16
	Commodity Charge per Therm							Commodity Charge per Therm							
17	Small, All Usage		$ 0.38024	$ 0.37034	$ 0.00000	$ 0.16402	$ 0.91460	Small, All Usage		$ 0.69076	$ 0.53436	$ 0.00000	-	$ 1.22512	17
18	Medium, All Usge		0.27211	0.37034	0.00000	0.16402	0.80647	Medium, All Usge		0.40089	0.53436	0.00000	-	0.93525	18
19	Large, All Usage		0.08548	0.37034	0.00000	0.16402	0.61984	Large, All Usage		0.27399	0.53436	0.00000	-	0.80835	19
20								Transportation Eligible, All Usage		0.09262	0.53436	0.00000	-	0.62698	20
	Demand Charge per Month							Demand Charge per Month							
	Large General Service Peak Winter Month Usage							Transportation Eligible Peak Month Usage							
21	Times Demand Rate per Therm		$0.072695				$0.072695	Times Demand Rate per Therm		$ 0.062645				$0.062645	21
	Optional Gas Service	G-30						Optional Gas Service	G-30						
22	Basic Service Charge per Month		As Specified on A.C.C. Sheet No. 27.					Basic Service Charge per Month		As Specified on A.C.C. Sheet No. 27.					22
	Commodity Charge per Therm							Commodity Charge per Therm							
23	All Usage		As Specified on A.C.C. Sheet No. 28.					All Usage		As Specified on A.C.C. Sheet No. 28.					23
	Gas Service to Armed Forces	G-35													
24	Basic Service Charge per Month		$ 350.00				$ 350.00								24
	Commodity Charge per Therm														25
25	All Usage		$ 0.18968	$ 0.37034	$ 0.00000	$ 0.16402	$ 0.72402								
	Air-Conditioning Gas Service	G-40						Air-Conditioning Gas Service	G-40						
26	Basic Service Charge per Month		As Specified on A.C.C. Sheet No. 32.					Basic Service Charge per Month		$ 25.00				$ 25.00	26
	Commodity Charge per Therm							Commodity Charge per Therm							
27	All Usage		$ 0.07613	$ 0.37034	$ 0.00000	$ 0.16402	$ 0.61049	All Usage		$ 0.10208	$ 0.53436	$ 0.00000	-	$ 0.63644	27

[1] Margin rates effective November 1, 2001, per Decision No. 64172. Gas cost and rate adjustment effective August 31, 2004.
[2] Proposed margin rates per Schedule H-6, sheets 3-5.

SOUTHWEST GAS CORPORATION
ARIZONA DIVISION
SUMMARY OF PRESENT AND PROPOSED RATES
FOR THE TWELVE MONTHS ENDED AUGUST 31, 2004

			Present Rates [1]							Proposed Rates [2]					
			Base Tariff Rate							Base Tariff Rate					
Line No.	Description	Schedule	Margin	Gas Cost	Rate Adjustment	Monthly Gas Cost Adjustment	Currently Effective Tariff Rate	Description	Schedule	Margin	Gas Cost	Rate Adjustment	Monthly Gas Cost Adjustment	Currently Effective Tariff Rate	Line No.
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(d)	(k)	(l)	(m)	
	Street Lighting Gas Service	G-45						Street Lighting Gas Service	G-45						
	Commodity Charge per Therm of Rated Capacity							Commodity Charge per Therm of Rated Capacity							
1	All Usage		$ 0.47648	$ 0.37034	$ 0.00000	$ 0.16402	$ 1.01084	All Usage		$ 0.54644	$ 0.53436	$ 0.00000	-	$ 1.08080	1
	Gas Service for Compression on Customer's Premises	G-55						Gas Service for Compression on Customer's Premises	G-55						
	Basic Service Charge per Month							Basic Service Charge per Month							
2	Small		$ 20.00				$ 20.00	Small		$ 25.00				$ 25.00	2
3	Large		170.00				170.00	Large		350.00				350.00	3
4	Residential		8.00				8.00	Residential		12.00				12.00	4
	Commodity Charge per Therm							Commodity Charge per Therm							
5	Small, All Usage		$ 0.13305	$ 0.37034	$ 0.00000	$ 0.16402	$ 0.66741	All Usage		$ 0.13669	$ 0.53436	$ 0.00000	-	$ 0.67105	5
6	Large, All Usage		0.13305	0.37034	0.00000	0.16402	0.66741								6
	Cogeneration Gas Service	G-60						Electric Generation Gas Service	G-60						
7	Basic Service Charge per Month		As Specified on A.C.C. Sheet No. 40.					Basic Service Charge per Month		Otherwise applicable schedule					7
	Commodity Charge per Therm							Commodity Charge per Therm							
8	All Usage		$ 0.08934	$ 0.43742			$ 0.52676	All Usage		$ 0.10188	$ 0.43742		-	$ 0.53930	8
	Small Essential Agriculture User Gas Service	G-75						Small Essential Agriculture User Gas Service	G-75						
9	Basic Service Charge per Month		$ 75.00				$ 75.00	Basic Service Charge per Month		$ 150.00				$ 150.00	9
	Commodity Charge per Therm							Commodity Charge per Therm							
10	All Usage		$ 0.19466	$ 0.37034	$ 0.00000	$ 0.16402	$ 0.72904	All Usage		$ 0.22186	$ 0.53436	$ 0.00000	-	$ 0.75622	10
	Natural Gas Engine Gas Service	G-80						Natural Gas Engine Gas Service	G-80						
	Basic Service Charge per Month							Basic Service Charge per Month							
11	Off-Peak Season (October - March)		$ 0.00				$ 0.00	Off-Peak Season (October - March)		$ 0.00				$ 0.00	11
12	Peak Season (April - September)		80.00				80.00	Peak Season (April - September)		100.00				100.00	12
	Commodity Charge per Therm							Commodity Charge per Therm							
13	All Usage		$ 0.16189	$ 0.43742			$ 0.59931	All Usage		$ 0.15848	$ 0.43742			$ 0.59590	13

[1] Margin rates effective November 1, 2001, per Decision No. 64172. Gas cost and rate adjustment effective August 31, 2004.
[2] Proposed margin rates per Schedule H-6, sheets 3-5.

SOUTHWEST GAS CORPORATION
ARIZONA DIVISION
PROPOSED vs. CURRENTLY EFFECTIVE RATES
SINGLE-FAMILY RESIDENTIAL GAS SERVICE

Line No.	Description	Monthly Consumption (Therms)	Monthly Bill: At Currently Effective Rates	Monthly Bill: At Proposed Tariff Rates	Increase/(Decrease): Dollars	Increase/(Decrease): Percent	Line No.
	(a)	(b)	(c)	(d)	(e)	(f)	
	Summer Season Bills						
1	75 Percent Average Use	12	20.39	$ 26.39	$ 6.00	29.43%	1
2	Average Summer Use [1]	16	24.52	$ 29.61	5.09	20.76%	2
3	125 Percent Average Use	20	28.65	$ 32.82	4.17	14.55%	3
	Winter Season Bills						
4	75 Percent Average Use	42	51.21	$ 63.56	$ 12.35	24.12%	4
5	Average Winter Use [1]	56	64.48	$ 74.81	10.33	16.02%	5
6	125 Percent Average Use	70	77.76	$ 86.07	8.31	10.69%	6

Effective Tariff Rates [2]	Amount
Basic Service Charge per Month	$ 8.00
Commodity Charge Summer	
First 20 Therms	$ 1.03271
Over 20 Therms	0.94853
Commodity Charge Winter	
First 40 Therms	$ 1.03271
Over 40 Therms	0.94853

Proposed Tariff Rates [3]	
Basic Service Charge per Month	$ 12.00
Commodity Charge Summer	
First 8 Therms	$ 1.39693
Over 8 Therms	$ 0.80407
Commodity Charge Winter	
First 30 Therms	$ 1.39693
Over 30 Therms	$ 0.80407

[1] Seasonal average use per Schedule H-6, Sheets 3 - 5.
[2] Rates effective August 31, 2004 including all adjustments.
[3] Schedule H-3, Sheets 1 - 3.

SOUTHWEST GAS CORPORATION
ARIZONA DIVISION
PROPOSED vs. CURRENTLY EFFECTIVE RATES
MULTI-FAMILY RESIDENTIAL GAS SERVICE

Line No.	Description	Monthly Consumption (Therms)	Monthly Bill: At Currently Effective Rates	Monthly Bill: At Proposed Tariff Rates	Increase/(Decrease): Dollars	Increase/(Decrease): Percent	Line No.
	(a)	(b)	(c)	(d)	(e)	(f)	
	Summer Season Bills						
1	75 Percent Average Use	9	17.29	$ 22.39	$ 5.10	29.50%	1
2	Average Summer Use [1]	12	20.39	$ 24.80	4.41	21.63%	2
3	125 Percent Average Use	15	23.49	$ 27.21	3.72	15.84%	3
	Winter Season Bills						
4	75 Percent Average Use	23	31.75	$ 40.17	$ 8.42	26.52%	4
5	Average Winter Use [1]	30	38.98	$ 45.79	6.81	17.47%	5
6	125 Percent Average Use	38	47.24	$ 52.23	4.99	10.56%	6

Effective Tariff Rates [2]	Amount
Basic Service Charge per Month	$ 8.00
Commodity Charge Summer	
First 20 Therms	$ 1.03271
Over 20 Therms	0.94853
Commodity Charge Winter	
First 40 Therms	$ 1.03271
Over 40 Therms	0.94853

Proposed Tariff Rates [3]	
Basic Service Charge per Month	$ 11.00
Commodity Charge Summer	
First 7 Therms	$ 1.39693
Over 7 Therms	$ 0.80407
Commodity Charge Winter	
First 18 Therms	$ 1.39693
Over 18 Therms	$ 0.80407

[1] Seasonal average use per Schedule H-6, Sheets 3 - 5.
[2] Rates effective August 31, 2004 including all adjustments.
[3] Schedule H-3, Sheets 1 - 3.

SOUTHWEST GAS CORPORATION
ARIZONA DIVISION
PROPOSED vs. CURRENTLY EFFECTIVE RATES
MASTER METERED MOBILE HOME PARK GAS SERVICE

Line No.	Description	Monthly Consumption (Therms)	Monthly Bill At Currently Effective Rates	Monthly Bill At Proposed Tariff Rates	Increase/(Decrease) Dollars	Increase/(Decrease) Percent	Line No.
	(a)	(b)	(c)	(d)	(e)	(f)	
	Summer Season Bills						
1	75 Percent Average Use	447	434.08	491.92	$ 57.84	13.32%	1
2	Average Summer Use [1]	596	562.11	622.56	60.45	10.75%	2
3	125 Percent Average Use	745	690.13	753.20	63.07	9.14%	3
	Winter Season Bills						
4	75 Percent Average Use	1,539	1,372.37	1,449.36	76.99	5.61%	4
5	Average Winter Use [1]	2,052	1,813.16	1,899.15	85.99	4.74%	5
6	125 Percent Average Use	2,565	2,253.95	2,348.94	94.99	4.21%	6

Effective Tariff Rates [2]	Amount
Basic Service Charge	$ 50.00
Commodity Charge	
All Usage	$ 0.85924

Proposed Tariff Rates [3]	
Basic Service Charge	$ 100.00
Commodity Charge	
All Usage	$ 0.87678

[1] Workpapers, Schedule H-2, Sheets 1-4.
[2] Rates effective August 31, 2004 including all adjustments.
[3] Schedule H-3, Sheets 1 - 3.

SOUTHWEST GAS CORPORATION
ARIZONA DIVISION
PROPOSED vs. CURRENTLY EFFECTIVE RATES
GENERAL GAS SERVICE - SMALL

Line No.	Description	Monthly Consumption (Therms)	Monthly Bill: At Currently Effective Rates	Monthly Bill: At Proposed Tariff Rates	Increase/(Decrease): Dollars	Increase/(Decrease): Percent	Line No.
	(a)	(b)	(c)	(d)	(e)	(f)	
	Summer Season Bills						
1	75 Percent Average Use	7	$ 26.40	$ 33.58	$ 7.17	27.17%	1
2	Average Summer Use [1]	9	$ 28.23	$ 36.03	7.79	27.61%	2
3	125 Percent Average Use	11	$ 30.06	$ 38.48	8.42	28.00%	3
	Winter Season Bills						
4	75 Percent Average Use	29	$ 46.52	$ 60.53	14.01	30.10%	4
5	Average Winter Use [1]	38	$ 54.75	$ 71.55	16.80	30.68%	5
6	125 Percent Average Use	48	$ 63.90	$ 83.81	19.90	31.15%	6

Effective Tariff Rates [2]	Amount
Basic Service Charge	$ 20.00
Commodity Charge	
All Usage	$ 0.91460
Proposed Tariff Rates [3]	
Basic Service Charge	$ 25.00
Commodity Charge	
All Usage	$ 1.22512

[1] Workpapers, Schedule H-2, Sheets 1-4.
[2] Rates effective August 31, 2004 including all adjustments.
[3] Schedule H-3, Sheets 1 - 3.

SOUTHWEST GAS CORPORATION
ARIZONA DIVISION
PROPOSED vs. CURRENTLY EFFECTIVE RATES
GENERAL GAS SERVICE - MEDIUM

Line No.	Description	Monthly Consumption (Therms)	Monthly Bill: At Currently Effective Rates	Monthly Bill: At Proposed Tariff Rates	Increase/(Decrease): Dollars	Increase/(Decrease): Percent	Line No.
	(a)	(b)	(c)	(d)	(e)	(f)	
	Summer Season Bills						
1	75 Percent Average Use	121	$ 130.67	$ 148.17	$ 17.50	13.39%	1
2	*Average Summer Use [1]*	*161*	$ *167.25*	$ *185.58*	18.32	10.96%	2
3	125 Percent Average Use	201	$ 203.83	$ 222.99	19.15	9.40%	3
	Winter Season Bills						
4	75 Percent Average Use	251	$ 249.56	$ 269.75	20.18	8.09%	4
5	Average Winter Use [1]	335	$ 326.39	$ 348.31	21.92	6.72%	5
6	125 Percent Average Use	419	$ 403.22	$ 426.87	23.65	5.87%	6

Effective Tariff Rates [2]	Amount
Basic Service Charge	$ 20.00
Commodity Charge	
All Usage	$ 0.91460
Proposed Tariff Rates [3]	
Basic Service Charge	$ 35.00
Commodity Charge	
All Usage	$ 0.93525

[1] Workpapers, Schedule H-2, Sheets 1-4.
[2] Rates effective August 31, 2004 including all adjustments.
[3] Schedule H-3, Sheets 1 - 3.

SOUTHWEST GAS CORPORATION
ARIZONA DIVISION
PROPOSED vs. CURRENTLY EFFECTIVE RATES
GENERAL GAS SERVICE - LARGE

Line No.	Description	Monthly Consumption (Therms)	Monthly Bill: At Currently Effective Rates	Monthly Bill: At Proposed Tariff Rates	Increase/(Decrease): Dollars	Increase/(Decrease): Percent	Line No.
	(a)	(b)	(c)	(d)	(e)	(f)	
	Summer Season Bills						
1	75 Percent Average Use	992	$ 890.02	$ 951.88	$ 61.86	6.95%	1
2	Average Summer Use [1]	1,322	$ 1,156.15	$ 1,218.64	62.49	5.40%	2
3	125 Percent Average Use	1,653	$ 1,423.09	$ 1,486.20	63.11	4.43%	3
	Winter Season Bills						
4	75 Percent Average Use	1,786	$ 1,530.36	$ 1,593.71	63.36	4.14%	4
5	Average Winter Use [1]	2,381	$ 2,010.21	$ 2,074.68	64.48	3.21%	5
6	125 Percent Average Use	2,976	$ 2,490.05	$ 2,555.65	65.59	2.63%	6

Effective Tariff Rates [2]	Amount
Basic Service Charge	$ 90.00
Commodity Charge	
All Usage	$ 0.80647

Proposed Tariff Rates [3]	
Basic Service Charge	$ 150.00
Commodity Charge	
All Usage	$ 0.80835

[1] Workpapers, Schedule H-2, Sheets 1-4.
[2] Rates effective August 31, 2004 including all adjustments.
[3] Schedule H-3, Sheets 1 - 3.

SOUTHWEST GAS CORPORATION
ARIZONA DIVISION
PROPOSED vs. CURRENTLY EFFECTIVE RATES
GAS SERVICE FOR COMPRESSION ON CUSTOMER PREMISES - SMALL

Line No.	Description	Monthly Consumption (Therms)	Monthly Bill: At Currently Effective Rates	Monthly Bill: At Proposed Tariff Rates	Increase/(Decrease): Dollars	Increase/(Decrease): Percent	Line No.
	(a)	(b)	(c)	(d)	(e)	(f)	
	Summer Season Bills						
1	75 Percent Average Use	536	$ 377.73	$ 384.68	$ 6.95	1.84%	1
2	Average Summer Use [1]	714	$ 496.53	$ 504.13	7.60	1.53%	2
3	125 Percent Average Use	893	$ 616.00	$ 624.25	8.25	1.34%	3
	Winter Season Bills						
4	75 Percent Average Use	483	$ 342.36	$ 349.12	6.76	1.97%	4
5	Average Winter Use [1]	644	$ 449.81	$ 457.16	7.34	1.63%	5
6	125 Percent Average Use	805	$ 557.27	$ 565.20	7.93	1.42%	6

Effective Tariff Rates [2]	Amount
Basic Service Charge	$ 20.00
Commodity Charge	
All Usage	$ 0.66741

Proposed Tariff Rates [3]	
Basic Service Charge	$ 25.00
Commodity Charge	
All Usage	$ 0.67105

[1] Workpapers, Schedule H-2, Sheets 1-4.
[2] Rates effective August 31, 2004 including all adjustments.
[3] Schedule H-3, Sheets 1 - 3.

SOUTHWEST GAS CORPORATION
ARIZONA DIVISION
PROPOSED vs. CURRENTLY EFFECTIVE RATES
GAS SERVICE FOR COMPRESSION ON CUSTOMER PREMISES - LARGE

Line No.	Description	Monthly Consumption (Therms)	Monthly Bill: At Currently Effective Rates	Monthly Bill: At Proposed Tariff Rates	Increase/(Decrease): Dollars	Increase/(Decrease): Percent	Line No.
	(a)	(b)	(c)	(d)	(e)	(f)	
	Summer Season Bills						
1	75 Percent Average Use	4,484	$ 3,162.67	$ 3,358.99	$ 196.32	6.21%	1
2	Average Summer Use [1]	5,978	$ 4,159.78	$ 4,361.54	201.76	4.85%	2
3	125 Percent Average Use	7,473	$ 5,157.55	$ 5,364.76	207.20	4.02%	3
	Winter Season Bills						
4	75 Percent Average Use	4,219	$ 2,985.80	$ 3,181.16	195.36	6.54%	4
5	Average Winter Use [1]	5,625	$ 3,924.18	$ 4,124.66	200.47	5.11%	5
6	125 Percent Average Use	7,031	$ 4,862.56	$ 5,068.15	205.59	4.23%	6

Effective Tariff Rates [2]	Amount
Basic Service Charge	$ 170.00
Commodity Charge	
All Usage	$ 0.66741

Proposed Tariff Rates [3]	
Basic Service Charge	$ 350.00
Commodity Charge	
All Usage	$ 0.67105

[1] Workpapers, Schedule H-2, Sheets 1-4.
[2] Rates effective August 31, 2004 including all adjustments.
[3] Schedule H-3, Sheets 1 - 3.

SOUTHWEST GAS CORPORATION
ARIZONA DIVISION
PROPOSED vs. CURRENTLY EFFECTIVE RATES
GAS SERVICE FOR COMPRESSION ON CUSTOMER PREMISES - RESIDENTIAL

Line No.	Description	Monthly Consumption (Therms)	Monthly Bill: At Currently Effective Rates	Monthly Bill: At Proposed Tariff Rates	Increase/(Decrease): Dollars	Increase/(Decrease): Percent	Line No.
	(a)	(b)	(c)	(d)	(e)	(f)	
	Summer Season Bills						
1	75 Percent Average Use	46	$ 38.70	$ 42.87	$ 4.17	10.77%	1
2	Average Summer Use [1]	61	$ 48.71	$ 52.93	4.22	8.67%	2
3	125 Percent Average Use	76	$ 58.72	$ 63.00	4.28	7.28%	3
	Winter Season Bills						
4	75 Percent Average Use	44	$ 37.37	$ 41.53	4.16	11.13%	4
5	Average Winter Use [1]	59	$ 47.38	$ 51.59	4.21	8.90%	5
6	125 Percent Average Use	74	$ 57.39	$ 61.66	4.27	7.44%	6

Effective Tariff Rates [2]	Amount
Basic Service Charge	$ 8.00
Commodity Charge	
All Usage	$ 0.66741

Proposed Tariff Rates [3]	
Basic Service Charge	$ 12.00
Commodity Charge	
All Usage	$ 0.67105

[1] Workpapers, Schedule H-2, Sheets 1-4.
[2] Rates effective August 31, 2004 *including all adjustments.*
[3] Schedule H-3, Sheets 1 - 3.

SOUTHWEST GAS CORPORATION
ARIZONA DIVISION
PROPOSED vs. CURRENTLY EFFECTIVE RATES
ESSENTIAL AGRICULTURAL USER GAS SERVICE

Line No.	Description	Monthly Consumption (Therms)	Monthly Bill: At Currently Effective Rates	Monthly Bill: At Proposed Tariff Rates	Increase/(Decrease): Dollars	Increase/(Decrease): Percent	Line No.
	(a)	(b)	(c)	(d)	(e)	(f)	
	Summer Season Bills						
1	75 Percent Average Use	4,905	$ 3,650.94	$ 3,859.26	$ 208.32	5.71%	1
2	Average Summer Use [1]	6,540	$ 4,842.92	$ 5,095.68	252.76	5.22%	2
3	125 Percent Average Use	8,175	$ 6,034.90	$ 6,332.10	297.20	4.92%	3
	Winter Season Bills						
4	75 Percent Average Use	5,321	$ 3,954.22	$ 4,173.85	219.62	5.55%	4
5	Average Winter Use [1]	7,094	$ 5,246.81	$ 5,514.62	267.81	5.10%	5
6	125 Percent Average Use	8,868	$ 6,540.13	$ 6,856.16	316.03	4.83%	6

Effective Tariff Rates [2]	Amount
Basic Service Charge	$ 75.00
Commodity Charge	
All Usage	$ 0.72904

Proposed Tariff Rates [3]	
Basic Service Charge	$ 150.00
Commodity Charge	
All Usage	$ 0.75622

[1] Workpapers, Schedule H-2, Sheets 1-4.
[2] Rates effective August 31, 2004 including all adjustments.
[3] Schedule H-3, Sheets 1 - 3.

SOUTHWEST GAS CORPORATION
ARIZONA DIVISION
RESIDENTIAL BILL FREQUENCY ANALYSES (BFA) AT PRESENT RATE SCHEDULES AND RATE BLOCKS
FOR THE TWELVE MONTHS ENDED AUGUST 31, 2004

Line No.	Description (a)	September (b)	October (c)	November (d)	December (e)	January (f)	February (g)	March (h)	April (i)	May (j)	June (k)	July (l)	August (m)	Total (n)	Line No.
	Schedule G-5														
	Summer (May-Oct)														
1	Monthly Total	8,087,866	9,143,627							14,571,538	10,697,080	8,927,658	7,856,874	59,284,643	1
2	1st 20	7,305,105	7,965,554							10,725,772	8,753,296	7,768,320	7,075,313	49,593,360	2
3	Over 20	782,761	1,178,073							3,845,766	1,943,784	1,159,338	781,561	9,691,283	3
	Winter (Nov-April)														
4	Monthly Total			14,945,074	40,352,489	57,594,051	43,894,135	35,936,315	22,614,496					215,336,560	4
5	1st 40			13,257,576	25,371,301	28,333,971	26,764,164	24,500,687	18,370,097					136,597,796	5
6	Over 40			1,687,498	14,981,188	29,260,080	17,129,971	11,435,628	4,244,399					78,738,764	6
	Schedule G-10														
	Summer (May-Oct)														
7	Monthly Total	324,357	353,826							530,134	382,770	333,123	310,211	2,234,421	7
8	1st 20	302,964	325,964							428,242	342,434	306,211	290,318	1,996,133	8
9	Over 20	21,393	27,862							101,892	40,336	26,912	19,893	238,288	9
	Winter (Nov-April)														
10	Monthly Total			618,785	1,629,254	2,191,625	1,645,221	1,370,874	849,865					8,305,624	10
11	1st 40			581,266	1,034,328	1,123,216	1,054,112	974,888	758,847					5,526,657	11
12	Next 110			36,758	582,613	1,021,816	583,600	389,770	89,442					2,703,999	12
13	Over 150			761	12,313	46,593	7,509	6,216	1,576					74,968	13
	Schedule G-15														
	Summer (May-Oct)														
14	Monthly Total	23,863	16,321							13,260	16,514	20,230	23,736	113,924	14
15	1st 20	2,472	2,491							2,591	2,487	2,334	2,409	14,784	15
16	Over 20	21,391	13,830							10,669	14,027	17,896	21,327	99,140	16
	Winter (Nov-April)														
17	Monthly Total			11,737	21,031	26,264	19,738	18,349	13,533					110,652	17
18	1st 40			4,364	5,838	6,032	5,927	5,666	4,564					32,391	18
19	Over 40			7,373	15,193	20,232	13,811	12,683	8,969					78,261	19

SOUTHWEST GAS CORPORATION
ARIZONA DIVISION
RESIDENTIAL BILL FREQUENCY ANALYSES (BFA) PRESENT RATE SCHEDULES AT PROPOSED RATE BLOCKS
FOR THE TWELVE MONTHS ENDED AUGUST 31, 2004

Line No.	Description (a)	September (b)	October (c)	November (d)	December (e)	January (f)	February (g)	March (h)	April (i)	May (j)	June (k)	July (l)	August (m)	Total (n)	Line No.
	Single-Family Residential														
	Summer (April-Nov)														
1	Monthly Total	7,804,915	8,836,327	14,528,069					22,083,573	14,170,850	10,352,044	8,625,043	7,584,196	93,985,017	1
2	1st 8 therms	4,819,326	5,036,598	5,547,927					5,884,368	5,610,149	5,234,391	4,965,214	4,745,358	41,843,331	2
3	Next 12/32	2,224,079	2,644,268	7,304,737					11,981,157	4,771,505	3,213,238	2,528,399	2,078,353	36,745,736	3
4	Over 20/40	761,510	1,155,461	1,675,405					4,218,048	3,789,196	1,904,415	1,131,430	760,485	15,395,950	4
	Winter (Dec-March)														
5	Monthly Total				39,508,150	56,497,723	43,040,069	35,199,692						174,245,634	5
6	1st 30				20,009,096	21,399,993	20,647,984	19,699,548						81,756,621	6
7	Next 10				4,655,052	6,112,950	5,395,088	4,148,242						20,311,332	7
8	Over 40				14,844,002	28,984,780	16,996,997	11,351,902						72,177,681	8
	Single-Family Residential Transportation Volumes														
	Summer (April-Nov)														
9	Monthly Total	31	33	42					119	51	33	36	35	380	9
10	1st 8 therms	8	8	8					8	8	8	8	8	64	10
11	Next 12/32	12	12	22					22	12	12	12	12	116	11
12	Over 20/40	11	13	12					89	31	13	16	15	200	12
	Winter (Dec-March)														
13	Monthly Total				146	282	196	256						880	13
14	1st 30				30	30	30	30						120	14
15	Next 10				10	10	10	10						40	15
16	Over 40				106	242	156	216						720	16
	Special Residential (Schedule G-15)														
	Summer (April-Nov)														
17	Monthly Total	23,863	16,321	11,737					13,533	13,260	16,514	20,230	23,736	139,194	17
18	1st 8 therms	1,164	1,176	1,213					1,231	1,204	1,174	1,132	1,144	9,438	18
19	Next 12/32	1,308	1,315	3,151					3,333	1,387	1,313	1,202	1,265	14,274	19
20	Over 20/40	21,391	13,830	7,373					8,969	10,669	14,027	17,896	21,327	115,482	20
	Winter (Dec-March)														
21	Monthly Total				21,031	26,264	19,738	18,349						85,382	21
22	1st 30				4,504	4,573	4,543	4,428						18,048	22
23	Next 10				1,334	1,459	1,384	1,238						5,415	23
24	Over 40				15,193	20,232	13,811	12,683						61,919	24
	Total Single-Family Residential														
	Summer (April-Nov)														
25	Monthly Total	7,828,809	8,852,681	14,539,848					22,097,225	14,184,161	10,368,591	8,645,309	7,607,967	94,124,591	25
26	1st 8 therms	4,820,498	5,037,782	5,549,148					5,885,607	5,611,361	5,235,573	4,966,354	4,746,510	41,852,833	26
27	Next 12/32	2,225,399	2,645,595	7,307,910					11,984,512	4,772,904	3,214,563	2,529,613	2,079,630	36,760,126	27
28	Over 20/40	782,912	1,169,304	1,682,790					4,227,106	3,799,896	1,918,455	1,149,342	781,827	15,511,632	28
	Winter (Dec-March)														
29	Monthly Total				39,529,327	56,524,269	43,060,003	35,218,297						174,331,896	29
30	1st 30				20,013,630	21,404,596	20,652,557	19,704,006						81,774,789	30
31	Next 10				4,656,396	6,114,419	5,396,482	4,149,490						20,316,787	31
32	Over 40				14,859,301	29,005,254	17,010,964	11,364,801						72,240,320	32

SOUTHWEST GAS CORPORATION
ARIZONA DIVISION
RESIDENTIAL BILL FREQUENCY ANALYSES (BFA) PRESENT RATE SCHEDULES AT PROPOSED RATE BLOCKS
FOR THE TWELVE MONTHS ENDED AUGUST 31, 2004

Line No.	Description (a)	September (b)	October (c)	November (d)	December (e)	January (f)	February (g)	March (h)	April (i)	May (j)	June (k)	July (l)	August (m)	Total (n)	Line No.
	Low-Income Single-Family Residential														
	Summer (April-Nov)														
1	Monthly Total	301,897	329,584	584,488					804,903	497,525	356,068	310,002	287,785	3,472,252	1
2	1st 8	190,482	196,868	216,794					224,055	213,106	196,437	185,375	184,276	1,607,393	2
3	Next 12/32	91,412	106,765	330,869					492,202	187,671	122,657	100,149	85,544	1,517,269	3
4	Over 20/40	20,003	25,951	36,825					88,646	96,748	36,974	24,478	17,965	347,590	4
	Winter (Dec-March)														
5	Monthly Total				1,555,947	2,092,790	1,569,460	1,303,631						6,521,828	5
6	1st 30				480,139	818,058	786,587	755,897						2,840,681	6
7	Next 10				494,081	236,099	205,363	162,666						1,098,209	7
8	Next 110 therms				569,552	992,776	570,017	378,894						2,511,239	8
9	Over 150				12,175	45,857	7,493	6,174						71,699	9
	Multi-Family Residential														
	Summer (April-Nov)														
10	Monthly Total	282,920	307,267	416,963					530,804	400,637	345,003	302,579	272,643	2,858,816	10
11	1st 7	162,757	168,210	178,287					187,311	179,295	172,779	165,677	159,900	1,374,216	11
12	Next 13/33	98,923	116,458	226,585					317,221	164,803	132,868	109,010	91,682	1,257,550	12
13	Over	21,240	22,599	12,091					26,272	56,539	39,356	27,892	21,061	227,050	13
	Winter (Dec-March)														
14	Monthly Total				844,193	1,096,046	853,870	736,367						3,530,476	14
15	1st 18				441,286	467,923	447,743	437,640						1,794,592	15
16	Next 22				265,827	353,065	273,309	215,217						1,107,418	16
17	Over 40				137,080	275,058	132,818	83,510						628,466	17
	Low-Income Multi-Family Residential														
	Summer (April-Nov)														
18	Monthly Total	22,460	24,242	34,297					44,962	32,609	26,702	23,121	22,426	230,819	18
19	1st 7	12,744	12,933	13,880					14,374	13,567	12,596	11,883	12,217	104,194	19
20	Next 13/33	8,326	9,398	19,723					28,216	13,898	10,744	8,804	8,281	107,390	20
21	Over	1,390	1,911	694					2,372	5,144	3,362	2,434	1,928	19,235	21
	Winter (Dec-March)														
22	Monthly Total				73,307	98,835	75,761	67,243						315,146	22
23	1st 18				35,131	36,900	36,026	34,706						142,763	23
24	Next 22				24,977	32,159	26,136	21,619						104,891	24
25	Next 110				13,061	29,040	13,583	10,876						66,560	25
26	Over 150				138	736	16	42						932	26

SOUTHWEST GAS CORPORATION
ARIZONA DIVISION
RESIDENTIAL BILL FREQUENCY ANALYSES (BFA) AT PROPOSED RATE SCHEDULES INCLUDING MULTI-FAMILY RATE SCHEDULE RATEMAKING ADJUSTMENT
FOR THE TWELVE MONTHS ENDED AUGUST 31, 2004

Line No.	Description	September	October	November	December	January	February	March	April	May	June	July	August	Total	Line
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	
	Total Multi-Family Adjustment Volumes and Customers [1]														
1	Recorded	301,486	338,441	466,809	1,166,135	1,511,820	1,482,622	1,088,614	573,484	440,124	357,169	310,523	277,837	8,315,064	1
2	Weather Normal Adjustment	1.00	1.00	1.02	1.02	1.05	0.85	0.94	1.20	1.07	1.00	1.00	1.00		2
3	Weather Normalized Volumes	301,486	338,441	477,579	1,190,465	1,588,354	1,265,706	1,018,535	686,594	470,648	357,169	310,523	277,837	8,283,338	3
4	Customers	29,598	29,187	25,040	28,841	28,769	28,775	28,820	28,760	28,623	28,611	28,571	28,495	342,090	4
	Volume Adjustment Out of Single-Family Rate Schedule at Proposed Single-Family Blocks														
	Multi-Family BFA Before Ratemaking Adjustment														
	Summer (April-Nov)														
5	Monthly Total	282,920	307,267	416,963					530,804	400,637	345,003	302,579	272,643	2,858,816	5
6	First 8 Therms	178,727	185,827	199,224					211,315	200,525	191,527	182,339	174,865	1,524,349	6
7	Next 12 / 32 Therms	82,953	98,841	205,648					293,217	143,573	114,120	92,348	76,717	1,107,417	7
8	Over 20 / 40 Therms	21,240	22,599	12,091					26,272	56,539	39,356	27,892	21,061	227,050	8
	Winter (Dec-March)														
9	Monthly Total				844,193	1,096,046	853,870	736,367						3,530,476	9
10	First 30 Therms				620,829	690,211	630,014	589,493						2,530,547	10
11	Next 10 Therms				86,284	130,777	91,038	63,364						371,463	11
12	Over 40 Therms				137,080	275,058	132,818	83,510						628,466	12
	Single-Family Adjustment [2]														
	Summer (April-Nov)														
13	Monthly Total	301,486	338,441	477,579					686,594	470,648	357,169	310,523	277,837	3,220,278	13
14	First 8 Therms	190,456	204,680	228,186					273,336	235,567	198,281	187,126	178,196	1,695,828	14
15	Next 12 / 32 Therms	88,397	108,869	235,544					379,276	168,662	118,144	94,773	78,179	1,271,843	15
16	Over 20 / 40 Therms	22,634	24,892	13,849					33,983	66,419	40,744	28,624	21,462	252,607	16
	Winter (Dec-March)														
17	Monthly Total				1,190,465	1,588,354	1,265,706	1,018,535						5,063,060	17
18	First 30 Therms				875,481	1,000,231	933,880	815,381						3,624,973	18
19	Next 10 Therms				121,676	189,518	134,947	87,644						533,785	19
20	Over 40 Therms				193,308	398,605	196,878	115,510						904,301	20
	Total Single-Family Residential														
	Summer (April-Nov)														
21	Monthly Total	7,828,609	8,852,681	14,539,848					22,097,225	14,184,161	10,368,591	8,645,309	7,607,967	94,124,591	21
22	1st 8 therms	4,820,498	5,037,782	5,549,148					5,885,607	5,611,361	5,235,573	4,966,354	4,746,510	41,852,833	22
23	Next 12/32	2,225,399	2,645,595	7,307,910					11,984,512	4,772,904	3,214,563	2,529,613	2,079,630	36,760,126	23
24	Over 20/40	782,912	1,169,304	1,682,790					4,227,106	3,799,896	1,918,455	1,149,342	781,827	15,511,632	24
	Winter (Dec-March)														
25	Monthly Total				39,529,327	56,524,269	43,060,003	35,218,297						174,331,896	25
26	1st 30				20,013,630	21,404,596	20,652,557	19,704,006						81,774,789	26
27	Next 10				4,656,396	6,114,419	5,396,482	4,149,490						20,316,787	27
28	Over 40				14,859,301	29,005,254	17,010,964	11,364,801						72,240,320	28
	Adjusted Single-Family Volumes [3]														
	Summer (April-Nov)														
29	Monthly Total	7,527,323	8,514,240	14,062,269					21,410,631	13,713,513	10,011,422	8,334,786	7,330,130	90,904,313	29
30	First 8 Therms	4,630,042	4,833,102	5,320,962					5,612,271	5,375,794	5,037,292	4,779,228	4,568,314	40,157,005	30
31	Next 12 / 32 Therms	2,137,002	2,536,726	7,072,366					11,605,236	4,604,242	3,096,419	2,434,840	2,001,451	35,488,283	31
32	Over 20 / 40 Therms	760,278	1,144,412	1,668,941					4,193,123	3,733,477	1,877,711	1,120,718	760,365	15,259,025	32
	Winter (Dec-March)														
33	Monthly Total				38,338,862	54,935,915	41,794,297	34,199,762						169,268,836	33
34	First 30 Therms				19,138,149	20,404,365	19,718,677	18,888,625						78,149,816	34
35	Next 10 Therms				4,534,720	5,924,901	5,261,535	4,061,846						19,783,002	35
36	Over 40 Therms				14,665,993	28,606,649	16,814,086	11,249,291						71,336,019	36

[1] Multi-family customers identified subsequent to preparation of BFAs.
[2] Total multi-family adjustment volumes prorated to blocks per multi-family BFA.
[3] Multi-family/Single-family BFA volumes including prorated adjustment volumes.

SOUTHWEST GAS CORPORATION
ARIZONA DIVISION
RESIDENTIAL BILL FREQUENCY ANALYSES (BFA) AT PROPOSED RATE SCHEDULES INCLUDING MULTI-FAMILY RATE SCHEDULE RATEMAKING ADJUSTMENT
FOR THE TWELVE MONTHS ENDED AUGUST 31, 2004

Line No.	Description	September	October	November	December	January	February	March	April	May	June	July	August	Total	Line
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	
	Total Low-Income Multi-Family Adjustment Volumes and Customers [1]														
1	Recorded	22,601	24,365	36,044	94,500	123,782	118,777	87,292	40,946	30,130	24,436	21,834	20,720	645,427	1
2	Weather Normal Adjustment [1]	1.00	1.00	1.02	1.02	1.05	0.85	0.94	1.20	1.07	1.00	1.00	1.00		2
3	Weather Normalized Volumes	22,601	24,365	36,876	96,472	130,048	101,399	81,673	49,022	32,220	24,436	21,834	20,720	641,665	3
4	Customers	2,201	2,186	1,874	2,162	2,174	2,161	2,147	2,110	2,081	2,045	1,999	2,065	25,205	4
	Volume Adjustment Out of Low-Income Single-Family Rate Schedule at Proposed Single-Family Blocks														
	Low-Income Multi-Family BFA Before Ratemaking Adjustment														
	Summer (April-Nov)														
5	Monthly Total	22,460	24,242	34,297					44,962	32,609	26,702	23,121	22,426	230,819	5
6	First 8 Therms	14,059	14,311	15,556					16,259	15,227	14,012	13,123	13,432	115,979	6
7	Next 12 / 32 Therms	7,011	8,020	18,047					26,331	12,238	9,328	7,564	7,066	95,605	7
8	Over 20 / 40 Therms	1,390	1,911	694					2,372	5,144	3,362	2,434	1,928	19,235	8
	Winter (Dec-March)														
9	Monthly Total				73,307	98,835	75,761	67,243						315,146	9
10	First 30 Therms				51,538	56,602	52,856	49,164						210,160	10
11	Next 10 Therms				8,570	12,457	9,306	7,161						37,494	11
12	Next 110 Therms				13,061	29,040	13,583	10,876						66,560	12
13	Over 150 Therms				138	736	16	42						932	13
	Low-Income Single-Family Adjustment [2]														
	Summer (April-Nov)														
14	Monthly Total	22,601	24,365	36,876					49,022	32,220	24,436	21,834	20,720	232,073	14
15	First 8 Therms	14,147	14,384	16,726					17,727	15,045	12,823	12,393	12,410	115,654	15
16	Next 12 / 32 Therms	7,055	8,061	19,404					28,709	12,092	8,536	7,143	6,528	97,528	16
17	Over 20 / 40 Therms	1,399	1,921	746					2,586	5,083	3,077	2,299	1,781	18,891	17
	Winter (Dec-March)														
18	Monthly Total				96,472	130,048	101,399	81,673						409,592	18
19	First 30 Therms				67,824	74,478	70,743	59,714						272,758	19
20	Next 10 Therms				11,278	16,391	12,455	8,698						48,822	20
21	Next 110 Therms				17,188	38,211	18,180	13,210						86,789	21
22	Over 150 Therms				182	968	21	51						1,222	22
	Low-Income Single-Family Residential														
	Summer (April-Nov)														
23	Monthly Total	301,897	329,584	584,488					804,903	497,525	356,068	310,002	287,785	3,472,252	23
24	1st 8	190,482	196,868	216,794					224,055	213,106	196,437	185,375	184,276	1,607,393	24
25	Next 12/32	91,412	106,765	330,869					492,202	187,671	122,657	100,149	85,544	1,517,269	25
26	Over 20/40	20,003	25,951	36,825					88,646	96,748	36,974	24,478	17,965	347,590	26
	Winter (Dec-March)														
27	Monthly Total				1,555,947	2,092,790	1,569,460	1,303,631						6,521,828	27
28	1st 30				480,139	818,058	786,587	755,897						2,840,681	28
29	Next 10				494,081	236,099	205,363	162,666						1,098,209	29
30	Next 110 therms				569,552	992,776	570,017	378,894						2,511,239	30
31	Over 150				12,175	45,857	7,493	6,174						71,699	31
	Adjusted Low-Income Single-Family Volumes [3]														
	Summer (April-Nov)														
32	Monthly Total	279,296	305,219	547,612					755,881	465,305	331,632	288,168	267,065	3,240,179	32
33	First 8 Therms	176,335	182,484	200,068					206,328	198,061	183,614	172,982	171,866	1,491,739	33
34	Next 12 / 32 Therms	84,357	98,704	311,465					463,493	175,579	114,121	93,006	79,016	1,419,741	34
35	Over 20 / 40 Therms	18,604	24,030	36,079					86,060	91,665	33,897	22,179	16,184	328,699	35
	Winter (Dec-March)														
36	Monthly Total				1,459,475	1,962,742	1,468,061	1,221,958						6,112,236	36
37	First 30 Therms				412,315	743,580	715,844	696,183						2,567,923	37
38	Next 10 Therms				482,803	219,708	192,908	153,968						1,049,387	38
39	Next 110 Therms				552,364	954,565	551,837	365,684						2,424,450	39
40	Over 150 Therms				11,993	44,889	7,472	6,123						70,477	40

[1] Multi-family customers identified subsequent to preparation of BFAs.
[2] Total multi-family adjustment volumes prorated to blocks per multi-family BFA.
[3] Multi-family/Single-family BFA volumes including prorated adjustment volumes.

SOUTHWEST GAS CORPORATION
ARIZONA DIVISION
RESIDENTIAL BILL FREQUENCY ANALYSES (BFA) AT PROPOSED RATE SCHEDULES INCLUDING MULTI-FAMILY RATE SCHEDULE RATEMAKING ADJUSTMENT
FOR THE TWELVE MONTHS ENDED AUGUST 31, 2004

Line No.	Description (a)	September (b)	October (c)	November (d)	December (e)	January (f)	February (g)	March (h)	April (i)	May (j)	June (k)	July (l)	August (m)	Total (n)	Line
	Total Multi-Family Adjustment Volumes and Customers [1]														
1	Recorded	301,486	338,441	466,809	1,166,135	1,511,820	1,482,622	1,088,614	573,484	440,124	357,169	310,523	277,837	8,315,064	1
2	Weather Normal Adjustment	1.00	1.00	1.02	1.02	1.05	0.85	0.94	1.20	1.07	1.00	1.00	1.00		2
3	Weather Normalized Volumes	301,486	338,441	477,579	1,190,465	1,588,354	1,265,706	1,018,535	686,594	470,648	357,169	310,523	277,837	8,283,338	3
4	Customers	29,598	29,187	25,040	28,841	28,769	28,775	28,820	28,760	28,623	28,611	28,571	28,495	342,090	4
	Volume Adjustment to Multi-Family at Proposed Multi-Family Blocks														
	Multi-Family BFA Before Ratemaking Adjustment														
	Summer (April-Nov)														
5	Monthly Total	282,920	307,267	416,963					530,804	400,637	345,003	302,579	272,643	2,858,816	5
6	First 7 Therms	162,757	168,210	178,287					187,311	179,295	172,779	165,677	159,900	1,374,216	6
7	Next 13 / 33 Therms	98,923	116,458	226,585					317,221	164,803	132,868	109,010	91,682	1,257,550	7
8	Over 20 / 40 Therms	21,240	22,599	12,091					26,272	56,539	39,356	27,892	21,061	227,050	8
	Winter (Dec-March)														
9	Monthly Total				844,193	1,096,046	853,870	736,367						3,530,476	9
10	First 18 Therms				441,286	467,923	447,743	437,640						1,794,592	10
11	Next 22 Therms				265,827	353,065	273,309	215,217						1,107,418	11
12	Over 40 Therms				137,080	275,058	132,818	83,510						628,466	12
	Multi-Family Adjustment [2]														
	Summer (April-Nov)														
13	Monthly Total	301,486	338,441	477,579					686,594	470,648	357,169	310,523	277,837	3,220,278	13
14	First 7 Therms	173,438	185,276	204,208					242,287	210,627	178,872	170,027	162,946	1,527,677	14
15	Next 13 / 33 Therms	105,415	128,273	259,525					410,325	193,602	137,553	111,872	93,429	1,439,994	15
16	Over 20 / 40 Therms	22,634	24,892	13,849					33,983	66,419	40,744	28,624	21,462	252,607	16
	Winter (Dec-March)														
17	Monthly Total				1,190,465	1,588,354	1,265,706	1,018,535						5,063,060	17
18	First 18 Therms				622,293	678,099	663,697	605,339						2,569,428	18
19	Next 22 Therms				374,864	511,650	405,130	297,686						1,589,331	19
20	Over 40 Therms				193,308	398,605	196,878	115,510						904,301	20
	Adjusted Multi-Family Volumes [3]														
	Summer (April-Nov)														
21	Monthly Total	584,406	645,708	894,542					1,217,398	871,285	702,172	613,102	550,480	6,079,094	21
22	First 7 Therms	336,195	353,486	382,493					429,598	389,922	351,651	335,704	322,846	2,901,893	22
23	Next 13 / 33 Therms	204,338	244,731	486,110					727,546	358,405	270,421	220,882	185,111	2,697,544	23
24	Over 20 / 40 Therms	43,874	47,491	25,940					60,255	122,958	80,100	56,516	42,523	479,657	24
	Winter (Dec-March)														
25	Monthly Total				2,034,658	2,684,400	2,119,576	1,754,902						8,593,536	25
26	First 18 Therms				1,063,579	1,146,022	1,111,440	1,042,979						4,364,020	26
27	Next 22 Therms				640,691	864,715	678,439	512,903						2,696,749	27
28	Over 40 Therms				330,388	673,663	329,696	199,020						1,532,767	28

[1] Multi-family customers identified subsequent to preparation of BFAs.
[2] Total multi-family adjustment volumes prorated to blocks per multi-family BFA.
[3] Multi-family/Single-family BFA volumes including prorated adjustment volumes.

SOUTHWEST GAS CORPORATION
ARIZONA DIVISION
RESIDENTIAL BILL FREQUENCY ANALYSES (BFA) AT PROPOSED RATE SCHEDULES INCLUDING MULTI-FAMILY RATE SCHEDULE RATEMAKING ADJUSTMENT
FOR THE TWELVE MONTHS ENDED AUGUST 31, 2004

Line No.	Description	September	October	November	December	January	February	March	April	May	June	July	August	Total	Line
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	
	Total Low-Income Multi-Family Adjustment Volumes and Customers [1]														
1	Recorded	22,601	24,365	36,044	94,500	123,782	118,777	87,292	40,946	30,130	24,436	21,834	20,720	645,427	1
2	Weather Normal Adjustment [1]	1.00	1.00	1.02	1.02	1.05	0.85	0.94	1.20	1.07	1.00	1.00	1.00		2
3	Weather Normalized Volumes	22,601	24,365	36,876	96,472	130,048	101,399	81,673	49,022	32,220	24,436	21,834	20,720	641,665	3
4	Customers	2,201	2,186	1,874	2,162	2,174	2,161	2,147	2,110	2,081	2,045	1,999	2,065	25,205	4
	Volume Adjustment to Low-Income Multi-Family at Proposed Multi-Family Blocks														
	Low-Income Multi-Family BFA Before Ratemaking Adjustment														
	Summer (April-Nov)														
5	Monthly Total	22,460	24,242	34,297					44,962	32,609	26,702	23,121	22,426	230,819	5
6	First 7 Therms	12,744	12,933	13,880					14,374	13,567	12,596	11,883	12,217	104,194	6
7	Next 13 / 33 Therms	8,326	9,398	19,723					28,216	13,898	10,744	8,804	8,281	107,390	7
8	Over 20 / 40 Therms	1,390	1,911	694					2,372	5,144	3,362	2,434	1,928	19,235	8
	Winter (Dec-March)														
9	Monthly Total				73,307	98,835	75,761	67,243						315,146	9
10	First 18 Therms				35,131	36,900	36,026	34,706						142,763	10
11	Next 22 Therms				24,977	32,159	26,136	21,619						104,891	11
12	Next 110 Therms				13,061	29,040	13,583	10,876						66,560	12
13	Over 150 Therms				138	736	16	42						932	13
	Low-Income Multi-Family Adjustment [2]														
14	Monthly Total	22,601	24,365	36,876					49,022	32,220	24,436	21,834	20,720	148,232	14
15	First 7 Therms	12,824	12,999	14,924					15,672	13,405	11,527	11,222	11,288	103,859	15
16	Next 13 / 33 Therms	8,378	9,446	21,206					30,764	13,732	9,832	8,314	7,651	109,323	16
17	Over 20 / 40 Therms	1,399	1,921	746					2,586	5,083	3,077	2,299	1,781	18,891	17
18	Monthly Total				96,472	130,048	101,399	81,673						409,592	18
19	First 18 Therms				46,232	48,553	48,218	42,154						185,157	19
20	Next 22 Therms				32,870	42,315	34,981	26,258						136,424	20
21	Next 110 Therms				17,188	38,211	18,180	13,210						86,789	21
22	Over 150 Therms				182	968	21	51						1,222	22
	Adjusted Low-Income Multi-Family Volumes [3]														
	Summer (April-Nov)														
23	Monthly Total	45,061	48,607	71,173					93,984	64,829	51,138	44,955	43,146	462,892	23
24	First 7 Therms	25,568	25,932	28,804					30,046	26,972	24,123	23,105	23,505	208,053	24
25	Next 13 / 33 Therms	16,704	18,844	40,929					58,980	27,630	20,576	17,118	15,932	216,713	25
26	Over 20 / 40 Therms	2,789	3,832	1,440					4,958	10,227	6,439	4,733	3,709	38,126	26
	Winter (Dec-March)														
27	Monthly Total				169,779	228,883	177,160	148,916						724,738	27
28	First 18 Therms				81,363	85,453	84,244	76,860						327,920	28
29	Next 22 Therms				57,847	74,474	61,117	47,877						241,315	29
30	Next 110 Therms				30,249	67,251	31,763	24,086						153,349	30
31	Over 150 Therms				320	1,704	37	93						2,154	31

[1] Multi-family customers identified subsequent to preparation of BFAs.
[2] Total multi-family adjustment volumes prorated to blocks per multi-family BFA.
[3] Multi-family/Single-family BFA volumes including prorated adjustment volumes.

SOUTHWEST GAS CORPORATION
ARIZONA DIVISION
LOW INCOME BILL FREQUENCY ANALYSES (BFA) AT PRESENT RATE SCHEDULES INCLUDING MULTI-FAMILY RATE SCHEDULE RATEMAKING ADJUSTMENT
FOR THE TWELVE MONTHS ENDED AUGUST 31, 2004

Line No.	Description	September	October	November	December	January	February	March	April	May	June	July	August	Total	Line No.
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	
	Total Low-Income Multi-Family Adjustment Volumes and Customers [1]														
1	Recorded	22,601	24,365	36,044	94,500	123,782	118,777	87,292	40,946	30,130	24,436	21,834	20,720	645,427	1
2	Weather Normal Adjustment [1]	1.00	1.00	1.02	1.02	1.05	0.85	0.94	1.20	1.07	1.00	1.00	1.00		2
3	Weather Normalized Volumes	22,601	24,365	36,876	96,472	130,048	101,399	81,673	49,022	32,220	24,436	21,834	20,720	641,665	3
4	Customers	2,201	2,186	1,874	2,162	2,174	2,161	2,147	2,110	2,081	2,045	1,999	2,065	25,205	4
	Volume Adjustment to Low-Income Multi-Family at Proposed Multi-Family Blocks														
	Low-Income Multi-Family BFA Before Ratemaking Adjustment														
	Summer (May-Oct)														
5	Monthly Total	22,460	24,242							32,609	26,702	23,121	22,426	151,560	5
6	1st 7	12,744	12,933							13,567	12,596	11,883	12,217	75,940	6
7	Next 13	8,326	9,398							13,898	10,744	8,804	8,281	59,451	7
8	Over	1,390	1,911							5,144	3,362	2,434	1,928	16,169	8
	Winter (Nov-April)														
9	Monthly Total			34,297	73,307	98,835	75,761	67,243	44,962					394,405	9
10	1st 18			27,482	35,131	36,900	36,026	34,706	31,201					201,446	10
11	Next 22			6,121	24,977	32,159	26,136	21,619	11,389					122,401	11
12	Next 110			694	13,061	29,040	13,583	10,876	2,285					69,539	12
13	Over 150			0	138	736	16	42	87					1,019	13
	Low-income Multi-Family/Single-family Adjustment [2]														
	Summer (May-Oct)														
14	Monthly Total	22,601	24,365							32,220	24,436	21,834	20,720	146,176	14
15	1st 7	12,824	12,999							13,405	11,527	11,222	11,288	73,264	15
16	Next 13	8,378	9,446							13,732	9,832	8,314	7,651	57,353	16
17	Over	1,399	1,921							5,083	3,077	2,299	1,781	15,559	17
														0	
	Winter (Nov-April)														
18	Monthly Total			36,876	96,472	130,048	101,399	81,673	49,022					495,489	18
19	1st 18			29,548	46,232	48,553	48,218	42,154	34,018					248,723	19
20	Next 22			6,581	32,870	42,315	34,961	26,258	12,417					155,422	20
21	Next 110			746	17,188	38,211	18,180	13,210	2,491					90,026	21
22	Over 150			-	182	968	21	51	95					1,317	22
	Adjusted Low-Income Multi-Family Volumes [3]														
	Summer (May-Oct)														
23	Monthly Total	45,061	48,607							64,829	51,138	44,955	43,146	297,736	23
24	1st 7	25,568	25,932							26,972	24,123	23,105	23,505	149,204	24
25	Next 13	16,704	18,844							27,630	20,576	17,118	15,932	116,804	25
26	Over	2,789	3,832							10,227	6,439	4,733	3,709	31,728	26
	Winter (Nov-April)														
27	Monthly Total			71,173	169,779	228,883	177,160	148,916	93,984					889,894	27
28	1st 18			57,030	81,363	85,453	84,244	76,860	65,219					450,169	28
29	Next 22			12,702	57,847	74,474	61,117	47,877	23,806					277,823	29
30	Next 110			1,440	30,249	67,251	31,763	24,086	4,776					159,565	30
31	Over 150			-	320	1,704	37	93	182					2,336	31
	Low-Income Single-Family BFA Before Ratemaking Adjustment														
	Summer (May-Oct)														
32	Monthly Total	301,897	329,584							497,525	356,068	310,002	287,785	2,082,861	32
33	1st 8	190,482	196,868							213,106	196,437	185,375	184,276	1,166,544	33
34	Next 12	91,412	106,765							187,671	122,657	100,149	85,544	694,198	34
35	Over 20	20,003	25,951							96,748	36,974	24,478	17,965	222,119	35
	Winter (Nov-April)														
36	Monthly Total			584,488	1,555,947	2,092,790	1,569,460	1,303,631	804,903					7,911,219	36
37	1st 30			510,931	480,139	818,058	786,587	755,897	638,634					3,990,246	37
38	Next 10			36,732	494,081	236,099	205,363	162,666	77,623					1,212,564	38
39	Next 110 therms			36,064	569,552	992,776	570,017	378,894	87,157					2,634,460	39
40	Over 150			761	12,175	45,857	7,493	6,174	1,489					73,949	40
	Adjusted Low-Income Single-Family Volumes [3]														
	Summer (May-Oct)														
41	Monthly Total	279,296	305,219							465,305	331,632	288,168	267,065	1,936,685	41
42	1st 8	177,658	183,869							199,701	184,910	174,153	172,988	1,093,280	42
43	Next 12	83,034	97,319							173,939	112,825	91,835	77,893	636,845	43
44	Over 20	18,604	24,030							91,665	33,897	22,179	18,184	206,560	44
	Winter (Nov-April)														
45	Monthly Total			547,612	1,459,475	1,962,742	1,468,061	1,221,958	755,881					7,415,730	45
46	1st 30			481,383	433,907	769,505	738,369	713,743	604,616					3,741,523	46
47	Next 10			30,151	461,211	193,784	170,382	136,408	65,206					1,057,142	47
48	Next 110 therms			35,318	552,364	954,565	551,837	365,684	84,666					2,544,434	48
49	Over 150			761	11,993	44,889	7,472	6,123	1,394					72,632	49

[1] Multi-family customers identified subsequent to preparation of BFAs.
[2] Total multi-family adjustment prorated to blocks per multi-family BFA.
[3] Multi-family/Single-family BFA volumes including prorated adjustment volumes.

SOUTHWEST GAS CORPORATION
ARIZONA DIVISION
ALLOCATION OF PROPOSED MARGIN TO CUSTOMER CLASSES
FOR THE TWELVE MONTHS ENDED AUGUST 31, 2004

Line No.	Description	Total	Single Family Residential	Multi-Family Residential	MMMHP	General Gas Service Small	General Gas Service Medium	General Gas Service Large	General Gas Service Trans. Eligible	Air-Conditioning	Line No.
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	
1	Margin at Requested System Rate of Return [1]	$ 393,675,106	$ 274,919,190	$ 17,086,091	$ 749,577	$ 14,959,103	$ 20,315,993	$ 30,851,744	$ 9,537,703	$ 163,241	1
2	Margin at Present Rates [2]	$ 322,865,978	$ 196,580,278	$ 13,424,301	$ 883,856	$ 5,415,035	$ 20,350,243	$ 46,243,388	$ 15,855,591	$ 167,216	2
3	Difference (Line 1 minus Line 2)	$ 70,809,128									3
4	System Average Percentage Increase (Line 3 / Line 2)	21.93143%									4
5	Ratio of Margin at System Return to Margin at Present Rates (Line 1 / Line 2)		1.39851	1.27277	0.84808	2.76251	0.99832	0.66716	0.60154	0.97623	5
6	Adjusted Percentage Increase (Line 4 X Line 5)		30.67129%	27.91374%	18.59952%	43.86286%	21.89452%	14.63178%	13.19254%	21.41012%	6
7	Adjusted Percentage Increase $ (Line 2 X Line 6)	$ 81,848,019	$ 60,293,712	$ 3,747,224	$ 164,393	$ 2,375,189	$ 4,455,588	$ 6,766,229	$ 2,091,755	$ 35,801	7
8	Adjusted Margin Requirement (Line 2 + Line 7)	$ 404,713,997	$ 256,873,990	$ 17,171,525	$ 1,048,249	$ 7,790,224	$ 24,805,831	$ 53,009,617	$ 17,947,346	$ 203,017	8
9	Margin at One-Half System Rate of Return	$ 309,657,887	$ 222,024,509	$ 14,105,860	$ 609,324	$ 0	$ 16,419,621	$ 24,688,892	$ 7,618,860	$ 132,928	9
10	Greater of Percentage Increase or One-Half System Rate of Return	$ 404,713,997	$ 256,873,990	$ 17,171,525	$ 1,048,249	$ 7,790,224	$ 24,805,831	$ 53,009,617	$ 17,947,346	$ 203,017	10
11	(Over) / Under Collection [3]	(11,038,891)	(7,353,719)	(491,582)	(30,009)	(223,016)	(710,135)	(1,517,545)	(513,792)	(5,812)	11
12	Margin Requirement (Greater of Line 9 or Line 10 plus Line 11)	$ 393,675,127	$ 249,520,271	$ 16,679,943	$ 1,018,240	$ 7,567,208	$ 24,095,696	$ 51,492,072	$ 17,433,554	$ 197,205	12
13	Proposed Class Margin Requirement	$ 393,675,106	$ 249,520,251	$ 16,679,943	$ 1,018,240	$ 7,567,208	$ 24,095,696	$ 51,492,072	$ 17,433,554	$ 197,205	13
14	Proposed Dollar Increase in Margin	$ 70,809,128	$ 52,939,973	$ 3,255,642	$ 134,384	$ 2,152,173	$ 3,745,453	$ 5,248,684	$ 1,577,963	$ 29,989	14
15	Proposed Percentage Increase in Margin	21.93%	26.93%	24.25%	15.20%	39.74%	18.40%	11.35%	9.95%	17.93%	15
16	Rate of Return at Present Rates	4.78%	2.22%	3.46%	14.36%	-7.1%	9.63%	21.97%	25.91%	10.25%	16
17	Present Rate of Return Indices	1.00	0.46	0.72	3.00	(1.49)	2.01	4.60	5.42	2.14	17
18	Rate of Return at Proposed Rates	9.40%	7.00%	8.80%	18.95%	-3.5%	14.23%	26.03%	29.83%	14.99%	18
19	Proposed Rate of Return Indices	1.00	0.74	0.94	2.02	(0.37)	1.51	2.77	3.17	1.60	19

[1] Class margin required to earn proposed overall system rate of return on rate base.
[2] Schedule H-2, Sheets 4-8.
[3] Difference between total magin required and Line 10, Column (b) prorated to classes as a percentage of margin on Line 10.

SOUTHWEST GAS CORPORATION
ARIZONA DIVISION
ALLOCATION OF PROPOSED MARGIN TO CUSTOMER CLASSES
FOR THE TWELVE MONTHS ENDED AUGUST 31, 2004

Line No.	Description	Total	Street Lighting	Small CNG	Large CNG	Residential CNG	Electric Generation	Essential Agricultural	Gas Engines	Optional and Special Contract	Other Revenue	Line No.
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	
1	Margin at Requested System Rate of Return [1]	$ 393,675,106	$ 39,197	$ 22,820	$ 332,735	$ 34,168	$ 1,198,508	$ 610,281	$ 3,742,106	$ 7,678,169	$ 11,434,480	1
2	Margin at Present Rates [2]	$ 322,865,978	$ 47,592	$ 29,537	$ 307,716	$ 21,167	$ 1,405,352	$ 605,972	$ 3,733,422	$ 7,611,429	$ 10,183,883	2
3	Difference (Line 1 minus Line 2)	$ 70,809,128										3
4	System Average Percentage Increase (Line 3 / Line 2)	21.93143%										4
5	Ratio of Margin at System Return to Margin at Present Rates (Line 1 / Line 2)		0.82360	0.77260	1.08131	1.61421	0.85282	1.00711	1.00233	n/a	n/a	5
6	Adjusted Percentage Increase (Line 4 X Line 5)		18.06279%	16.94422%	23.71460%	35.40197%	18.70349%	22.08740%	2.94715%	n/a	n/a	6
7	Adjusted Percentage Increase $ (Line 2 X Line 6)	$ 81,848,019	$ 8,596	$ 5,005	$ 72,974	$ 7,494	$ 262,850	$ 133,843	$ 110,030	$ 66,740	$ 1,250,597	7
8	Adjusted Margin Requirement (Line 2 + Line 7)	$ 404,713,997	$ 56,188	$ 34,542	$ 380,690	$ 28,661	$ 1,668,202	$ 739,815	$ 3,843,452	$ 7,678,169	$ 11,434,480	8
9	Margin at One-Half System Rate of Return	$ 309,657,887	$ 35,829	$ 18,769	$ 272,630	$ 27,860	$ 962,379	$ 479,569	$ 3,148,009	$ 7,678,169	$ 11,434,480	9
10	Greater of Percentage Increase or One-Half System Rate of Return	$ 404,713,997	$ 56,188	$ 34,542	$ 380,690	$ 28,661	$ 1,668,202	$ 739,815	$ 3,843,452	$ 7,678,169	$ 11,434,480	10
11	(Over) / Under Collection [3]	(11,038,891)	(1,609)	(989)	(10,898)	(820)	(47,757)	(21,179)	(110,029)	0	0	11
12	Margin Requirement (Greater of Line 9 or Line 10 plus Line 11)	$ 393,675,127	$ 54,580	$ 33,553	$ 369,791	$ 27,860	$ 1,620,445	$ 718,636	$ 3,733,422	$ 7,678,169	$ 11,434,480	12
13	Proposed Class Margin Requirement	$ 393,675,106	$ 54,580	$ 33,553	$ 369,791	$ 27,860	$ 1,620,445	$ 718,636	$ 3,733,422	$ 7,678,169	$ 11,434,480	13
14	Proposed Dollar Increase in Margin	$ 70,809,128	$ 6,988	$ 4,016	$ 62,075	$ 6,693	$ 215,093	$ 112,664	$ 0	$ 66,740	$ 1,250,597	14
15	Proposed Percentage Increase in Margin	21.93%	14.68%	13.60%	20.17%	31.62%	15.31%	18.59%	0.00%	0.88%	12.28%	15
16	Rate of Return at Present Rates	4.78%	23.29%	17.89%	7.52%	-0.7%	13.93%	9.41%	9.55%	n/a	n/a	16
17	Present Rate of Return Indices	1.00	4.87	3.74	1.57	(0.14)	2.91	1.97	2.00	n/a	n/a	17
18	Rate of Return at Proposed Rates	9.40%	34.04%	20.24%	12.74%	3.54%	18.28%	13.50%	9.54%	n/a	n/a	18
19	Proposed Rate of Return Indices	1.00	3.62	2.15	1.36	0.38	1.95	1.44	1.02	n/a	n/a	19

[1] Class margin required to earn proposed overall system rate of return on rate base.
[2] Schedule H-2, Sheets 4-8.
[3] Difference between total magin required and Line 10, Column (b) prorated to classes as a percentage of margin on Line 10.

SOUTHWEST GAS CORPORATION
ARIZONA DIVISION
SUMMARY OF REVENUES AT PROPOSED RATES BY PROPOSED RATE SCHEDULES
FOR THE TWELVE MONTHS ENDED AUGUST 31, 2004

Line No.	Description	Reference	Proposed Schedule Number	Billing Determinants: Number of Bills	Billing Determinants: Sales (Therms)	Revenue at Proposed Rates: Basic Service Charge	Revenue at Proposed Rates: Commodity Charge	Revenue at Proposed Rates: Basic Service Charge	Revenue at Proposed Rates: Commodity Charge	Revenue at Proposed Rates: Total Margin	Revenue at Proposed Rates: Gas Cost [1]	Revenue at Proposed Rates: Total Revenue	Line No.
	(a)	(b)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	
	Single-Family Residential Gas Service		G-5										
	Summer (April - November)												
1	Basic Service Charge per Month			5,834,248		$ 12.00		$ 70,010,976		$ 70,010,976		$ 70,010,976	1
	Commodity Charge per Therm												
2	First 8 Therms				40,157,005		$ 0.84286		$ 33,846,733	33,846,733	$ 21,458,297	55,305,030	2
3	Over 8 Therms				50,747,308		0.25000		12,686,827	12,686,827	27,117,331	39,804,158	3
	Winter (December - March)												
4	Basic Service Charge per Month			2,974,733		$ 12.00		$ 35,696,796		$ 35,696,796		$ 35,696,796	4
	Commodity Charge per Therm												
5	First 30 Therms				78,149,816		0.84286		65,869,354	65,869,354	41,760,136	107,629,490	5
6	Over 30 Therms				91,119,021		0.25000		22,779,755	22,779,755	48,690,360	71,470,115	6
7	Total Single-Family Residential Gas Service			8,808,981	260,173,149			$ 105,707,772	$ 135,182,669	$ 240,890,441	$ 139,026,124	$ 379,916,565	7
	Low Income Residential Gas Service		G-5										
	Summer (April - November)												
8	Basic Service Charge			211,472		$ 12.00		$ 2,537,664		$ 2,537,664		$ 2,537,664	8
	Commodity Charge per Therm												
	Summer (May - October)												
9	First 8 Therms				1,491,739		$ 0.84286		$ 1,257,327	1,257,327	$ 797,125	2,054,452	9
10	Over 8 Therms				1,748,440		0.25000		437,110	437,110	934,297	1,371,407	10
	Winter (December - March)												
11	Basic Service Charge per Month			107,196		$ 12.00		$ 1,286,352		$ 1,286,352		$ 1,286,352	11
	Commodity Charge per Therm												
12	First 30 Therms				2,567,923		0.84286		2,164,399	2,164,399	1,372,195	3,536,594	12
13	Over 30 Therms				3,544,314		0.25000		886,078	886,078	1,893,939	2,780,017	13
14	Total Low Income Residential Gas Service			318,668	9,352,415			$ 3,824,016	$ 4,744,914	$ 8,568,930	$ 4,997,556	$ 13,566,486	14
	Multi-Family Residential Gas Service		G-6										
	Summer (April - November)												
15	Basic Service Charge per Month			456,582		$ 11.00		$ 5,022,402		$ 5,022,402		$ 5,022,402	15
	Commodity Charge per Therm												
16	First 7 Therms				2,901,893		$ 0.84286		$ 2,445,890	2,445,890	$ 1,550,656	3,996,546	16
17	Over 7 Therms				3,177,201		0.25000		794,300	794,300	1,697,769	2,492,069	17
	Winter (December - March)												
18	Basic Service Charge per Month			233,245		$ 11.00		$ 2,565,695		$ 2,565,695		$ 2,565,695	18
	Commodity Charge per Therm												
19	First 18 Therms				4,364,020		0.84286		3,678,258	3,678,258	2,331,958	6,010,216	19
20	Over 18 Therms				4,229,516		0.25000		1,057,379	1,057,379	2,260,084	3,317,463	20
21	Total Multi-Family Residential Gas Service			689,827	14,672,630			$ 7,588,097	$ 7,975,827	$ 15,563,924	$ 7,840,467	$ 23,404,391	21
	Multi-Family Low Income Residential Gas Service		G-6										
	Summer (April - November)												
22	Basic Service Charge per Month			33,599		$ 11.00		$ 369,589		$ 369,589		$ 369,589	22
	Commodity Charge per Therm												
23	First 7 Therms				208,053		$ 0.84286		$ 175,360	175,360	$ 111,175	286,535	23
24	Over 7 Therms				254,839		0.25000		63,710	63,710	136,176	199,886	24
	Winter (December - March)												
25	Basic Service Charge per Month			17,488		$ 11.00		$ 192,368		$ 192,368		$ 192,368	25
	Commodity Charge per Therm												
26	First 18 Therms				327,920		0.84286		276,390	276,390	175,227	451,617	26
27	Over 18 Therms				396,818		0.25000		99,205	99,205	212,044	311,249	27
28	Total Low Income Multi-Family Residential Gas Service			51,087	1,187,630			$ 561,957	$ 614,665	$ 1,176,622	$ 634,622	$ 1,811,244	28
29	Total Residential Gas Service			9,868,563	285,385,824			$117,681,842	$148,518,075	$ 266,199,917	$ 152,498,769	$ 418,698,686	29
	Master Metered Mobile Home Park Gas Service		G-20										
30	Basic Service Charge per Month			2,268		$ 100.00		$ 226,800		$ 226,800		$ 226,800	30
	Commodity Charge per Therm All Usage												
31	All Usage				2,452,509		$ 0.32271		$ 791,449	791,449	1,310,523	2,101,972	31
32	Total MMMHP Gas Service			2,268	2,452,509			$ 226,800	$ 791,449	$ 1,018,249	$ 1,310,523	$ 2,328,772	32

[1] Gas cost effective August 27, 2004 without surcharges.

SOUTHWEST GAS CORPORATION
ARIZONA DIVISION
SUMMARY OF REVENUES AT PROPOSED RATES BY PROPOSED RATE SCHEDULES
FOR THE TWELVE MONTHS ENDED AUGUST 31, 2004

Line No.	Description	Reference	Proposed Schedule Number	Billing Determinants: Number of Bills	Billing Determinants: Sales (Therms)	Revenue at Proposed Rates: Basic Service Charge	Revenue at Proposed Rates: Commodity Charge	Revenue at Proposed Rates: Basic Service Charge	Revenue at Proposed Rates: Commodity Charge	Revenue at Proposed Rates: Total Margin	Revenue at Proposed Rates: Gas Cost [1]	Revenue at Proposed Rates: Total Revenue	Line No.
	(a)	(b)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	
	General Gas Service - Small		G-25(S)										
	Basic Service Charge												
1	Former Small GS Customers			197,811		$ 25.00		$ 4,945,275		$ 4,945,275		$ 4,945,275	1
2	Former Medium GS Customers			96		$ 25.00		$ 2,400		$ 2,400		$ 2,400	2
3	Former Essential Agiculture Customers			144		$ 25.00		$ 3,600		$ 3,600		$ 3,600	3
	Commodity Charge per Therm All Usage												
4	Transportation Customers				629		$ 0.69076		$ 434	434	$ 0	434	4
5	Sales Customers				3,786,431		0.69076		2,615,515	$ 2,615,515	2,023,317	4,638,832	5
6	Total Small General Gas Service			198,051	3,787,060			$ 4,951,275	$ 2,615,949	$ 7,567,224	$ 2,023,317	$ 9,590,541	6
	General Gas Service - Medium		G-25(M)										
	Basic Service Charge												
7	Former Small GS Customers			191,331		$ 35.00		$ 6,696,585		$ 6,696,585		$ 6,696,585	7
8	Former Medium GS Customers			3,708		35.00		129,780		129,780		129,780	8
9	Former Large GS Customers			12		35.00		420		420		420	9
10	Former Armed Forces Customers			24		35.00		840		840		840	10
11	Former Essential Agriculture Customers			516		35.00		18,060		18,060		18,060	11
	Commodity Charge per Therm All Usage												
	Transportation Customers												
12	Former Small GS Customers				101,424		$ 0.40089		$ 40,660	40,660	$ 0	40,660	12
13	Former Medium GS Customers				85,250		0.40089		34,176	34,176	0	34,176	13
	Sales Customers												
14	Former Small GS Customers				40,955,338		0.40089		16,418,585	16,418,585	21,884,894	38,303,479	14
15	Former Medium GS Customers				1,745,235		0.40089		699,647	699,647	932,584	1,632,231	15
16	Former Large GS Customers				5,050		0.40089		2,024	2,024	2,699	4,723	16
17	Former Armed Forces Customers				3,847		0.40089		1,542	1,542	2,056	3,598	17
18	Former Essential Agriculture Customers				133,552		0.40089		53,540	53,540	71,365	124,905	18
19	Total Medium General Gas Service			195,591	43,029,696			6,845,685	17,250,174	24,095,859	22,893,598	46,989,457	19
	General Gas Service - Large		G-25(L)										
	Basic Service Charge												
20	Former Small GS Customers			4,375		$ 150.00		$ 656,250		$ 656,250		$ 656,250	20
21	Former Medium GS Customers			79,384		150.00		11,907,600		11,907,600		11,907,600	21
22	Former Large GS Customers			120		150.00		18,000		18,000		18,000	22
23	Former Armed Forces Customers			24		150.00		3,600		3,600		3,600	23
	Commodity Charge per Therm All Usage												
	Transportation Customers												
24	Former Small GS Customers				81,882		$ 0.27399		$ 22,435	22,435	$ 0	22,435	24
25	Former Medium GS Customers				2,696,666		0.27399		738,860	738,860	$ 0	738,860	25
26	Former Large GS Customers				316,390		0.27399		86,688	86,688	$ 0	86,688	26
	Sales Customers												
27	Former Small GS Customers				2,938,939		0.27399		805,240	805,240	$ 1,570,451	2,375,691	27
28	Former Medium GS Customers				134,740,525		0.27399		36,917,556	36,917,556	$ 71,999,947	108,917,503	28
29	Former Large GS Customers				1,055,381		0.27399		289,164	289,164	$ 563,953	853,117	29
30	Former Armed Forces Customers				168,776		0.27399		46,243	46,243	$ 90,187	136,430	30
31	Total Large General Gas Service			83,903	141,998,559			12,585,450	38,906,186	51,491,636	74,224,538	125,716,174	31
	General Gas Service - Transportation Eligible		G-25(TE)										
	Basic Service Charge												
32	Former Medium GS Customers			60		$ 750.00		$ 45,000		$ 45,000		$ 45,000	32
33	Former Essential Agricultural Service Customers			252		$ 750.00		$ 189,000		$ 189,000		$ 189,000	33
34	Former Large GS Customers			1,680		$ 750.00		$ 1,260,000		$ 1,260,000		$ 1,260,000	34
35	Former Armed Forces Customers			60		750.00		45,000		45,000		45,000	35
36	Demand Charge per Month				10,571,934	0.062645			7,947,288	7,947,288		7,947,288	36
	Commodity Charge per Therm All Usage												
	Transportation Customers												
37	Former Medium GS Customers				0		$ 0.09262		$ 0	0	$ 0	0	37
38	Former Essential Agricultural Services Customers				4,434,348		$ 0.09262		$ 410,709	410,709	$ 0	410,709	38
39	Former Large GS Customers				25,832,133		0.09262		2,392,572	2,392,572	$ 0	2,392,572	39
	Sales Customers												
40	Former Medium GS Customers				1,016,137		0.09262		94,115	94,115	$ 542,983	637,098	40
41	Former Essential Agricultural Services Customers				5,063,922		0.09262		469,020	469,020	$ 2,705,957	3,174,977	41
42	Former Large GS Customers				46,460,065		0.09262		4,303,131	4,303,131	$ 24,826,400	29,129,531	42
43	Former Armed Forces Customers				2,994,890		0.09262		277,387	277,387	$ 1,600,349	1,877,736	43
44	Total Transportation Eligible General Gas Service			2,052	85,801,495			$ 1,539,000	$ 15,894,222	$ 17,433,222	$ 29,675,689	$ 47,108,911	44
45	Total General Gas Service			479,597	274,616,810			$ 25,921,410	$ 74,666,531	$ 100,587,941	$ 128,817,142	$ 229,405,083	45

[1] Gas cost effective August 27, 2004 without surcharges.

SOUTHWEST GAS CORPORATION
ARIZONA DIVISION
SUMMARY OF REVENUES AT PROPOSED RATES BY PROPOSED RATE SCHEDULES
FOR THE TWELVE MONTHS ENDED AUGUST 31, 2004

Line No.	Description	Reference	Proposed Schedule Number	Billing Determinants: Number of Bills	Billing Determinants: Sales (Therms)	Revenue at Proposed Rates: Basic Service Charge	Commodity Charge	Basic Service Charge	Commodity Charge	Total Margin	Gas Cost [1]	Total Revenue	Line No.
	(a)	(b)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	
	Air Conditioning Gas Service		G-40										
	Basic Service Charge												
1	W/ Other Service (No BSC)			60		0.00		0		0		0	1
2	Basic Service Charge			389		$ 25.00		$ 9,725		$ 9,725		$ 9,725	2
	Commodity Charge per Therm All Usage												
3	Transportation Customers				626,909		$ 0.10208		$ 64,199	64,199	$ 0	64,199	3
4	Sales Customers				1,207,635		0.10208		123,275	123,275	645,312	768,587	4
5	Total Air Conditioning Gas Service			449	1,836,544			$ 9,725	$ 187,474	$ 197,199	$ 645,312	$ 842,511	5
	Street Lighting Gas Service		G-45										
	Commodity Charge per Therm of Rated Capacity												
6	All Usage			348	99,883		$ 0.54644		$ 54,580	54,580	53,373	107,953	6
7	Total Street Lighting Gas Service			348	99,883			$ 0	$ 54,580	$ 54,580	$ 53,373	$ 107,953	7
	Gas Service for Compression on Customer's Premises		G-55										
	Basic Service Charge												
8	Small			264		$ 25.00		$ 6,600		$ 6,600		$ 6,600	8
9	Large			324		350.00		113,400		113,400		113,400	9
10	Residential			1,320		12.00		15,840		15,840		15,840	10
	Commodity Charge per Therm All Usage												
11	Transportation Customers				0		$ 0.13669		$ 0	0	$ 0	0	11
	Sales Customers												
12	Small				182,313		0.13669		$ 24,920	24,920	$ 97,421	122,341	12
13	Large				1,898,808		0.13669		$ 259,548	259,548	$ 1,014,647	1,274,195	13
14	Residential				79,719		0.13669		$ 10,897	10,897	$ 42,599	53,496	14
15	Total CNG Gas Service			1,908	2,160,840			$ 135,840	$ 295,365	$ 431,205	$ 1,154,667	$ 1,585,872	15
	Electric Generation Gas Service		G-60										
	Basic Service Charge												
16	General Service - Small			60		$ 25.00		$ 1,500		$ 1,500		$ 1,500	16
17	General Service - Medium			0		$ 35.00		$ 0		$ 0		$ 0	17
18	General Service - Large			96		150.00		14,400		14,400		14,400	18
19	General Service - Transportation Eligible			96		750.00		72,000		72,000		72,000	19
20	Essential Agricultural			24		150.00		3,600		3,600		3,600	20
	Commodity Charge per Therm All Usage												
21	Transportation Customers				0		$ 0.10188		$ 0	0	$ 0	0	21
22	Sales Customers				15,007,742		0.10188		1,528,989	1,528,989	6,564,687	8,093,676	22
23	Total Electric Generation Gas Service			276	15,007,742			$ 91,500	$ 1,528,989	$ 1,620,489	$ 6,564,687	$ 8,185,176	23
	Small Essential Agriculture User Gas Service		G-75										
24	Basic Service Charge			435		$ 150.00		$ 65,250		$ 65,250		$ 65,250	24
	Commodity Charge per Therm All Usage												
25	Transportation Customers				155,893		$ 0.22186		$ 34,586	34,586	$ 0	34,586	25
26	Sales Customers				2,789,183		0.22186		618,808	618,808	1,490,428	2,109,236	26
27	Total Essential Agricultural Gas Service			435	2,945,076			$ 65,250	$ 653,394	$ 718,644	$ 1,490,428	$ 2,209,072	27
	Natural Gas Engine Gas Service		G-80										
	Basic Service Charge												
28	Off-Peak Season (Oct. - March)			3,623		$ 0.00		$ 0		$ 0		$ 0	28
29	Peak Season (April - September)			3,623		100.00		362,250		362,250		362,250	29
	Commodity Charge per Therm All Usage												
30	Transportation Customers				0		$ 0.15848		$ 0	0	$ 0	0	30
31	Sales Customers				21,271,370		0.15848		3,371,087	3,371,087	9,304,523	12,675,610	31
32	Total Natural Gas Engine Gas Service			7,245	21,271,370			$ 362,250	$ 3,371,087	$ 3,733,337	$ 9,304,523	$ 13,037,860	32
33	Total Tariff Sales			10,361,089	605,776,598			144,494,617	230,066,944	374,561,561	301,839,424	676,400,985	33
34	Optional Gas Service		G-30	324	101,647,104			$ 510,740	$ 5,032,592	5,543,332	$ 55,931,796	$ 61,475,128	34
35	Special Contract Service		B-1	271	30,410,785			$ 184,703	$ 1,950,134	$ 2,134,837		$ 2,134,837	35
36	Other Operating Revenues							$ 11,434,480		$ 11,434,480		$ 11,434,480	36
37	Total Revenue			10,361,684	737,834,487			$ 156,624,540	$ 237,049,670	$ 393,674,210	$ 357,771,220	$ 751,445,430	37
38	Total Revenue Requirement									393,675,099	357,771,220	751,446,319	38
39	Over/(Under)									($889)	$ 0	($889)	39

[1] Gas cost effective August 27, 2004 without surcharges.

Schedule H-6
Sheet 5 of 9

SOUTHWEST GAS CORPORATION
ARIZONA
CALCULATION OF MONTHLY BASIC SERVICE CHARGE

Line No.	Description	Allocated Amount							Line No.
		Residential	Multi-Family Residential	MMMHP	Small General Service	Medium General Service	Large General Service	Transportation Eligible	
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	
1	Total Customer-Related Revenue Requirement at Proposed System ROR	$ 239,626,944	$ 15,297,050	$ 398,481	$ 14,827,050	$ 15,455,769	$ 12,234,190	$ 1,549,246	1
2	Total Number of Monthly Bills	9,127,649	740,914	2,268	198,051	195,591	83,903	2,052	2
3	Average Customer-Related Cost per Bill	$ 26.25	$ 20.65	$ 175.70	$ 74.86	$ 79.02	$ 145.81	$ 754.99	3
4	Total Commodity-Related Revenue Requirement at Proposed System ROR	$ 8,517,018	$ 501,185	$ 77,499	$ 119,671	$ 1,359,740	$ 4,487,160	$ 2,711,331	4
5	Total Demand-Related Revenue Requirement at Proposed System ROR	$ 29,221,862	$ 1,370,219	$ 259,984	$ 453,668	$ 3,341,630	$ 12,993,803	$ 4,834,747	5
6	Total Annual Throughput	269,525,564	15,860,260	2,452,509	3,787,060	43,029,696	141,998,559	85,801,495	6
7	Average Commodity Cost per Therm	$ 0.03160	$ 0.03160	$ 0.03160	$ 0.03160	$ 0.03160	$ 0.03160	$ 0.03160	7
8	Average Demand Cost per Therm	$ 0.10842	$ 0.08639	$ 0.10601	$ 0.11979	$ 0.07766	$ 0.09151	$ 0.05635	8
9	Average Annual Cost per Customer	$ 364.65	$ 278.06	$ 3,893.99	$ 933.12	$ 1,236.69	$ 4,249.93	$ 53,189.02	9
10	Per Month	$ 30.39	$ 23.17	$ 324.50	$ 77.76	$ 103.06	$ 354.16	$ 4,432.42	10

SOUTHWEST GAS CORPORATION
ARIZONA
CALCULATION OF MONTHLY BASIC SERVICE CHARGE

Line No.	Description	Air Conditioning	CNG - Small	CNG - Large	CNG - Residential	Electric Generation	Small Essential Agriculture	Gas Engine	Line No.
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	
1	Total Customer-Related Revenue Requirement at Proposed System ROR	$ 71,896	$ 9,283	$ 206,263	$ 28,823	$ 76,739	$ 111,777	$ 3,008,753	1
2	Total Number of Monthly Bills	449	264	324	1,320	276	435	7,245	2
3	Average Customer-Related Cost per Bill	$ 160.12	$ 35.16	$ 636.61	$ 21.84	$ 278.04	$ 256.96	$ 415.29	3
4	Total Commodity-Related Revenue Requirement at Proposed System ROR	$ 58,035	$ 5,761	$ 60,002	$ 2,519	$ 474,245	$ 93,065	$ 672,176	4
5	Total Demand-Related Revenue Requirement at Proposed System ROR	$ 31,820	$ 7,209	$ 65,369	$ 3,321	$ 626,190	$ 400,948	$ 33,077	5
6	Total Annual Throughput	1,836,544	182,313	1,898,808	79,719	15,007,742	2,945,076	21,271,370	6
7	Average Commodity Cost per Therm	$ 0.03160	$ 0.03160	$ 0.03160	$ 0.03160	$ 0.03160	$ 0.03160	$ 0.03160	7
8	Average Demand Cost per Therm	$ 0.01733	$ 0.03954	$ 0.03443	$ 0.04166	$ 0.04172	$ 0.13614	$ 0.00155	8
9	Average Annual Cost per Customer	$ 4,322.98	$ 1,011.50	$ 12,282.75	$ 315.12	$ 51,181.48	$ 16,711.43	$ 6,151.56	9
10	Per Month	$ 360.25	$ 84.29	$ 1,023.56	$ 26.26	$ 4,265.12	$ 1,392.62	$ 512.63	10

SOUTHWEST GAS CORPORATION
ARIZONA DIVISION
SUMMARY OF
ALTERNATE FUEL BTU
EQUIVALENT PRICE COMPARISON
FOR THE TWELVE MONTHS ENDED AUGUST 31, 2004

Line No.	Description (a)	Value [1] (b)	Line No.
	No. 4 Grade Fuel Oil		
1	Price/Barrel	N/A	1
2	Price/Gallon	N/A	2
3	BTU Content/Gallon	144,503	3
4	Price Per 100,000 BTU	N/A	4
	No. 2 Grade Fuel Oil (Diesel)		
5	Price/Gallon	$ 1.42550	5
6	BTU Content/Gallon	138,750	6
7	Price Per 100,000 BTU	$ 1.02739	7
	Propane		
8	Price/Gallon	$ 1.03500	8
9	BTU Content/Gallon	91,500	9
10	Price Per 100,000 BTU	$ 1.13115	10

Explanation:
No. 4 Fuel Oil - A medium viscosity oil. May require preheating.

No. 2 Fuel Oil - For general industrial purposes. Moderately volatile.

[1] Does not include handling/storage costs.

SOUTHWEST GAS CORPORATION
ARIZONA
CALCULATION OF MONTHLY MARGIN PER CUSTOMER
FOR THE TWELVE MONTHS ENDED AUGUST 31, 2004

Line No.	Description	September-03	October-03	November-03	December-03	January-04	February-04	March-04	April-04	May-04	June-04	July-04	August-04	Total	Line No.
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	
	Single-Family Residential														
	Monthly Billing Determinants														
1	Single-Family Customers	752,725	753,914	758,264	770,966	773,785	771,771	772,788	765,775	760,618	758,147	756,240	754,194	9,149,187	1
2	Low-Income Customers	28,939	28,977	28,979	28,866	29,050	28,905	29,019	28,717	28,488	28,081	27,543	28,309	343,873	2
3	Special Res.	157	157	157	157	157	157	157	157	157	157	157	157	1,884	3
4	Less Multi-Family Adjustment	(31,799)	(31,373)	(26,914)	(31,003)	(30,943)	(30,936)	(30,967)	(30,870)	(30,704)	(30,656)	(30,570)	(30,560)	(367,295)	4
5	Customers	750,022	751,675	760,486	768,986	772,049	769,897	770,997	763,779	758,559	755,729	753,370	752,100	9,127,649	5
6	First Block Volumes	4,806,377	5,015,586	5,521,030	19,550,464	21,147,945	20,434,521	19,584,808	5,818,599	5,573,855	5,220,906	4,952,210	4,740,180	122,366,482	6
7	Second Block Volumes	3,000,242	3,803,873	9,088,851	20,247,873	35,750,712	22,827,837	15,836,912	16,347,913	8,604,963	5,122,148	3,670,744	2,857,015	147,159,082	7
8	Total Volume	7,806,619	8,819,459	14,609,881	39,798,337	56,898,657	43,262,358	35,421,720	22,166,512	14,178,818	10,343,054	8,622,954	7,597,195	269,525,564	8
	Proposed Margin Rates														
9	Basic Service Charge	$ 12.00	$ 12.00	$ 12.00	$ 12.00	$ 12.00	$ 12.00	$ 12.00	$ 12.00	$ 12.00	$ 12.00	$ 12.00	$ 12.00		9
10	First Block Margin Rate	$ 0.84286	$ 0.84286	$ 0.84286	$ 0.84286	$ 0.84286	$ 0.84286	$ 0.84286	$ 0.84286	$ 0.84286	$ 0.84286	$ 0.84286	$ 0.84286		10
11	Second Block Margin Rate	0.25000	0.25000	0.25000	0.25000	0.25000	0.25000	0.25000	0.25000	0.25000	0.25000	0.25000	0.25000		11
	Proposed Margin														
12	First Block Margin Revenue	$ 4,051,103	$ 4,227,437	$ 4,653,455	$ 16,478,304	$ 17,824,757	$ 17,223,440	$ 16,507,252	$ 4,904,264	$ 4,697,979	$ 4,400,493	$ 4,174,020	$ 3,995,308	$ 103,137,813	12
13	Second Block Margin Revenue	750,060	950,968	2,272,213	5,061,968	8,937,678	5,706,959	3,959,228	4,086,978	2,151,241	1,280,537	917,686	714,254	36,789,771	13
14	Basic Service Charge Revenue	9,000,264	9,020,100	9,125,832	9,227,832	9,264,588	9,238,764	9,251,964	9,165,348	9,102,708	9,068,748	9,040,440	9,025,200	109,531,788	14
15	Total Margin Revenue	13,801,428	14,198,505	16,051,500	30,768,104	36,027,023	32,169,164	29,718,443	18,156,591	15,951,928	14,749,778	14,132,146	13,734,762	249,459,372	15
16	Margin per Customer	$ 18.40	$ 18.89	$ 21.11	$ 40.01	$ 46.66	$ 41.78	$ 38.55	$ 23.77	$ 21.03	$ 19.52	$ 18.76	$ 18.26	$ 326.74	16
	Multi-Family Residential														
	Monthly Billing Determinants														
17	Customers	28,350	28,569	28,727	29,204	29,573	29,544	29,719	29,314	29,032	28,806	28,583	28,316	347,737	17
18	Low-Income Customers	2,173	2,173	2,189	2,190	2,220	2,229	2,205	2,180	2,136	2,064	2,011	2,112	25,882	18
19	Plus Multi-Family Adjustment	31,799	31,373	26,914	31,003	30,943	30,936	30,967	30,870	30,704	30,656	30,570	30,560	367,295	19
20	Customers	62,322	62,115	57,830	62,397	62,736	62,709	62,891	62,364	61,872	61,526	61,164	60,988	740,914	20
21	First Block Volumes	361,763	379,417	411,296	1,144,942	1,231,475	1,195,683	1,119,839	459,644	416,894	375,774	358,808	346,351	7,801,886	21
22	Second Block Volumes	267,704	314,898	554,419	1,059,494	1,681,808	1,101,052	783,979	851,739	519,220	377,536	299,249	247,275	8,058,374	22
23	Total Volume	629,467	694,315	965,715	2,204,437	2,913,283	2,296,736	1,903,818	1,311,382	936,114	753,310	658,057	593,626	15,860,260	23
	Proposed Margin Rates														
24	Basic Service Charge	$ 11.00	$ 11.00	$ 11.00	$ 11.00	$ 11.00	$ 11.00	$ 11.00	$ 11.00	$ 11.00	$ 11.00	$ 11.00	$ 11.00		24
25	First Block Margin Rate	$ 0.84286	$ 0.84286	$ 0.84286	$ 0.84286	$ 0.84286	$ 0.84286	$ 0.84286	$ 0.84286	$ 0.84286	$ 0.84286	$ 0.84286	$ 0.84286		25
26	Second Block Margin Rate	0.25000	0.25000	0.25000	0.25000	0.25000	0.25000	0.25000	0.25000	0.25000	0.25000	0.25000	0.25000		26
	Proposed Margin														
27	First Block Margin Revenue	$ 304,915	$ 319,796	$ 346,665	$ 965,026	$ 1,037,961	$ 1,007,794	$ 943,867	$ 387,415	$ 351,383	$ 316,725	$ 302,425	$ 291,925	$ 6,575,898	27
28	Second Block Margin Revenue	66,926	78,724	138,605	264,874	420,452	275,263	195,995	212,935	129,805	94,384	74,812	61,819	2,014,593	28
29	Basic Service Charge Revenue	685,542	683,265	636,130	686,367	690,096	689,799	691,801	686,004	680,592	676,786	672,804	670,868	8,150,054	29
30	Total Margin Revenue	1,057,383	1,081,785	1,121,400	1,916,267	2,148,509	1,972,856	1,831,663	1,286,354	1,161,780	1,087,895	1,050,041	1,024,612	16,740,545	30
31	Margin per Customer	$ 16.97	$ 17.42	$ 19.39	$ 30.71	$ 34.25	$ 31.46	$ 29.12	$ 20.63	$ 18.78	$ 17.68	$ 17.17	$ 16.80	$ 270.37	31
	MMMHP														
	Monthly Billing Determinants														
32	Customers	189	189	189	189	189	189	189	189	189	189	189	189	2,268	32
33	Therms	476,710	382,858	301,624	215,328	135,235	90,420	77,417	66,248	66,671	81,440	168,361	390,197	2,452,509	33
	Proposed Margin Rates														
34	Basic Service Charge Revenue	$ 100.00	$ 100.00	$ 100.00	$ 100.00	$ 100.00	$ 100.00	$ 100.00	$ 100.00	$ 100.00	$ 100.00	$ 100.00	$ 100.00		34
35	Margin Rate All Usage	$ 0.32271	$ 0.32271	$ 0.32271	$ 0.32271	$ 0.32271	$ 0.32271	$ 0.32271	$ 0.32271	$ 0.32271	$ 0.32271	$ 0.32271	$ 0.32271		35
	Proposed Margin														
36	Commodity Margin Revenue	$ 153,839	$ 123,552	$ 97,337	$ 69,488	$ 43,642	$ 29,179	$ 24,983	$ 21,379	$ 21,515	$ 26,282	$ 54,332	$ 125,920		36
37	Basic Service Charge Revenue	18,900	18,900	18,900	18,900	18,900	18,900	18,900	18,900	18,900	18,900	18,900	18,900		37
38	Total Margin Revenue	172,739	142,452	116,237	88,388	62,542	48,079	43,883	40,279	40,415	45,182	73,232	144,820	1,018,249	38
39	Margin per Customer	$ 913.96	$ 753.71	$ 615.01	$ 467.66	$ 330.91	$ 254.39	$ 232.19	$ 213.12	$ 213.84	$ 239.06	$ 387.47	$ 766.25	$ 5,387.56	39

SOUTHWEST GAS CORPORATION
ARIZONA DIVISION
SUMMARY OF LOW INCOME DISCOUNT AT PRESENT AND PROPOSED RATES
FOR THE TWELVE MONTHS ENDED AUGUST 31, 2004

Line No.	Description	Proposed Schedule Number	Billing Determinants: Number of Bills	Billing Determinants: Sales (Therms)	Total Revenue Before Discount: Basic Service Charge	Total Revenue Before Discount: Commodity Charge	Total Revenue Before Discount: Total Revenue	Total Revenue After Discount: Basic Service Charge	Total Revenue After Discount: Commodity Charge	Total Revenue After Discount: Total Revenue	Low Income Discount: Dollars	Low Income Discount: Percent	Line No.
	(a)	(b)	(c)	(d)	(e)	(f)	(k)	(e)	(f)	(k)	(m)	(n)	
	Low Income Discount at Present Rates												
	Single-Family Residential Gas Service	G-5											
	Summer (May - October)												
1	Basic Service Charge		157,760		$ 8.00		$ 1,262,080	$ 7.00		$ 1,104,320	$ (157,760)		1
	Commodity Charge per Therm												
2	First 20 Therms			1,730,125		$ 1.02198	1,768,153		$ 1.02684	1,776,561	8,408		2
3	Over 20 Therms			206,560		0.93780	193,712		0.94266	194,716	1,004		3
	Winter (November - April)												
4	Basic Service Charge per Month		160,908		$ 8.00		$ 1,287,264	$ 7.00		$ 1,126,356	(160,908)		4
	Commodity Charge per Therm												
5	First 40 Therms			4,798,664		1.02198	4,904,139		0.82147	3,941,959	(962,180)		5
6	Next 110 Therms			2,544,434		0.93780	2,386,170		0.75413	1,918,834	(467,336)		6
7	Over 150 Therms			72,632		0.93780	68,114		0.94266	68,467	353		7
8	Total Low Income Residential Gas Service		318,668	9,352,415			$ 11,869,632			$ 10,131,213	(1,738,419)	-14.65%	8
	Multi-Family Residential Gas Service	G-6											
	Summer (May - October)												
9	Basic Service Charge per Month		25,246		$ 8.00		$ 201,968	$ 7.00		$ 176,722	$ (25,246)		9
	Commodity Charge per Therm												
10	First 20 Therms			266,008		$ 1.02198	271,855		$ 1.02684	273,148	1,293		10
11	Over 20 Therms			31,728		0.93780	29,754		0.94266	29,908	154		11
	Winter (November - April)												
12	Basic Service Charge per Month		25,841		$ 8.00		$ 206,728	$ 7.00		$ 180,887	(25,841)		12
	Commodity Charge per Therm												
13	First 40 Therms			727,993		1.02198	743,994		0.82147	598,024	(145,970)		13
14	Next 110 Therms			159,565		0.93780	149,640		0.75413	120,333	(29,307)		14
15	Over 150 Therms			2,336		0.93780	2,191		0.94266	2,202	11		15
16	Total Low Income Multi-Family Residential Gas Service		51,087	1,187,630			$ 1,606,130			$ 1,381,224	(224,906)	-14.00%	16
17	Total Low Income Residential Gas Service at Present Rates		369,755	10,540,045			$ 13,475,762			$ 11,512,437	$ (1,963,325)	-14.57%	17
	Low Income Discount at Proposed Rates												
	Single-Family Residential Gas Service	G-5											
	Summer (April - November)												
18	Basic Service Charge		211,472		$ 12.00		$ 2,537,664	$ 7.00		$ 1,480,304	$ (1,057,360)		18
	Commodity Charge per Therm												
19	First 8 Therms			1,491,739		$ 1.39693	2,083,854		$ 1.17679	1,755,463	(328,391)		19
20	Over 8 Therms			1,748,440		0.80407	1,405,868		0.67286	1,176,455	(229,413)		20
	Winter (December - March)												
21	Basic Service Charge per Month		107,196		$ 12.00		$ 1,286,352	$ 7.00		$ 750,372	(535,980)		21
	Commodity Charge per Therm												
22	First 30 Therms			2,567,923		1.39693	3,587,208		1.17679	3,021,906	(565,302)		22
23	Over 30 Therms			3,544,314		0.80407	2,849,876		0.67286	2,384,827	(465,049)		23
24	Total Low Income Residential Gas Service		318,668	9,352,415			13,750,822			10,569,327	(3,181,495)	-23.14%	24
	Multi-Family Residential Gas Service	G-6											
	Summer (April - November)												
25	Basic Service Charge per Month		33,599		$ 11.00		$ 369,589	$ 7.00		$ 235,193	$ (134,396)		25
	Commodity Charge per Therm												
26	First 7 Therms			208,053		$ 1.39693	290,636		$ 1.17679	244,835	(45,801)		26
27	Over 7 Therms			254,839		0.80407	204,908		0.67286	171,471	(33,437)		27
	Winter (December - March)												
28	Basic Service Charge per Month		17,466		$ 11.00		$ 192,368	$ 7.00		$ 122,416	(69,952)		28
	Commodity Charge per Therm												
29	First 18 Therms			327,920		1.39693	458,081		1.17679	385,893	(72,188)		29
30	Over 18 Therms			396,818		0.80407	319,069		0.67286	267,003	(52,066)		30
31	Total Low Incom Multi-Family Residential Gas Service		51,087	1,187,630			1,834,651			1,426,811	(407,840)	-22.23%	31
32	Total Low Income Residential Gas Service at Proposed Rates		369,755	10,540,045			$ 15,585,473			$ 11,996,138	$ (3,589,335)	-23.03%	32
	Total Proposed Increase to Low Income Customers												
33	Dollars									$ 483,701			33
34	Percent									4.20%			34

Schedule H-7
Sheet 1 of 3

SOUTHWEST GAS CORPORATION
ARIZONA DIVISION
PROPOSED vs. CURRENTLY EFFECTIVE RATES INCLUDING DISCOUNT
LOW-INCOME SINGLE-FAMILY RESIDENTIAL GAS SERVICE

Line No.	Description	Monthly Consumption (Therms)	Monthly Bill: At Currently Effective Rates	Monthly Bill: At Proposed Tariff Rates	Increase/(Decrease): Dollars	Increase/(Decrease): Percent	Line No.
	(a)	(b)	(c)	(d)	(e)	(f)	
	Summer Season Bills						
1	75 Percent Average Use	11	18.30	$ 18.43	$ 0.13	0.71%	1
2	Average Summer Use [1]	15	22.40	$ 21.12	(1.28)	(5.71%)	2
3	125 Percent Average Use	19	26.51	$ 23.82	(2.69)	(10.15%)	3
	Winter Season Bills						
4	75 Percent Average Use	43	42.12	$ 51.05	$ 8.93	21.20%	4
5	Average Winter Use [1]	57	52.68	$ 60.47	7.79	14.79%	5
6	125 Percent Average Use	71	63.24	$ 69.89	6.65	10.52%	6

Effective Tariff Rates [2]	Amount
Basic Service Charge per Month	$ 7.00
Commodity Charge Summer	
First 20 Therms	$ 1.02684
Over 20 Therms	0.94266
Commodity Charge Winter	
First 40 Therms	$ 0.82147
Next 110 Therms	0.75413
Over 150 Therms	0.94266

Proposed Tariff Rates [3]	
Basic Service Charge per Month	$ 7.00
Commodity Charge Summer	
First 8 Therms	$ 1.17679
Over 8 Therms	0.67286
Commodity Charge Winter	
First 30 Therms	$ 1.17679
Over 30 Therms	0.67286

[1] *Seasonal average use per Schedule H-6, Sheets 3 - 5.*
[2] Rates effective August 31, 2004 including all adjustments.
[3] Schedule H-3, Sheets 1 - 3.

SOUTHWEST GAS CORPORATION
ARIZONA DIVISION
PROPOSED vs. CURRENTLY EFFECTIVE RATES INCLUDING DISCOUNT
LOW-INCOME MULTI-FAMILY RESIDENTIAL GAS SERVICE

Line No.	Description	Monthly Consumption (Therms)	Monthly Bill: At Currently Effective Rates	Monthly Bill: At Proposed Tariff Rates	Increase/(Decrease): Dollars	Increase/(Decrease): Percent	Line No.
	(a)	(b)	(c)	(d)	(e)	(f)	
	Summer Season Bills						
1	75 Percent Average Use	11	18.30	$ 17.93	$(0.37)	(2.02%)	1
2	Average Summer Use [1]	14	21.38	$ 19.95	(1.43)	(6.69%)	2
3	125 Percent Average Use	18	25.48	$ 22.64	(2.84)	(11.15%)	3
	Winter Season Bills						
4	75 Percent Average Use	31	32.47	$ 36.93	$ 4.46	13.74%	4
5	Average Winter Use [1]	41	40.61	$ 43.66	3.05	7.51%	5
6	125 Percent Average Use	51	48.15	$ 50.39	2.24	4.65%	6

Effective Tariff Rates [2]	Amount
Basic Service Charge per Month	$ 7.00
Commodity Charge Summer	
First 20 Therms	$ 1.02684
Over 20 Therms	0.94266
Commodity Charge Winter	
First 40 Therms	$ 0.82147
Next 110 Therms	0.75413
Over 150 Therms	0.94266

Proposed Tariff Rates [3]	
Basic Service Charge per Month	$ 7.00
Commodity Charge Summer	
First 7 Therms	$ 1.17679
Over 7 Therms	0.67286
Commodity Charge Winter	
First 18 Therms	$ 1.17679
Over 18 Therms	0.67286

[1] Seasonal average use per Schedule H-6, Sheets 3 - 5.
[2] Rates effective August 31, 2004 including all adjustments.
[3] Schedule H-3, Sheets 1 - 3.

SOUTHWEST GAS CORPORATION
ARIZONA DIVISION
SUMMARY OF REVENUES AT PROPOSED RATES BY PROPOSED RATE SCHEDULES WITHOUT CONSERVATION MARGIN TRACKER
FOR THE TWELVE MONTHS ENDED AUGUST 31, 2004

Line No.	Description	Proposed Schedule Number	Billing Determinants: Number of Bills	Billing Determinants: Sales (Therms)	Revenue at Proposed Rates [1]: Basic Service Charge	Commodity Charge	Basic Service Charge	Commodity Charge	Total Margin	Gas Cost [2]	Total Revenue	Line No.
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	
	Single-Family Residential Gas Service	G-5										
	Summer (April - November)											
1	Basic Service Charge per Month		5,834,248		$ 16.00		$ 93,347,968		$ 93,347,968		$ 93,347,968	1
	Commodity Charge per Therm											
2	First 8 Therms			40,157,005		$ 0.66454		$ 26,685,936	26,685,936	$ 21,458,297	48,144,233	2
3	Over 8 Therms			50,747,308		0.15000		7,612,096	7,612,096	27,117,331	34,729,427	3
	Winter (December - March)											
4	Basic Service Charge per Month		2,974,733		$ 16.00		$ 47,595,728		$ 47,595,728		$ 47,595,728	4
	Commodity Charge per Therm											
5	First 30 Therms			78,149,816		0.66454		51,933,679	51,933,679	41,760,136	93,693,815	5
6	Over 30 Therms			91,119,021		0.15000		13,667,853	13,667,853	48,690,360	62,358,213	6
7	Total Single-Family Residential Gas Service		8,808,981	260,173,149			$ 140,943,696	$ 99,899,564	$ 240,843,260	$ 139,026,124	$ 379,869,384	7
	Low Income Residential Gas Service	G-5										
	Summer (April - November)											
8	Basic Service Charge		211,472		$ 16.00		$ 3,383,552		$ 3,383,552		$ 3,383,552	8
	Commodity Charge per Therm											
	Summer (May - October)											
9	First 8 Therms			1,491,739		$ 0.66454		$ 991,320	991,320	$ 797,125	1,788,445	9
10	Over 8 Therms			1,748,440		0.15000		262,266	262,266	934,297	1,196,563	10
	Winter (December - March)											
11	Basic Service Charge per Month		107,196		$ 16.00		$ 1,715,136		$ 1,715,136		$ 1,715,136	11
	Commodity Charge per Therm											
12	First 30 Therms			2,567,923		0.66454		1,706,487	1,706,487	1,372,195	3,078,682	12
13	Over 30 Therms			3,544,314		0.15000		531,647	531,647	1,893,939	2,425,586	13
14	Total Low Income Residential Gas Service		318,668	9,352,415			$ 5,098,688	$ 3,491,720	$ 8,590,408	$ 4,997,556	$ 13,587,964	14
	Multi-Family Residential Gas Service	G-6										
	Summer (April - November)											
15	Basic Service Charge per Month		456,582		$ 14.00		$ 6,392,148		$ 6,392,148		$ 6,392,148	15
	Commodity Charge per Therm											
16	First 7 Therms			2,901,893		$ 0.66454		$ 1,928,424	1,928,424	$ 1,550,656	3,479,080	16
17	Over 7 Therms			3,177,201		0.15000		476,580	476,580	1,697,769	2,174,349	17
	Winter (December - March)											
18	Basic Service Charge per Month		233,245		$ 14.00		$ 3,265,430		$ 3,265,430		$ 3,265,430	18
	Commodity Charge per Therm											
19	First 18 Therms			4,364,020		0.66454		2,900,066	2,900,066	2,331,958	5,232,024	19
20	Over 18 Therms			4,229,516		0.15000		634,427	634,427	2,260,084	2,894,511	20
21	Total Multi-Family Residential Gas Service		689,827	14,672,630			$ 9,657,578	$ 5,939,497	$ 15,597,075	$ 7,840,467	$ 23,437,542	21
	Multi-Family Low Income Residential Gas Service	G-6										
	Summer (April - November)											
22	Basic Service Charge per Month		33,599		$ 14.00		$ 470,386		$ 470,386		$ 470,386	22
	Commodity Charge per Therm											
23	First 7 Therms			208,053		$ 0.66454		$ 138,260	138,260	$ 111,175	249,435	23
24	Over 7 Therms			254,839		0.15000		38,226	38,226	136,176	174,402	24
	Winter (December - March)											
25	Basic Service Charge per Month		17,488		$ 14.00		$ 244,832		$ 244,832		$ 244,832	25
	Commodity Charge per Therm											
26	First 18 Therms			327,920		0.66454		217,916	217,916	175,227	393,143	26
27	Over 18 Therms			396,818		0.15000		59,523	59,523	212,044	271,567	27
28	Total Low Incom Multi-Family Residential Gas Service		51,087	1,187,530			$ 715,218	$ 453,925	$ 1,169,143	$ 534,622	$ 1,803,765	28
29	Total Residential Gas Service		9,868,563	285,385,824			$156,415,180	$ 109,784,706	$ 266,199,886	$ 152,498,769	$ 418,698,655	29
	Master Metered Mobile Home Park Gas Service	G-20										
30	Basic Service Charge per Month		2,268		$ 100.00		$ 226,800		$ 226,800		$ 226,800	30
	Commodity Charge per Therm All Usage											
31	All Usage			2,452,509		$ 0.32271		$ 791,449	791,449	1,310,523	2,101,972	31
32	Total MMMHP Gas Service		2,268	2,452,509			$ 226,800	$ 791,449	$ 1,018,249	$ 1,310,523	$ 2,328,772	32

[1] Proposed Residential and CNG rates without the Conservation Margin Tracker.
[2] Gas cost effective August 27, 2004 without surcharges.

SOUTHWEST GAS CORPORATION
ARIZONA DIVISION
SUMMARY OF REVENUES AT PROPOSED RATES BY PROPOSED RATE SCHEDULES WITHOUT CONSERVATION MARGIN TRACKER
FOR THE TWELVE MONTHS ENDED AUGUST 31, 2004

Line No.	Description	Proposed Schedule Number	Billing Determinants: Number of Bills	Billing Determinants: Sales (Therms)	Revenue at Proposed Rates [1]: Basic Service Charge	Commodity Charge	Basic Service Charge	Commodity Charge	Total Margin	Gas Cost [2]	Total Revenue	Line No.
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	
	General Gas Service - Small	G-25(S)										
	Basic Service Charge											
1	Former Small GS Customers		197,811		$ 25.00		$ 4,945,275		$ 4,945,275		$ 4,945,275	1
2	Former Medium GS Customers		96		$ 25.00		$ 2,400		$ 2,400		$ 2,400	2
3	Former Essential Agiculture Customers		144		$ 25.00		$ 3,600		$ 3,600		$ 3,600	3
	Commodity Charge per Therm All Usage											
4	Transportation Customers			629		$ 0.69076		$ 434	434	$ 0	434	4
5	Sales Customers			3,786,431		0.69076		2,615,515	$ 2,615,515	2,023,317	4,638,832	5
6	Total Small General Gas Service		198,051	3,787,060			$ 4,951,275	$ 2,615,949	$ 7,567,224	$ 2,023,317	$ 9,590,541	6
	General Gas Service - Medium	G-25(M)										
	Basic Service Charge											
7	Former Small GS Customers		191,331		$ 35.00		$ 6,696,585		$ 6,696,585		$ 6,696,585	7
8	Former Medium GS Customers		3,708		35.00		129,780		129,780		129,780	8
9	Former Large GS Customers		12		35.00		420		420		420	9
10	Former Armed Forces Customers		24		35.00		840		840		840	10
11	Former Essential Agriculture Customers		516		35.00		18,060		18,060		18,060	11
	Commodity Charge per Therm All Usage											
	Transportation Customers											
12	Former Small GS Customers			101,424		$ 0.40089		$ 40,660	40,660	$ 0	40,660	12
13	Former Medium GS Customers			85,250		0.40089		34,176	34,176	0	34,176	13
	Sales Customers											
14	Former Small GS Customers			40,955,336		0.40089		16,418,585	16,418,585	21,884,894	38,303,479	14
15	Former Medium GS Customers			1,745,235		0.40089		699,647	699,647	932,584	1,632,231	15
16	Former Large GS Customers			5,050		0.40089		2,024	2,024	2,699	4,723	16
17	Former Armed Forces Customers			3,847		0.40089		1,542	1,542	2,056	3,598	17
18	Former Essential Agriculture Customers			133,552		0.40089		53,540	53,540	71,365	124,905	18
19	Total Medium General Gas Service		195,591	43,029,696			6,845,685	17,250,174	24,095,859	22,893,598	46,989,457	19
	General Gas Service - Large	G-25(L)										
	Basic Service Charge											
20	Former Small GS Customers		4,375		$ 150.00		$ 656,250		$ 656,250		$ 656,250	20
21	Former Medium GS Customers		79,384		150.00		11,907,600		11,907,600		11,907,600	21
22	Former Large GS Customers		120		150.00		18,000		18,000		18,000	22
23	Former Armed Forces Customers		24		150.00		3,600		3,600		3,600	23
	Commodity Charge per Therm All Usage											
	Transportation Customers											
24	Former Small GS Customers			81,882		$ 0.27399		$ 22,435	22,435	$ 0	22,435	24
25	Former Medium GS Customers			2,696,666		0.27399		738,860	738,860	$ 0	738,860	25
26	Former Large GS Customers			316,390		0.27399		86,688	86,688	$ 0	86,688	26
	Sales Customers											
27	Former Small GS Customers			2,938,939		0.27399		805,240	805,240	$ 1,570,451	2,375,691	27
28	Former Medium GS Customers			134,740,525		0.27399		36,917,556	36,917,556	$ 71,999,947	108,917,503	28
29	Former Large GS Customers			1,055,381		0.27399		289,164	289,164	$ 563,953	853,117	29
30	Former Armed Forces Customers			168,776		0.27399		46,243	46,243	$ 90,187	136,430	30
31	Total Large General Gas Service		83,903	141,998,559			12,585,450	38,906,186	51,491,636	74,224,538	125,716,174	31
	General Gas Service - Transportation Eligible	G-25(TE)										
	Basic Service Charge											
32	Former Medium GS Customers		60		$ 750.00		$ 45,000		$ 45,000		$ 45,000	32
33	Former Essential Agricultural Service Customers		252		$ 750.00		$ 189,000		$ 189,000		$ 189,000	33
34	Former Large GS Customers		1,680		$ 750.00		$ 1,260,000		$ 1,260,000		$ 1,260,000	34
35	Former Armed Forces Customers		60		750.00		45,000		45,000		45,000	35
36	Demand Charge per Month			10,571,934	0.062645			7,947,288	7,947,288		7,947,288	36
	Commodity Charge per Therm All Usage											
	Transportation Customers											
37	Former Medium GS Customers			0		$ 0.09262		$ 0	0	$ 0	0	37
38	Former Essential Agricultural Services Customers			4,434,348		$ 0.09262		$ 410,709	410,709	$ 0	410,709	38
39	Former Large GS Customers			25,832,133		0.09262		2,392,572	2,392,572	$ 0	2,392,572	39
	Sales Customers											
40	Former Medium GS Customers			1,016,137		0.09262		94,115	94,115	$ 542,983	637,098	40
41	Former Essential Agricultural Services Customers			5,063,922		0.09262		469,020	469,020	$ 2,705,957	3,174,977	41
42	Former Large GS Customers			46,460,065		0.09262		4,303,131	4,303,131	$ 24,826,400	29,129,531	42
43	Former Armed Forces Customers			2,994,890		0.09262		277,387	277,387	$ 1,600,349	1,877,736	43
44	Total Transportation Eligible General Gas Service		2,052	85,801,495			$ 1,539,000	$ 15,894,222	$ 17,433,222	$ 29,975,689	$ 47,108,911	44
45	Total General Gas Service		479,597	274,616,810			$ 25,921,410	$ 74,666,531	$ 100,587,941	$ 128,817,142	$ 229,405,083	45

[1] Proposed Residential and CNG rates without the Conservation Margin Tracker.
[2] Gas cost effective August 27, 2004 without surcharges.

Schedule H-8
Sheet 2 of 8

SOUTHWEST GAS CORPORATION
ARIZONA DIVISION
SUMMARY OF REVENUES AT PROPOSED RATES BY PROPOSED RATE SCHEDULES WITHOUT CONSERVATION MARGIN TRACKER
FOR THE TWELVE MONTHS ENDED AUGUST 31, 2004

Line No.	Description	Proposed Schedule Number	Billing Determinants: Number of Bills	Billing Determinants: Sales (Therms)	Revenue at Proposed Rates [1]: Basic Service Charge	Commodity Charge	Basic Service Charge	Commodity Charge	Total Margin	Gas Cost [2]	Total Revenue	Line No.
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	
	Air Conditioning Gas Service	G-40										
	Basic Service Charge											
1	W/ Other Service (No BSC)		60		0.00		0		0		0	1
2	Basic Service Charge		389		$ 25.00		$ 9,725		$ 9,725		$ 9,725	2
	Commodity Charge per Therm All Usage											
3	Transportation Customers			625,909		$ 0.10208		$ 64,199	64,199	$ 0	64,199	3
4	Sales Customers			1,207,635		0.10208		123,275	123,275	645,312	768,587	4
5	Total Air Conditioning Gas Service		449	1,836,544			$ 9,725	$ 187,474	$ 197,199	$ 645,312	$ 842,511	5
	Street Lighting Gas Service	G-45										
	Commodity Charge per Therm of Rated Capacity											
6	All Usage		348	99,883		$ 0.54644		$ 54,580	54,580	53,373	107,953	6
7	Total Street Lighting Gas Service		348	99,883			$ 0	$ 54,580	$ 54,580	$ 53,373	$ 107,953	7
	Gas Service for Compression on Customer's Premises	G-55										
	Basic Service Charge											
8	Small		264		$ 25.00		$ 6,600		$ 6,600		$ 6,600	8
9	Large		324		350.00		113,400		113,400		113,400	9
10	Residential		1,320		16.00		21,120		21,120		21,120	10
	Commodity Charge per Therm All Usage											
11	Transportation Customers			0		$ 0.13425		$ 0	0	$ 0	0	11
	Sales Customers											
12	Small			182,313		0.13425		$ 24,476	24,476	$ 97,421	121,897	12
13	Large			1,898,808		0.13425		$ 254,915	254,915	$ 1,014,647	1,269,562	13
14	Residential			79,719		0.13425		$ 10,702	10,702	$ 42,599	53,301	14
15	Total CNG Gas Service		1,908	2,160,840			$ 141,120	$ 290,093	$ 431,213	$ 1,154,667	$ 1,585,880	15
	Electric Generation Gas Service	G-60										
	Basic Service Charge											
16	General Service - Small		60		$ 25.00		$ 1,500		$ 1,500		$ 1,500	16
17	General Service - Medium		0		$ 35.00		$ 0		$ 0		$ 0	17
18	General Service - Large		96		150.00		14,400		14,400		14,400	18
19	General Service - Transportation Eligible		96		750.00		72,000		72,000		72,000	19
20	Essential Agricultural		24		150.00		3,600		3,600		3,600	20
	Commodity Charge per Therm All Usage											
21	Transportation Customers			0		$ 0.10188		$ 0	0	$ 0	0	21
22	Sales Customers			15,007,742		0.10188		1,528,989	1,528,989	6,564,687	8,093,676	22
23	Total Electric Generation Gas Service		276	15,007,742			$ 91,500	$ 1,528,989	$ 1,620,489	$ 6,564,687	$ 8,185,176	23
	Small Essential Agriculture User Gas Service	G-75										
24	Basic Service Charge		435		$ 150.00		$ 65,250		$ 65,250		$ 65,250	24
	Commodity Charge per Therm All Usage											
25	Transportation Customers			155,893		$ 0.22186		$ 34,586	34,586	$ 0	34,586	25
26	Sales Customers			2,789,183		0.22186		618,808	618,808	1,490,428	2,109,236	26
27	Total Essential Agricultural Gas Service		435	2,945,076			$ 65,250	$ 653,394	$ 718,644	$ 1,490,428	$ 2,209,072	27
	Natural Gas Engine Gas Service	G-80										
	Basic Service Charge											
28	Off-Peak Season (Oct. - March)		3,623		$ 0.00		$ 0		$ 0		$ 0	28
29	Peak Season (April - September)		3,623		100.00		362,250		362,250		362,250	29
	Commodity Charge per Therm All Usage											
30	Transportation Customers			0		$ 0.15848		$ 0	0	$ 0	0	30
31	Sales Customers			21,271,370		0.15848		3,371,087	3,371,087	9,304,523	12,675,610	31
32	Total Natural Gas Engine Gas Service		7,245	21,271,370			$ 362,250	$ 3,371,087	$ 3,733,337	$ 9,304,523	$ 13,037,860	32
33	Total Tariff Sales		10,361,089	605,776,596			183,233,235	191,328,303	374,561,538	301,839,424	676,400,962	33
34	Optional Gas Service	G-30	324	101,647,104			$ 510,740	$ 5,032,592	5,543,332	$ 55,931,796	$ 61,475,128	34
35	Special Contract Service	B-1	271	30,410,785			$ 184,703	$ 1,950,134	$ 2,134,837		$ 2,134,837	35
36	Other Operating Revenues						$ 11,434,480		$ 11,434,480		$ 11,434,480	36
37	Total Revenue		10,361,684	737,834,487			$ 195,363,158	$ 198,311,029	$ 393,674,187	$ 357,771,220	$ 751,445,407	37
38	Total Revenue Requirement								393,675,099	357,771,220	751,446,319	38
39	Over/(Under)								($912)	$ 0	($912)	39

[1] Proposed Residential and CNG rates without the Conservation Margin Tracker.
[2] Gas cost effective August 27, 2004 without surcharges.

SOUTHWEST GAS CORPORATION
ARIZONA DIVISION
PROPOSED vs. CURRENTLY EFFECTIVE RATES WITHOUT CONSERVATION MARGIN TRACKER
SINGLE-FAMILY RESIDENTIAL GAS SERVICE

Line No.	Description	Monthly Consumption (Therms)	Monthly Bill: At Currently Effective Rates	Monthly Bill: At Proposed Tariff Rates	Increase/(Decrease): Dollars	Increase/(Decrease): Percent	Line No.
	(a)	(b)	(c)	(d)	(e)	(f)	
	Summer Season Bills						
1	75 Percent Average Use	12	20.39	$ 28.57	$ 8.18	40.12%	1
2	Average Summer Use [1]	16	24.52	$ 31.38	6.86	27.98%	2
3	125 Percent Average Use	20	28.65	$ 34.20	5.55	19.37%	3
	Winter Season Bills						
4	75 Percent Average Use	42	51.21	$ 61.01	$ 9.80	19.14%	4
5	Average Winter Use [1]	56	64.48	$ 70.86	6.38	9.89%	5
6	125 Percent Average Use	70	77.76	$ 80.72	2.96	3.81%	6

Effective Tariff Rates [2]	Amount
Basic Service Charge per Month	$ 8.00
Commodity Charge Summer	
First 20 Therms	$ 1.03271
Over 20 Therms	0.94853
Commodity Charge Winter	
First 40 Therms	$ 1.03271
Over 40 Therms	0.94853

Proposed Tariff Rates [3]	
Basic Service Charge per Month	$ 16.00
Commodity Charge Summer	
First 8 Therms	$ 1.21861
Over 8 Therms	$ 0.70407
Commodity Charge Winter	
First 30 Therms	$ 1.21861
Over 30 Therms	$ 0.70407

[1] Seasonal average use per Schedule H-6, Sheets 3 - 5.
[2] Rates effective August 31, 2004 including all adjustments.
[3] Schedule H-3, Sheets 1 - 3.

SOUTHWEST GAS CORPORATION
ARIZONA DIVISION
PROPOSED vs. CURRENTLY EFFECTIVE RATES WITHOUT CONSERVATION MARGIN TRACKER
MULTI-FAMILY RESIDENTIAL GAS SERVICE

Line No.	Description	Monthly Consumption (Therms)	Monthly Bill: At Currently Effective Rates	Monthly Bill: At Proposed Tariff Rates	Increase/(Decrease): Dollars	Increase/(Decrease): Percent	Line No.
	(a)	(b)	(c)	(d)	(e)	(f)	
	Summer Season Bills						
1	75 Percent Average Use	9	17.29	$ 23.94	$ 6.65	38.46%	1
2	Average Summer Use [1]	12	20.39	$ 26.05	5.66	27.76%	2
3	125 Percent Average Use	15	23.49	$ 28.16	4.67	19.88%	3
	Winter Season Bills						
4	75 Percent Average Use	23	31.75	$ 39.46	$ 7.71	24.28%	4
5	Average Winter Use [1]	30	38.98	$ 44.38	5.40	13.85%	5
6	125 Percent Average Use	38	47.24	$ 50.02	2.78	5.88%	6

Effective Tariff Rates [2]	Amount
Basic Service Charge per Month	$ 8.00
Commodity Charge Summer	
First 20 Therms	$ 1.03271
Over 20 Therms	0.94853
Commodity Charge Winter	
First 40 Therms	$ 1.03271
Over 40 Therms	0.94853

Proposed Tariff Rates [3]	
Basic Service Charge per Month	$ 14.00
Commodity Charge Summer	
First 7 Therms	$ 1.21861
Over 7 Therms	$ 0.70407
Commodity Charge Winter	
First 18 Therms	$ 1.21861
Over 18 Therms	$ 0.70407

[1] Seasonal average use per Schedule H-6, Sheets 3 - 5.
[2] Rates effective August 31, 2004 including all adjustments.
[3] Schedule H-3, Sheets 1 - 3.

SOUTHWEST GAS CORPORATION
ARIZONA DIVISION
PROPOSED vs. CURRENTLY EFFECTIVE RATES WITHOUT CONSERVATION MARGIN TRACKER
GAS SERVICE FOR COMPRESSION ON CUSTOMER PREMISES - SMALL

Line No.	Description	Monthly Consumption (Therms)	Monthly Bill: At Currently Effective Rates	Monthly Bill: At Proposed Tariff Rates	Increase/(Decrease): Dollars	Increase/(Decrease): Percent	Line No.
	(a)	(b)	(c)	(d)	(e)	(f)	
	Summer Season Bills						
1	75 Percent Average Use	536	$ 377.73	$ 383.37	$ 5.64	1.49%	1
2	Average Summer Use [1]	714	$ 496.53	$ 502.39	5.86	1.18%	2
3	125 Percent Average Use	893	$ 616.00	$ 622.07	6.07	0.99%	3
	Winter Season Bills						
4	75 Percent Average Use	483	$ 342.36	$ 347.94	5.58	1.63%	4
5	Average Winter Use [1]	644	$ 449.81	$ 455.58	5.77	1.28%	5
6	125 Percent Average Use	805	$ 557.27	$ 563.23	5.97	1.07%	6

Effective Tariff Rates [2]	Amount
Basic Service Charge	$ 20.00
Commodity Charge	
All Usage	$ 0.66741

Proposed Tariff Rates [3]	
Basic Service Charge	$ 25.00
Commodity Charge	
All Usage	$ 0.66861

[1] Workpapers, Schedule H-2, Sheets 1-4.
[2] Rates effective August 31, 2004 including all adjustments.
[3] Schedule H-3, Sheets 1 - 3.

SOUTHWEST GAS CORPORATION
ARIZONA DIVISION
PROPOSED vs. CURRENTLY EFFECTIVE RATES WITHOUT CONSERVATION MARGIN TRACKER
GAS SERVICE FOR COMPRESSION ON CUSTOMER PREMISES - LARGE

Line No.	Description	Monthly Consumption (Therms)	Monthly Bill: At Currently Effective Rates	Monthly Bill: At Proposed Tariff Rates	Increase/(Decrease): Dollars	Increase/(Decrease): Percent	Line No.
	(a)	(b)	(c)	(d)	(e)	(f)	
	Summer Season Bills						
1	75 Percent Average Use	4,484	$ 3,162.67	$ 3,348.05	$ 185.38	5.86%	1
2	Average Summer Use [1]	5,978	$ 4,159.78	$ 4,346.95	187.17	4.50%	2
3	125 Percent Average Use	7,473	$ 5,157.55	$ 5,346.52	188.97	3.66%	3
	Winter Season Bills						
4	75 Percent Average Use	4,219	$ 2,985.80	$ 3,170.87	185.06	6.20%	4
5	Average Winter Use [1]	5,625	$ 3,924.18	$ 4,110.93	186.75	4.76%	5
6	125 Percent Average Use	7,031	$ 4,862.56	$ 5,051.00	188.44	3.88%	6

Effective Tariff Rates [2]	Amount
Basic Service Charge	$ 170.00
Commodity Charge	
All Usage	$ 0.66741

Proposed Tariff Rates [3]	
Basic Service Charge	$ 350.00
Commodity Charge	
All Usage	$ 0.66861

[1] Workpapers, Schedule H-2, Sheets 1-4.
[2] Rates effective August 31, 2004 including all adjustments.
[3] Schedule H-3, Sheets 1 - 3.

SOUTHWEST GAS CORPORATION
ARIZONA DIVISION
PROPOSED vs. CURRENTLY EFFECTIVE RATES WITHOUT CONSERVATION MARGIN TRACKER
GAS SERVICE FOR COMPRESSION ON CUSTOMER PREMISES - RESIDENTIAL

Line No.	Description	Monthly Consumption (Therms)	Monthly Bill: At Currently Effective Rates	Monthly Bill: At Proposed Tariff Rates	Increase/(Decrease): Dollars	Increase/(Decrease): Percent	Line No.
	(a)	(b)	(c)	(d)	(e)	(f)	
	Summer Season Bills						
1	75 Percent Average Use	46	$ 38.70	$ 46.76	$ 8.06	20.81%	1
2	Average Summer Use [1]	61	$ 48.71	$ 56.79	8.07	16.57%	2
3	125 Percent Average Use	76	$ 58.72	$ 66.81	8.09	13.78%	3
	Winter Season Bills						
4	75 Percent Average Use	44	$ 37.37	$ 45.42	8.05	21.55%	4
5	Average Winter Use [1]	59	$ 47.38	$ 55.45	8.07	17.04%	5
6	125 Percent Average Use	74	$ 57.39	$ 65.48	8.09	14.09%	6

Effective Tariff Rates [2]	Amount
Basic Service Charge	$ 8.00
Commodity Charge	
All Usage	$ 0.66741

Proposed Tariff Rates [3]	
Basic Service Charge	$ 16.00
Commodity Charge	
All Usage	$ 0.66861

[1] Workpapers, Schedule H-2, Sheets 1-4.
[2] Rates effective August 31, 2004 including all adjustments.
[3] Schedule H-3, Sheets 1 - 3.

I

SOUTHWEST GAS CORPORATION
System Allocable Plant

Depreciation Study
as of
December 31, 2002

AUS CONSULTANTS
Utility Services
Weber Fick & Wilson Division

Earl M. Robinson, CDP
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August 25, 2003

Mr. Jerry Vineyard
Specialist/Depreciation
SOUTHWEST GAS CORPORATION
Post Office Box 98510
Mail Code LVC-410
Las Vegas, NV 89193-8510

RE: System Allocable Plant

Dear Mr. Vineyard:

In accordance with your authorization, we have prepared a depreciation study related to the utility plant in service of Southwest Gas Corporation - System Allocable Plant as of December 31, 2002. Our findings and recommendations, together with supporting schedules and exhibits, are set forth in the accompanying report.

Summary schedules have been prepared to illustrate the impact of instituting the recommended annual depreciation rates as a basis for the Company's annual depreciation expense as compared to the rates presently utilized. The application of the present rates to the depreciable plant in service as of December 31, 2002 results in an annual depreciation expense of $5,542,648. In comparison, the application of the proposed depreciation rates to the depreciable plant in service at December 31, 2002 results in an annual depreciation expense of $4,072,947, a depreciation expense decrease of $1,469,701. The composite annual depreciation rate under present rates is 13.00 percent, while the proposed composite depreciation rate is 9.55 percent.

Section 1 of the report contains an Executive Summary as well as the response to the Nevada Commission's NAC 703.2765 Statement A, B, and C requirements

Section 2 of our report contains the summary schedules showing the results of our service life and salvage studies and summaries of presently utilized depreciation rates. The subsequent sections of the report present a detailed outline of the methodology and procedures used in the study together with supporting calculations and analyses used in the development of the results. A detailed table of contents follows this letter.

Respectfully submitted,

EARL M. ROBINSON

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SECTION 1

SOUTHWEST GAS CORPORATION
System Allocable Plant

Executive Summary

Table 1 on page 2-1 is a comparative summary which illustrates the effect of instituting the revised depreciation rates. The schedule includes a comparison of the annual depreciation rates and annual depreciation expense under both present and proposed rates applied using the Straight Line Method for each depreciable property group of the Southwest Gas Corporation - System Allocable's (the "Company") plant in service as of December 31, 2002. Both the present and proposed depreciation rates are based upon the Broad Group (Average Service Life) Procedures and the Average Remaining Life (ARL) Technique.

Table 2 on page 2-2 provides a summary of the detailed life estimates and service life parameters (Iowa Curves) utilized in preparing the Average Remaining Life depreciation rates for each property group. That is, the schedule provides a summary of the detailed data and a narrative of the study results set forth in Sections 4, 5, and 6. The developed depreciation rates (Column L) were determined by studying the Company's historical investment data together with the interpretation of future life expectancies which will have a bearing on the overall service life of the Company's property.

The utilization of the recommended depreciation rates based upon the Straight Line Average Remaining Life Procedure results in the setting of depreciation rates which will continuously true up the Company's level of capital recovery over the life of each asset group. Application of this procedure, which is based upon the current best estimates of service life together with the Company's plant in service and accrued depreciation,

produces annual depreciation rates that will result in the Company recovering one-hundred (100) percent of its investment -- no more, no less.

It is recommended that the Company continue to apply depreciation rates and maintain its book depreciation reserve on an account-level basis. This maintenance of the book reserve on an account-level basis requires both the development of annual depreciation expense and distribution of other reserve account charges to an individual level. Continuing to maintain the Company's depreciation records in this detail will aid in completing the various rate studies and, most importantly, clearly identify the Company's level of capital recovery relative to each category of plant investment.

The results of this study produced numerous revisions to the applicable account-level service life parameters. While a number of the resulting depreciation rate modifications were limited in scope resulting in fine tuning of the current recovery rates, other changes were more significant. The most significant changes in depreciation resulting from this study are for Account 391 - Office Furniture and Equipment, and 391.10 - Computer Equipment.

Currently, given that the Company's book depreciation reserve has increased towards a more normal level, the resulting annual depreciation rate is now more reflective of the average service life being achieved by the property group. The depreciation rate for Account 391.0 - Office Furniture and Equipment increased from 3.99 percent to 8.16 percent. Contributing to the depreciation rate increase was a change in the estimated service life of the property group's asset investments from eighteen (18) to fourteen (14) years.

The depreciation rate for Account 391.10 - Computer Equipment decreased from 30.01 percent to 16.15 percent as a result of incorporating the current applicable service life parameters and book depreciation reserve accrued for this property class. Based upon the historical life analysis and current management expectations, the property group will continue to experience rapid obsolescence and continued replacement. Historically, the book depreciation reserve was materially below the level which should have been relative to the age and anticipated life of the property group. These factors previously resulted in the requirement of a significant increase of the depreciation rate over the current level to enable the recovery of the current asset investments by the end of the property life.

It is further noted that within the Company's property group investments one or more of the general plant equipment categories currently have a debit depreciation reserve balance. This negative depreciation reserve amount, which is the accumulation of past depreciation activity and is the resulting net under-recovery to date of the Company's property investment, needs to be recovered (along with the un-depreciated portion of the plant investment) over the remaining life of the existing plant in service. This net under-recovery occurred as a result of one of several reasons, which may include, but are not necessary limited to, a change in the Company's capital policy during January, 2001 from $300 to $1,000 and the subsequent retirement of all assets under $1,000, the identification of possible discarded but unrecorded retirements discovered via physical inventories, and/or the achievement of the account's property life that is shorter than that underlying prior depreciation rates. Accordingly, the currently developed account level depreciation rates incorporate the existing depreciation reserve level and the current estimate of

average service life in setting the applicable account level depreciation rates. A variety of other lesser depreciation changes, both increases and decreases, occurred. In summary, the net change in depreciation expense over present rates produces a proposed depreciation expense decrease of $1,469,701 when applied to the Company's plant in service as of December 31, 2002.

In summary, the Company's historical experience, etc. was studied in detail for each depreciable group in the process of preparing this study. Thus, the resultant proposed depreciation rate should be applied on a similar basis. Accordingly, the following composite summary is provided for illustrative purposes only as a means to compare the present and proposed composite depreciation rates.

Present Depreciation Rates

Depreciable Plant In Service at December 31, 2002	$42,632,113
Annual Depreciation Expense	5,542,648
Composite Annual Depreciation Rate	13.00%

Proposed Depreciation Rates

Depreciable Plant In Service at December 31, 2002	$42,632,113
Annual Depreciation Expense	4,072,947
Composite Annual Depreciation Rate	9.55%

In accordance with NAC 703.2765, the following information is provided:

Statement A

Table 2 in Section 2 contains the Company's historical original cost, future net salvage factors, the Company's accrued depreciation reserve, the applicable average service life and Iowa Survivor Curve utilized to calculate the proposed account-level annual depreciation rate relative to the Company's plant in service as of December 31, 2002.

The account-level depreciation rates presently utilized by the Company to depreciate each depreciable plant account, along with the proposed account-level depreciation rates and net change in annual depreciation expense, are set forth in Table 1 of Section 2.

The proposed depreciation rates are 6.68 percent allocable to Northern Nevada and 26.62 percent allocable to Southern Nevada. This allocation is based on the four-factor method as of December 31, 2002. Of the proposed accrual expense, $272,073 is allocable to Northern Nevada and $1,084,218 is allocable to Southern Nevada.

Statement B

The Company's present depreciation rates are based upon the application of the Straight Line/Broad Group/Average Remaining Life method, procedure, and technique. Likewise, the proposed account-level depreciation rates were prepared using the same depreciation approach. The depreciation life analysis was prepared via the utilization of the Retirement Rate Method, along with the Company's historical accounting data, to develop service life benchmarks. The historical benchmarks were utilized, along with an investigation of the Company's asset investments, consideration of inputs provided via Company management concerning current operations and anticipated future events impacting the Company's fixed capital plant in service. Likewise, similar historical analysis and future considerations were completed relative to the applicable net salvage components. The Nevada Public Service Commission on Docket No. 99-10001 approved the existing rates.

Statement C

Sections 4, 5, 6, and 7 of the report contain the analysis of the life of each plant and the value to be gained from salvage for each depreciable plant account. These sections contain schedules, graphs, and other information necessary to support the selections of the parameters utilized for each plant account.

SECTION 2

Southwest Gas Corporation

System Allocable

Summary of Original Cost of Utility Plant in Service as of December 31, 2002
and Related Annual Depreciation Expenses Under Present and Proposed Depreciation Rates

Acct. No. (a)	Account Description (b)	Original Cost 12-31-2002 (c)	Present Rates Rates % (d)	Present Rates Annual Accrual (e)=(c)x(d)	Proposed Rates Rates % (f)	Proposed Rates Annual Accrual (g)=(c)x(f)	Net Change Depreciation Expense (h)=(g)-(e)
	DEPRECIABLE PLANT						
	General Plant						
390.10	Structures - Owned	11,700,876	2.46%	287,842	2.50%	292,522	4,680
391.00	Office Furniture & Equipment	7,757,739	3.99%	309,534	8.16%	633,032	323,498
391.10	Computer Equipment	13,757,912	30.01%	4,128,749	16.15%	2,221,903	-1,906,846
	Total Account 391	21,515,651	20.63%	4,438,283	13.27%	2,854,935	-1,583,348
392.00	Transportation Equipment	2,904,810	6.42%	186,489	7.20%	209,146	22,657
393.00	Stores Equipment	29,429	4.45%	1,310	16.03%	4,717	3,407
394.00	Tools, Shop & Garage Equipment	227,375	4.10%	9,322	11.16%	25,375	16,053
395.00	Laboratory Equipment	229,994	3.05%	7,015	4.77%	10,971	3,956
397.00	Communication Equipment	4,849,540	9.88%	479,135	8.51%	412,696	-66,439
397.20	Telemetry Equipment	454,151	20.38%	92,556	40.23%	182,705	90,149
	Total Account 397	5,303,691	10.78%	571,691	11.23%	595,401	23,710
398.00	Miscellaneous Equipment	720,287	5.65%	40,696	11.09%	79,880	39,184
	TOTAL General Plant	42,632,113	13.00%	5,542,648	9.55%	4,072,947	-1,469,701
	TOTAL Depreciable Plant	42,632,113	13.00%	5,542,648	9.55%	4,072,947	-1,469,701
	NON-DEPRECIABLE PLANT						
	Intangible Plant						
301.00	Organization	61,816					
303.00	Miscellaneous	68,921,029					
	TOTAL Intangible Plant	68,982,845					
	Land & Land Rights						
389.00	General	391,307					
	TOTAL Land & Land Rights	391,307					
390.20	Structures - Leased	3,001,887					
	TOTAL Non-Depreciable Plant	72,376,039					
	TOTAL PLANT IN SERVICE	115,008,152					

Southwest Gas Corporation

System Allocable

Summary of Original Cost of Utility Plant in Service and Calculation of Annual Depreciation Rates and Depreciation Expense Based Upon Utilization of Book Depreciation Reserve and Average Remaining Lives of Utility Plant in Service as of December 31, 2002

Acct. No. (a)	Account Description (b)	Original Cost 12-31-2002 (c)	Estimated Future Net Salvage % (d)	Estimated Future Net Salvage Amount (e)=(c)x(d)	Original Cost Less Salvage (f)=(c)-(e)	Book Depreciation Reserve (g)	Net Original Cost Less Book Reserve (h)=(f)-(g)	A.S.L./ Survivor Curve (i)	Average Remaining Life (j)	Annual Depreciation Accrual (k)=(h)/(j)	Annual Depreciation Rate (l)=((k)/(c))*100
	DEPRECIABLE PLANT										
	General Plant										
390.10	Structures - Owned	11,700,876	5%	585,044	11,115,832	3,081,073	8,034,759	40-R3	27.5	292,173	2.50%
						0					
391.00	Office Furniture & Equipment	7,757,739	0%	0	7,757,739	1,998,004	5,759,735	14-L2	9.1	632,938	8.16%
391.10	Computer Equipment	13,757,912	0%	0	13,757,912	5,981,198	7,776,714	6-L2	3.5	2,221,918	16.15%
	Total Account 391	21,515,651		0	21,515,651	7,979,202	13,536,449			2,854,856	13.27%
392.00	Transportation Equipment	2,904,810	15%	435,722	2,469,088	1,360,077	1,109,011	7-L0	5.3	209,247	7.20%
393.00	Stores Equipment	29,429	0%	0	29,429	-1,707	31,136	14-R1	6.6	4,718	16.03%
394.00	Tools, Shop & Garage Equipment	227,375	0%	0	227,375	-33,988	261,363	14-LO.5	10.3	25,375	11.16%
395.00	Laboratory Equipment	229,994	0%	0	229,994	75,342	154,652	23-R1.5	14.1	10,968	4.77%
397.00	Communication Equipment	4,849,540	0%	0	4,849,540	2,291,614	2,557,926	11-R3	6.2	412,569	8.51%
397.20	Telemetry Equipment	454,151	0%	0	454,151	-276,702	730,853	8-R3	4.0	182,713	40.23%
	Total Account 397	5,303,691		0	5,303,691	2,014,912	3,288,779			595,282	11.22%
398.00	Miscellaneous Equipment	720,287	0%	0	720,287	-142,762	863,049	14-L0.5	10.8	79,912	11.09%
	TOTAL General Plant	42,632,113		1,020,766	41,611,347	14,332,149	27,279,198			4,072,531	9.55%
	TOTAL Depreciable Plant	42,632,113		1,020,766	41,611,347	14,332,149	27,279,198			4,072,531	9.55%
	NON-DEPRECIABLE PLANT										
	Intangible Plant										
301.00	Organization	61,816									
303.00	Miscellaneous	68,921,029				47,715,424					
	TOTAL Intangible Plant	68,982,845				47,715,424					
	Land & Land Rights										
389.00	General	391,307									
	TOTAL Land & Land Rights	391,307				0					
390.20	Structures - Leased	3,001,887				2,851,609					
	TOTAL Non-Depreciable Plant	72,376,039				50,567,033					
	TOTAL PLANT IN SERVICE	115,008,152				64,899,182					

SECTION 3

SOUTHWEST GAS CORPORATION
System Allocable Plant

General

This report sets forth the results of our study of the depreciable property of the Southwest Gas Corporation - System Allocable Plant (the Company) as of December 31, 2002 and contains the basic parameters (recommended average service lives and life characteristics) for the proposed average remaining life depreciation rates until a subsequent service life study is completed. All average service lives set forth in this report are developed based upon plant in service as of December 31, 2002.

The scope of the study included an analysis of Company historical data through December 31, 2002, discussions with Company management staff to identify prior and prospective factors affecting the Company's plant in service, as well as interpretation of past service life data experience and future life expectancies to determine the appropriate average service lives of the Company's surviving plant. The service lives and life characteristics, resulting from the in-depth study, were utilized together with the Company's plant in service and book depreciation reserve to determine the recommended Average Remaining Life (ARL) depreciation rates related to the Company's plant in service as of December 31, 2002.

In preparing the study, the Company's historical investment data were studied using various service life analysis techniques. Further, discussions were held with the Company's management to obtain an overview of the Company's facilities and to discuss the general scope of operations together with other factors which could have a bearing on the service lives of the Company's property. Finally, the study results were tempered by

information gathered during plant inspection tours of a representative portion of the Company's property.

The Company maintains a property record containing a summary of its fixed capital investments by property account. This investment data was analyzed and summarized by property group and/or sub group and vintage then utilized as a basis for the various depreciation calculations.

Depreciation Study Overview

There are numerous methods utilized to recover property investment depending upon the goal. For example, accelerated methods such as double declining balance and sum of years digits are methods used in tax accounting to motivate additional investments. Broad Group (BG) and Equal Life Group (ELG) are both Straight Line Grouping Procedures recognized and utilized by various regulatory jurisdictions depending upon the policy of the specific agency.

The Straight Line (Group) Method of depreciation utilized in this study to develop the recommended depreciation rates is the Broad Group Procedure together with the Average Remaining Life Technique. The use of this procedure and technique is based upon recovering the net book cost (original cost less book reserve) of the surviving plant in service over its estimated remaining useful life. Any variance between the book reserve and an implied theoretical calculated reserve is compensated for under this procedure. That is, as the Company's book reserve increases above or declines below the theoretical reserve at a specific point in time, the Company's average remaining life depreciation rate in subsequent years will be increased or decreased to compensate for the variance,

thereby, assuring full recovery of the Company's investment by the end of the property's life.

The Company, like any other business, includes as an annual operating expense an amount which reflects a portion of the capital investment which was consumed in providing service during the accounting period. The annual depreciation amount to be utilized is based upon the remaining productive life over which the undepreciated capital investment needs to be recovered. The determination of the productive remaining life for each property group usually includes an in-depth study of past experience in addition to estimates of future expectations.

Annual Depreciation Accrual

Through the utilization of the Average Remaining Life Technique, the Company will recover the undepreciated fixed capital investment in the appropriate amounts as annual depreciation expense in each year throughout the remaining life of the property. The procedure incorporates the future life expectancy of the property, the vintaged surviving plant in service, and estimated net salvage, together with the book depreciation reserve balance to develop the annual depreciation rate for each property account. Accordingly, the ARL technique meets the objective of providing a straight line recovery of the undepreciated fixed capital property investment.

As indicated, the use of the Average Remaining Life Technique results in charging the appropriate annual depreciation amounts over the remaining life of the property to insure full recovery by end of life. That does not mean that once an average remaining life is estimated, it can not be changed at any point throughout the service life, but that the annual expense is calculated on a Straight Line Method rather than by the previously

mentioned,

"sum of the years digits" or "double declining balance" methods, etc. The "group" refers to the method of calculating annual depreciation on the summation of the investment in any one depreciable group or plant account rather than calculating depreciation for each individual unit.

Under Broad Group depreciation some units may be over depreciated and other units may be under depreciated at the time when they are retired from service, but overall, the account is fully depreciated when average service life is attained. By comparison, Equal Life Group depreciation rates are designed to fully accrue the cost of the asset group by the time of retirement. For both the Broad Group and Equal Life Group Procedures the full cost of the investment is credited to plant in service when the retirement occurs and likewise the depreciation reserve is debited with an equal retirement cost. No gain or loss is recognized at the time of property retirement because of the assumption the retired property was at average service life.

Group Depreciation Procedures

Group depreciation procedures are utilized to depreciate property when more than one item of property is being depreciated. Such a procedure is appropriate because all of the items within a specific group typically do not have identical service lives, but have lives which are dispersed over a range of time. Utilizing a group depreciation procedure allows for a condensed application of depreciation rates to groups of similar property in lieu of extensive depreciation calculations on an item by item basis. The two more common group depreciation procedures are the Broad Group (BG) and Equal Life Group (ELG) approach.

In developing depreciation rates using the Broad Group procedure, the annual depreciation rate is based on the average of the overall group, which is then applied to the group's surviving original cost investment. A characteristic of this procedure is that retirements of individual units occurring prior to average service life will be under depreciated, while individual units retired after average service life will be over depreciated when removed from service, but overall, the group investment will achieve full recovery by the end of the life of the total property group. That is, the under recovery occurring early in the life of the account is balanced by the over recovery occurring subsequent to average service life. In summary, the cost of the investment is complete at the end of the property's life cycle, but the rate of recovery does not match the consumption pattern which was used to provide service to the company's customers.

Under the average service life procedure, the annual depreciation rate is calculated by the following formula:

$$\text{Annual Accrual Rate, Percent} = \frac{100\% - \text{Salvage}}{\text{Average Service Life}} \times 100$$

The application of the broad group procedure to life span groups results in each vintage investment having a different average service life. This circumstance exists because the concurrent retirement of all vintages at the anticipated retirement year results in truncating and, therefore, restricting the life of each successive years vintage investment. An average service life is calculated for each vintage investment in accordance with the above formula. Subsequently, a composite service life and depreciation rate is calculated relative to all vintages within the property group by weighting the life for each vintage by the related surviving vintage investment within the group.

In the Equal Life Group, the property group is subdivided, through the use of plant life tables, into equal life groups. In each equal life group, portions of the overall property group includes that portion which experiences the life of the specific sub-group. The relative size of each sub-group is determined from the overall group life characteristic (property dispersion curve). This procedure both overcomes the disadvantage of voluminous record requirements of unit depreciation, as well as, eliminates the need to base depreciation on overall lives as required under the broad group procedure. The application of this procedure results in each sub-group of the property having a single life. In this procedure, the full cost of short lived units is accrued during their lives leaving no under accruals to be recovered by over accruals on long lived plant. The annual depreciation for the group is the summation of the depreciation accruals based on the service life of each Equal Life Group.

The ELG Procedure is superior to the BG Procedure because it allocates the capital cost of a group property to annual expense in accordance with the consumption of the property group providing service to customers. In this regard, the company's customers are more appropriately charged with the cost of the property consumed in providing them service during the applicable service period. The more timely return of plant cost is accomplished by fully accruing each unit's cost during its service life, thereby, not only reducing the risk of incomplete cost recovery, but also the procedure results in less return on rate base over the life of a depreciable group. The total depreciation expense is the same for all procedures which allocate the full capital cost to expense, but at any specific point in time, the depreciated original cost is less under the ELG procedure than under the

BG procedure. This circumstance exists because under the equal life group procedure, the rate base is not maintained at a level of greater than the future service value of the surviving plant as is the case when using the average service life procedure. Consequently, the total return required from the ratepayers is less under the ELG procedure.

While the equal life group procedure has been known to depreciation experts for many years, widespread interest in applying the procedure developed only after high speed electronic computers became available to perform the large volume of arithmetic computations required in developing ELG based depreciation lives and rates. The table on the following page illustrates the procedure for calculating equal life group depreciation accrual rates and summarizes the results of the underlying calculations. Depreciation rates are determined for each age interval (one year increment) during the life of a group of property which was installed in a given year or vintage group. The age of the vintage group is shown in column (A) of the ELG table. The percent surviving at the beginning of each age interval is determined from the Iowa 10-R3 survivor curve which is set forth in column (B). The percent retired during each age interval, as shown in column (C), is the difference between the percent surviving at successive age intervals. Accordingly, the percentage amount of the vintage group retired defines the size of each equal life group. For example, during the interval 3 1/2 to 4 1/2, 1.93690 percent of the vintage group is retired at an average age of four years. In this case, the 1.93690 percent of the group experiences an equal life of four years. Likewise, 3.00339 percent is retired during the interval 4 1/2 to 5 1/2 and experiences a service life of five years. Further, 4.42969 percent experiences a

six-year life; etc. Calculations are made for each age interval from the zero age interval through the end of the life of the vintage group. The average service life for each age interval's equal life group is shown in column (E) of the table.

The amount to be accrued annually for each equal life group is equal to the percentage retired in the equal life group divided by its service life. Inasmuch as additions and retirements are assumed, for calculation purposes, to occur at midyear only one-half of the equal life group's annual accrual is allocated to expense during its first and last years of service life. The accrual amount for the property retired during age interval 0 to 1/2 must be equal to the amount retired to insure full recovery of that component during that period. The accruals for each equal life group during the age intervals of the vintage group's life cycle are shown in column (F). The total accrual for a given year is the summation of the equal life group accruals for that year. For example, the total accrual for the second year, as shown in column (G), is 11.31019 percent and is the sum of all succeeding years remaining equal life group accruals plus one half of the current years life group accrual listed in column (F). For the zero age interval year, the total accrual is equal to one half of the sum of all succeeding years remaining equal life accruals plus the amount for the zero interval equal life group accrual. The one half year accrual for the zero age interval is consistent with the half year convention relative to property during its installation year. The sum of the annual accruals for each age interval contained in column (G) total to 1.000 demonstrating that the developed rates will recover one-hundred (100) percent of plant no more and no less. The annual accrual rate which will result in the accrual amount is the ratio of the accrual amount (11.31019 percent) to the average percent surviving during the

interval, column (D), (99.74145 percent), which is a rate of 11.34 percent (column J). Column (J) contains a summary of the accrual rates for each age interval of the property groups life cycle based upon an Iowa 10-R3 survivor curve.

Remaining Life Technique

In the Average Remaining Life depreciation technique, the annual accrual is calculated according to the following formula where, (A) the annual depreciation for each group equals, (D) the depreciable cost of plant, less (U) the accumulated provision for depreciation, less (S) the estimated future net salvage, divided by (R) the composite remaining life of the group:

$$A = \frac{D - U - S}{R}$$

The annual accrual rate (a) is expressed as a percentage of the depreciable plant balance by dividing the equation by (D) the depreciable cost of plant times 100:

$$(a) = \frac{D - U - S}{R} \times \frac{1}{D} \times 100$$

As further indicated by the equation, the accumulated provision for depreciation by vintage is required in order to calculate the remaining life depreciation rate for each property group. In practice, most often such detail is not available; therefore, composite remaining lives are determined for each depreciable group, i.e., property account.

The remaining life for a depreciable group is calculated by first determining the remaining life for each vintage year in which there is surviving investment. This is accomplished by solving the area under the survivor curve selected to represent the average life and life characteristic of the property account. The remaining life for each vintage is composited by dividing (D) the depreciable cost of each vintage, by (L) its

average service life, and multiplying this ratio by its average remaining life (E). The composite remaining life of the group (R) equals the sums of products divided by the sum of the quotients:

$$R\ Group = \frac{\sum D/L \times E}{\sum D/L}$$

The functional level accumulated provision for depreciation, which was the basis for developing the composite average remaining life accrual and annual depreciation rate for each property account as per this report, was obtained from the Company's books and records. The functional level depreciation reserve was further allocated to each property account and sub-account based upon a detailed theoretical depreciation reserve as of December 31, 2002.

Net Salvage

Net salvage is the difference between gross salvage, or what is received when an asset is disposed of, and the cost of removing it from service. Salvage experience is normally included with the depreciation rate so that current accounting periods reflect a proportional share of the ultimate abandonment and removal cost or salvage received at the end of the property service life. Net salvage is said to be positive if gross salvage exceeds the cost of removal, but if cost of removal exceeds gross salvage the result is then negative salvage.

Cost of removal includes such costs as demolishing, dismantling, tearing down, disconnecting or otherwise removing plant, as well as normal environmental clean up costs associated with the property. Salvage includes proceeds received for the sale of plant and materials or the return of equipment to stores for reuse.

Net salvage experience is routinely studied for a period of years to determine the trends which have occurred in the past to be used as a benchmark for estimating future net salvage. These trends are considered together with any changes that are anticipated in the future to determine the future net salvage factor for remaining life depreciation purposes. The net salvage percentage is determined by relating the total net positive or negative salvage to the book cost of the property investment.

As noted, the historical experience is considered together with additional factors to identify and estimate the applicable future net salvage for each asset group. A significant factor which must be considered in estimating future net salvage is the fact that the experienced historical retirements have routinely occurred at average ages which are significant younger than average service life. This occurrence of retirements at less than average service life, along with the fact that net salvage is generally age sensitive, results in historical net salvage analysis indications which typically and significantly overstate future positive net salvage and understate future negative net salvage.

The issue of the age sensitivity of gross salvage and cost of removal is referenced in the "NARUC Public Utility Depreciation Practices" manual in its discussion on net salvage on pages 158-161. Furthermore, a 1989 AGA/EEI treatise entitled "An Introduction to Net Salvage of Public Utility Plant" discusses the subject of age sensitivity of gross salvage and cost of removal. Other depreciation texts likewise discuss the issue in greater detail.

The process used to adjust the historical net salvage analysis data to appropriately consider the true end of life net salvage is approached in the following manner.

First, it is noted that for each property group an average service life has been estimated. That average service life (of say thirty (30) year) indicates that the entire current investment within the property account will, on average, be retired at the average service life age to attain an average service life of thirty (30) years. Secondly, historical retirements have occurred to date. The historical retirements are analyzed to both identify the average retirement age to date (illustratively assume ten (10) years) at which the retirements have occurred, and in addition, what percent of the original costs of retirements was experienced by the Company for Cost of Removal. That is, relative to the cost of removal percent, if a Company had historically booked retirements with an original cost of $1,000 and it incurred $500 of cost of removal to retire the asset it is said that the cost of removal percent is fifty (50) percent ($500/$1,000) (also being fifty (50) percent negative net salvage, if there was no corresponding gross salvage in conjunction with the retirement).

The next step in the process, giving consideration to the above referenced historical retirements that experienced fifty (50) percent cost of removal and occurred at ten (10) years of age, and the average service life of the property of the asset group being thirty (30) years, and further identifying that the long run inflation rate is 2.75 percent, future cost of removal percent at the end of the property's average life can now be determined. That is, it can be readily identified that the average retirement age will need to increase, on average, an additional twenty (20) years (30 Yrs ASL-10 years average retirement age) before the property is retired, on average, at an age of thirty (30) years.

In simple, non-compounded terms a 2.75 percent cost increase per year for twenty (20) additional years is fifty-five (55) percent. For this example, the original historical fifty

(50) percent cost of removal plus the additional fifty-five (55) percent totals to one-hundred five (105) percent cost of removal.

The initially experienced fifty (50) percent cost of removal is attributable to the actual cost of removal incurred through the ten (10) year average age, while the additional fifty-five (55) percent cost of removal is attributable to the increased cost of removal during the subsequent additional twenty (20) year period (required for the property to be retired, on average, at average service life). The resulting total life future net salvage estimate (assuming no gross salvage) for this example is negative one-hundred five (105) percent net salvage.

Service Lives

Several factors contribute to the length of time or average service life which the property achieves. The three (3) major categories under which these factors fall are: (1) physical; (2) functional, and; (3) contingent casualties.

The physical category includes such things as deterioration, wear and tear and the action of the natural elements. The functional category includes inadequacy, obsolescence and requirements of governmental authorities. Obsolescence occurs when it is no longer economically feasible to use the property to provide service to customers or when technological advances have provided a substitute of superior performance. The remaining factor of contingent casualties relates to retirements caused by accidental damage or construction activity of one type or another.

In performing the life analysis for any property being studied, both past experience and future expectations must be considered in order to fully evaluate the circumstances

which may have a bearing on the remaining life of the property. This ensures the selection of an average service life which best represents the expected life of each property investment.

Survivor Curves

The preparation of a depreciation study or theoretical depreciation reserve typically incorporates smooth curves to represent the experienced or estimated survival characteristics of the property. The "smoothed" or standard survivor curves generally used are the family of curves developed at Iowa State University which are widely used and accepted throughout the utility industry.

The shape of the curves within the Iowa family are dependent upon whether the maximum rate of retirement occurs before, during or after the average service life. If the maximum retirement rate occurs earlier in life, it is a left (L) mode curve; if occurring at average life, it is a symmetrical (S) mode curve; if it occurs after average life, it is a right (R) mode curve. In addition, there is the origin (O) mode curve for plant which has heavy retirements at the beginning of life.

Many times, actual Company data has not completed its life cycle, therefore, the survivor table generated from the Company data is not extended to zero percent surviving. This situation requires an estimate be made with regard to the remaining segment of the property group's life experience. Further, actual Company experience is often erratic, making its utilization for average service life estimating difficult. Accordingly, the Iowa curves are used to both extend Company experience to zero (0) percent surviving as well as to smooth actual Company data.

Study Procedures

Several study procedures were used to determine the prospective service lives recommended for the Company's plant in service. These include the review and analysis of historical retirements, current and future construction, historical experience and future expectations of salvage and cost of removal as related to plant investment. Service lives are affected by many different factors, some of which can be obtained from studying plant experience, others which may rely heavily on future expectations. When physical aspects are the controlling factor in determining the service life of property, historical experience is a valuable tool in selecting service lives. In the case where changing technology or a less costly alternative develops, then historical experience is of lesser value.

While various methods are available to study historical data, the principal methods utilized to determine average service lives for a Company's property are the Retirement Rate Method, the Simulated Plant Record Method, the Life Span Method, and the Judgement Method.

Retirement Rate Method - The Retirement Rate Method uses actual Company retirement experience to develop a survivor curve (observed life table) which is used to determine the average service life being experienced in the account under study. Computer processing provides the opportunity to review various experience bands throughout the life of the account to observe trends and changes. For each experience band studied, the "observed life table" is constructed based on retirement experience within the band of years. In some cases, the total life of the account has not been achieved and the experienced life table, when plotted, results in a "stub curve." It is this "stub curve" or total life curve, if achieved, which is matched or fitted to a standard Survivor

curve. The matching process is performed both by computer analysis, using a least squares technique, and by manually plotting observed life tables to which smooth curves are fitted. The fitted smooth curve provides the basis to determine the average service life of the property group under study.

Simulated Balances Method - In this method of analysis, simulated surviving balances are determined for each balance included in the test band by multiplying each proceeding years original gross additions installed by the Company by the appropriate factor of each Standard Survivor Curve, summing the products, and comparing the results with the related year end plant balance to determine the "best fitting" curve and life within the test period. Various test bands are reviewed to determine trends or changes to indicated service lives in various bands of years. By definition, the curve with the "best fit" is the curve which produces simulated plant balances that most closely matches the actual plant balances as determined by the sum of the "least squares". The sum of the "least squares" is arrived at by starting with the difference between the simulated balances and the actual balance for a given year, squaring the difference, and the curve which produces the smallest sum (of squared difference) is judged to be the "best fit".

Period Retirements Method - The application of the Period Retirements Method is similar to the "Simulated Plant Balances" Method, except the procedure utilizes an Standard Survivor Curve and service life to simulate annual retirements instead of balances in performing the "least squares" fitting process during the test period. This procedure does tend to experience wider fluctuations due to the greater variations in level of experienced retirements versus additions and balances thereby producing greater variation in the study results.

Life Span Method - The Life Span or Forecast Method is a method utilized to study various accounts in which the expected retirement dates of specific property or locations can be reasonably estimated. In the Life Span Method, an estimated probable retirement year is determined for each location of the property group. An example of this would be a structure account, in which the various segments of the account are "life spanned" to a probable retirement date which is determined after considering a number of factors, such as management plans, industry standards, the original construction date, subsequent additions, resultant average age and the current - as well as the overall - expected service life of the property being studied. If in the past the property has experienced interim retirements, these are studied to determine an interim retirement rate. Otherwise, interim retirement rate parameters are estimated for properties which are anticipated to experience such retirements. The selected interim service life parameters (Iowa curve and life) are then used with the vintage investment and probable retirement year of the property to determine the average remaining life as of the study date. No attempt is made to include any anticipated additions to the property subsequent to the study date. The recovery of such additions if made, is reflected when preparing subsequent depreciation studies.

Judgement Method - Standard quantitative methods such as the Retirement Rate Method, Simulated Plant Record Method, etc. are normally utilized to analyze a Company's available historical service life data. The results of the analysis together with information provided by management as well as judgement are utilized in estimating the prospective recommended average service lives. However, there are some circumstances where sufficient retirements have not occurred, or where prospective plans or guidelines are unavailable. In these circumstances, judgement alone is utilized to estimate service lives

based upon service lives used by other utilities for this class of plant as well as what is considered to be a reasonable life for this plant giving consideration to the current age and use of the facilities.

SECTION 4

Study Results

Account 390.10 - Structures and Improvements

The Company's investment in this account totals $11,700,876 of which a large portion is related to the Company's Building C of the corporate complex. The surviving investment has achieved a current average age of 13.14 years and is presently being depreciated based upon an annual depreciation rate of 2.46 percent. Retirements totaling $4,734,369 occurred relative to this property account over the life of the investment, of which $3.26 million occurred during 1982 and $500,000 plus was retired during 1993. The average overall age of the total retirements was 10.2 years. The 1982 retirement of $3.26 million was related to the sale and lease back of the headquarters building. Furthermore, a 1993 retirement was related to the retirement of a staff training center located at the old Southern Nevada Operations Center.

An analysis of the historical data, excluding the sale lease back transaction, produces a very short life indication of twenty-five (25) plus years. However, based upon the account content and more typical property lives, an Iowa 40-R3 life and curve is recommended for the property investment. Application of the recommended service life parameters to the Company's current surviving investment produces an average remaining life of 27.5 years. Net salvage relative to retirements totaling $786,265 occurring during the period 1985-2002 aggregated approximately five (5) percent. Net salvage of five (5) percent is estimated for the property class and the resulting annual depreciation rate is 2.50 percent.

Account 391.00 - Office Furniture and Equipment

The Company's current investment in office furniture and fixtures totals $7,757,739, has achieved a current average age of 7.0 years, and is presently being depreciated utilizing an annual depreciation rate of 3.99 percent. Retirements totaling $6,574,530, which occurred at an average age of 11.9 years during the overall retirement band, were analyzed via the Retirement Rate Method. This analysis identified that the property has experienced life characteristics representative of an Iowa 14-L2 life and curve. Application of the estimated service life parameters to the Company's current surviving investment produced an average remaining life of 9.1 years for this property account.

An analysis of the Company's historical salvage data during the years 1985-2002 identifies that varying levels of net salvage have been received relative to retirements of property from this account. The overall average net salvage achieved was approximately zero (0) percent positive salvage. In some years, such as 1985, the Company experienced positive salvage. This salvage was related to the Company's prior policy of placing retired property in an inventory account for possible later use. The accounting practice has been since discontinued and the furniture was disposed. Furthermore, measurable levels of positive net salvage is not typically experienced by this property class.

In conjunction with the retirement of office furniture and fixtures companies typically experience little, if any, net salvage. Based upon the Company's recent experience and future expectancies, future net salvage is estimated at zero (0) percent and when utilized together with the recommended service life parameters and the Company's investment produces an average remaining life depreciation rate of 8.16 percent.

Account 391.10 - Computer Equipment

The Company's investment in this account totals $13,757,912, has attained a current average age of 3.9 years, and is presently being depreciated based upon an annual depreciation rate of 30.01 percent. The property in this account is subject to a high level of obsolescence and related replacement due to rapid development of new technology.

During May 1999, the Company completed a Company-wide review of its assets in this account to determine what assets were no longer used in the Company's operations. The result of this analysis indicated that investments totaling $1,283,526 should have been previously retired. Subsequent to the retirement adjustments, the property group's resulting accrued depreciation reserve is extremely low given the property's age and typical useful life. The remaining useful assets are principally PC's and peripheral equipment plus investments in the Company's mapping and field order system.

Retirements totaling $28,711,644, which occurred at an average age of 6.5 years during the overall experience band, were analyzed via the Retirement Rate Method. An analysis of both the overall, as well as the more recent five (5) year band, indicates a service life of approximately six (6) years. This property class, which is impacted by the technological advances, routinely requires an even greater frequency of upgrades and/or replacements. Accordingly, an Iowa 6-L2 life and curve is estimated for this property. Application of the recommended service life parameters to the Company's current surviving investment produces an average remaining life of 3.5 years.

An analysis of the historical salvage data during the period 1985-2002 totaling $28.7 million indicates that several earlier years experienced amounts of positive salvage,

however, overall salvage was approximately one (1) percent. More recent years experience was zero (0) percent. Future retirements of property from this property group are not anticipated to produce measurable amounts of positive net salvage. Accordingly, zero (0) percent future net salvage is estimated for this property group. The resulting annual depreciation rate is 16.15 percent.

Account 392 - Transportation Equipment

The investment in this account totaling $2,904,810 which currently is depreciated utilizing an annual depreciation rate of 6.42 percent, has currently attained an average age of 3.6 years. The Company's current vehicle policy is to utilize automobiles and light trucks for eight (8) years or 80,000 miles, whichever comes first before replacing them with new vehicles. The policy is subject to exceptions of high maintenance costs or other damages which rendered the vehicle uneconomical to repair or operate.

Retirements totaling $3,777,124, which occurred at an average age of 5.4 years were analyzed for the overall experience period, as well as the various other interim bands. This analysis shows that the Company's automobiles are routinely being replaced between ages of less than three (3) to five (5) years. Based upon the retirement rate analysis results, giving consideration to both the overall and recent experience, an Iowa 7-L0 life and curve is estimated for the future life of this property group. Application of the proposed service life parameters to the Company's current surviving investment produces an average remaining life of 5.3 years.

An analysis of the Company's retirements and related salvage during the period 1985-2002 indicates that the Company has continuously received positive salvage relative to disposal of its automobiles. During the overall study period, annual net salvage ranged

from less than five (5) percent to more than twenty-five (25) percent and averaged eighteen (18) percent. Based upon the Company's range of overall experience, future net salvage of fifteen (15) percent was incorporated in developing the resulting depreciation rate for this property. Utilizing the estimated average service life and salvage factors together with the Company's current surviving investment produces an average remaining life depreciation rate of 7.20 percent.

Account 393 - Stores Equipment

The Company's investment in this account totals $29,429, has attained a current average age of 11.9 years, and is presently being depreciated utilizing an annual depreciation rate of 4.45 percent. The account investment is quite small and is related to general storeroom equipment located at the Company's headquarters building. Retirements totaling $21,993, which occurred at an average age of 11.1 years, were analyzed via the Retirement Rate Method which produced a service life indication of an Iowa 14-R1 life and curve. Application of the recommended service life parameters to the Company's current surviving investment produces an average remaining life of 6.6 years.

An analysis of the Company's salvage experience was completed for the period 1985-2002 to identify the level of net salvage achieved with past retirements. The result of the analysis indicates that the Company has experienced no salvage. This property group currently has a negative depreciation reserve balance (see Section 1 page 1-3 of this report for a discussion of the reasons for the negative reserve balance and the basis for recovery of the un-recovered investment). Based upon the Company's experience, future net salvage is estimated at zero (0) percent and the resulting annual depreciation rate is 16.03 percent.

Account 394 - Tools, Shop and Garage Equipment

The investment in this account totaling $227,375 is related to tools, garage, and work equipment utilized to train Company employees to provide service to the Company's customers. The current property investment has attained an average age of 6.5 years and is presently being depreciated by an annual depreciation rate of 4.10 percent.

Retirements totaling $146,131, which occurred at an average age of 10.7 years were analyzed via the Retirement Rate Method. The overall analysis of this account identifies that the property group has been achieving an average service life of approximately fourteen (14) years. Based upon the overall life indication, an Iowa 14-L0.5 life and curve is being utilized for this property group and when applied to the current surviving investment produces an average remaining life of 10.3 years. This property group currently has a negative depreciation reserve balance (see Section 1 page 1-3 of this report for a discussion of the reasons for the negative reserve balance and the basis for recovery of the un-recovered investment).

The net salvage experience was analyzed for the period 1985-2002 and identified that the Company has experienced no net salvage in conjunction with retirements during the study period. Based upon recent experience, future net salvage is estimated at zero (0) percent. The resulting recommended annual depreciation rate is 11.16 percent.

Account 395 - Laboratory Equipment

The Company's current investment in this account totals $229,994 and is currently being depreciated utilizing an annual depreciation rate of 3.05 percent. The surviving property investment has attained a current average age of 11.8 years. Retirements during the study period totaling $71,607, which occurred at an average age of 13.6 years, were

analyzed via the Retirement Rate Method. The analysis of the limited available data provided a general life indication of twenty-three (23) years. Accordingly, an average service life of an Iowa 23-R1.5 is recommended for this property group giving consideration to general industry lives. Application of the recommended service life parameters to the Company's current surviving investment produces an average remaining life of 14.1 years.

The Company's available historical salvage data was analyzed during the period 1985-2002 and identified that the property retirements have experienced no net salvage. Based upon the experience, future net salvage is estimated at zero (0) percent and when combined with the recommended service life parameters and the current investment produces an average remaining life depreciation rate of 4.77 percent.

Account 397 - Communication Equipment

This investment, which totals $4,849,540, is related to a data network and the Company's telephone system. The Company's investment in this account is currently depreciated utilizing an annual depreciation rate of 9.88 percent and has attained a current average age of 5.4 years.

Historical retirements totaling $1,319,273, which occurred at an average age of 9.7 years over the life of the account, were analyzed via the Retirement Rate Method and produced a general average service life indication of eleven (11) years. Based upon the historical data analysis results, as well as the account content, an Iowa 11-R3 life and curve is recommended for this property and when applied to current surviving investment produces an average remaining life of 6.2 years.

An analysis of the Company's salvage experience for the years 1985-2002 indicates that only limited amounts of salvage were achieved relative to past property retirements.

The overall average was less than one (1) percent. Based upon recent experience, future net salvage is estimated at zero (0) percent and the resulting recommended remaining life depreciation rate is 8.51 percent.

Account 397.20 - Telemetry Equipment

The Company's current surviving investment totals $454,151 which has achieved a current average age of 4.5 years and is presently being depreciated utilizing an annual depreciation rate of 20.38 percent. An analysis of retirements totaling $1,004,079, which occurred at an average age of 5.4 years was completed via the Retirement Rate Method. Based upon these analysis results, along with consideration of the account content and future expectations, a service life of an Iowa 8-R3 life and curve is estimated for this property group. Application of the recommended service life parameters to the Company's surviving investment produces an average remaining life of 4.0 years. This property group currently has a negative depreciation reserve balance (see Section 1 page 1-3 of this report for a discussion of the reasons for the negative reserve balance and the basis for recovery of the un-recovered investment).

Net salvage relative to past retirements of property from this account was studied for the period 1985-2002. Based upon the available historical information, and future expectations, future net salvage is estimated at zero (0) percent and when combined with the service life parameters and current surviving investment produces an average remaining life depreciation rate of 40.23 percent.

Account 398 - Miscellaneous Equipment

The present surviving investment in this account totals $720,287, has attained a current average age of 5.9 years, and is presently being depreciated utilizing an annual

depreciation rate of 5.65 percent. Retirements totaling $805,451, which occurred at an average age of 12.5 years, were analyzed via the Retirement Rate Method and provided the basis of the estimated Iowa 14-L0.5 service life parameters. Application of the recommended life and curve to the Company's current surviving investment produces an average remaining life of 10.8 years. The investment in this property account is generally related to audio/visual equipment, as well as safety and training equipment. This property group currently has a negative depreciation reserve balance (see Section 1 page 1-3 of this report for a discussion of the reasons for the negative reserve balance and the basis for recovery of the un-recovered investment).

An analysis of the Company's salvage experience relative to retirements from this account was studied for the period 1985-2002. This analysis identified that net salvage levels have varied, averaging less than one (1) percent overall, while more recent years have been zero (0) percent. Accordingly, future net salvage is estimated at zero (0) percent. The resulting annual depreciation rate is 11.09 percent.

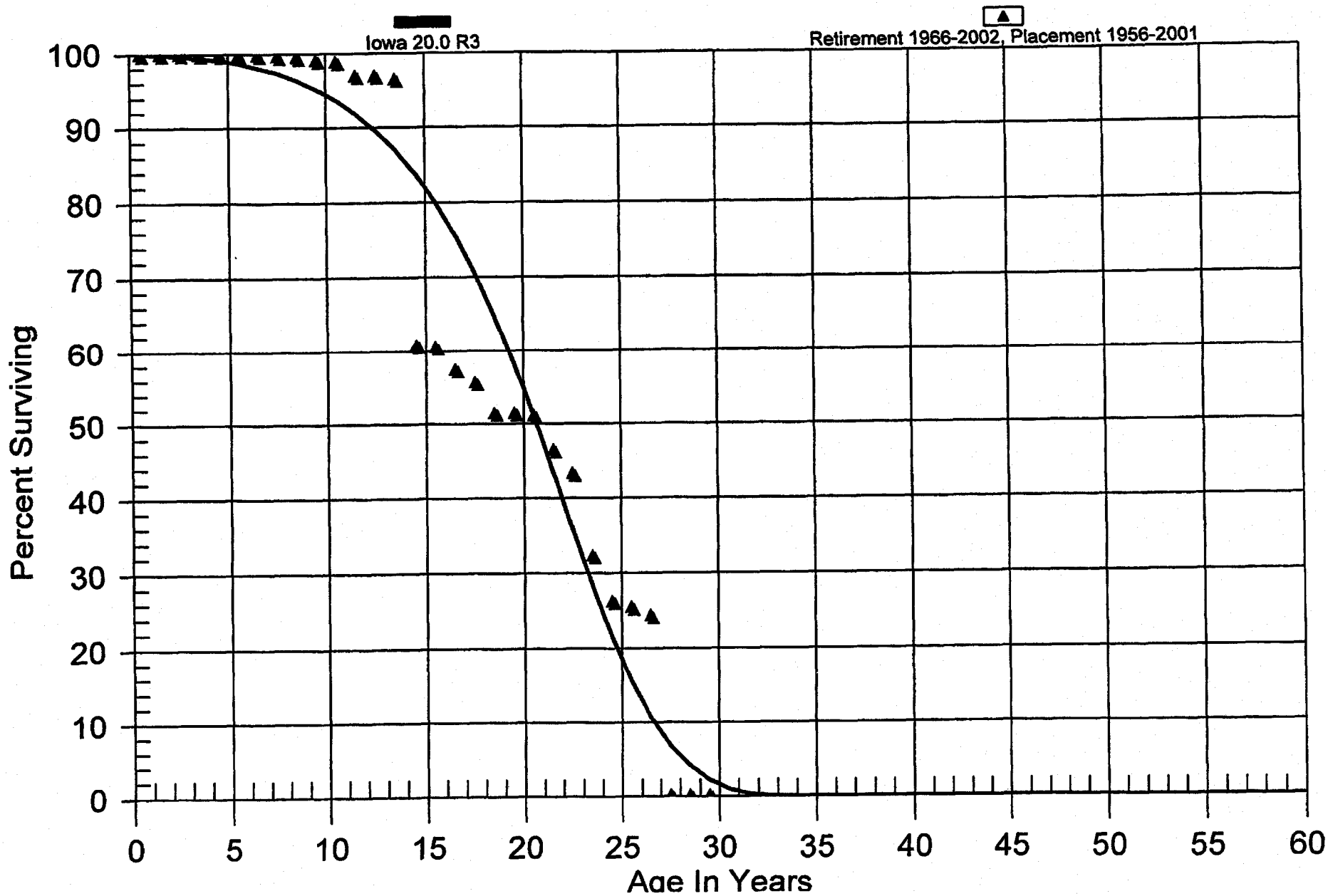
SECTION 5

Southwest Gas Corporation

System Allocable Plant

390.10 STRUCTURES - OWNED

Original And Smooth Survivor Curves



Southwest Gas Corporation
System Allocable Plant
390.10 STRUCTURES - OWNED

Observed Life Table

Retirement Expr. 1966 TO 2002
Placement Years 1956 TO 2001

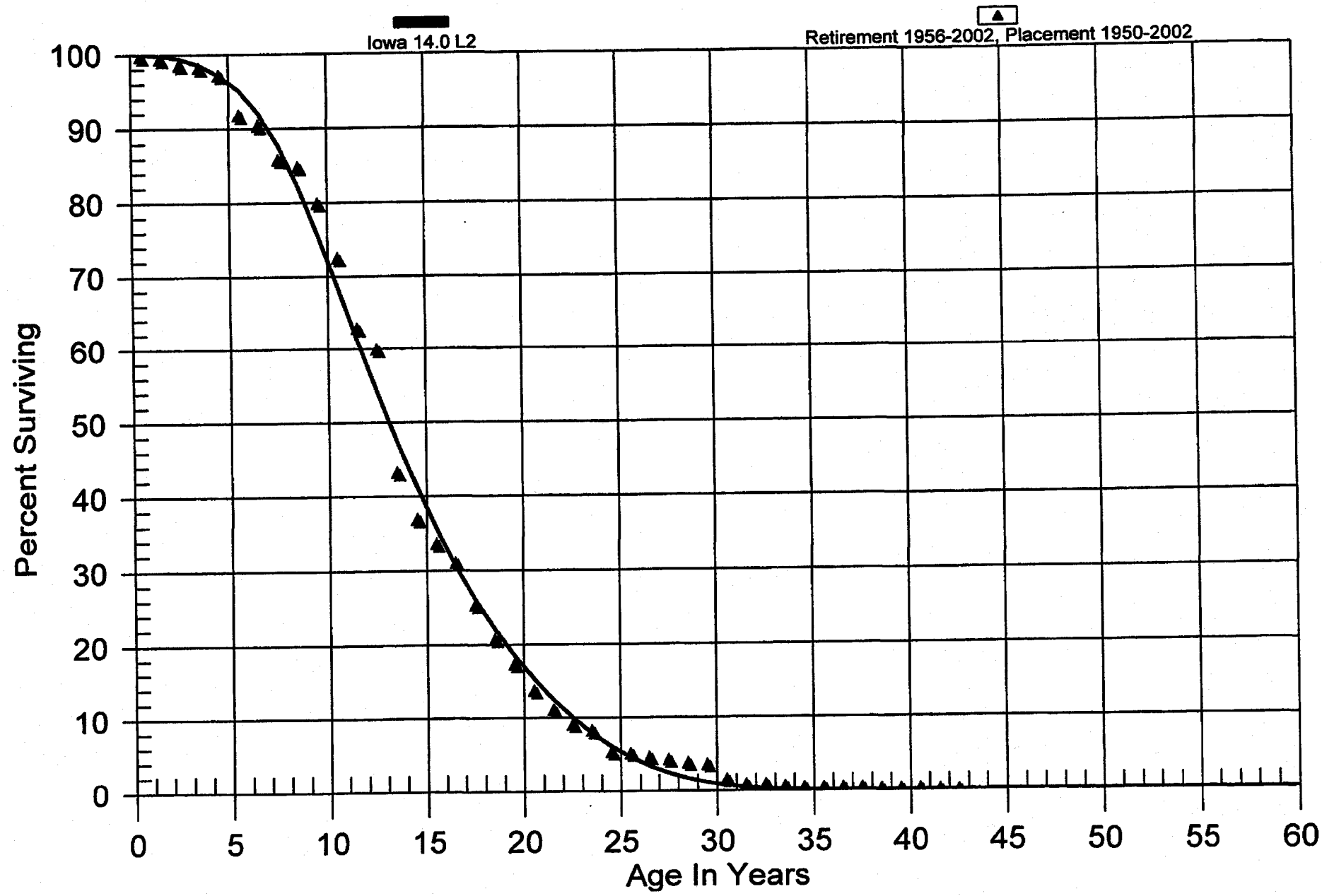
Age Interval	*$ Surviving At Beginning of Age Interval*	*$ Retired During The Age Interval*	*Retirement Ratio*	*% Surviving At Beginning of Age Interval*
0.0 - 0.5	$15,769,678.00	$0.00	0.00000	100.00
0.5 - 1.5	$15,778,758.00	$0.00	0.00000	100.00
1.5 - 2.5	$15,520,030.00	$3,277.00	0.00021	100.00
2.5 - 3.5	$15,152,100.00	$2,881.00	0.00019	99.98
3.5 - 4.5	$15,051,194.00	$10,757.00	0.00071	99.96
4.5 - 5.5	$15,045,771.00	$4,973.00	0.00033	99.89
5.5 - 6.5	$14,945,520.00	$313.00	0.00002	99.86
6.5 - 7.5	$14,952,282.00	$25,870.00	0.00173	99.85
7.5 - 8.5	$15,139,267.00	$14,997.00	0.00099	99.68
8.5 - 9.5	$12,548,437.00	$53,954.00	0.00430	99.58
9.5 - 10.5	$12,472,260.00	$30,571.00	0.00245	99.15
10.5 - 11.5	$12,396,403.00	$236,612.00	0.01909	98.91
11.5 - 12.5	$12,147,214.00	$3,523.00	0.00029	97.02
12.5 - 13.5	$12,090,319.00	$59,983.00	0.00496	96.99
13.5 - 14.5	$1,502,063.00	$554,310.00	0.36903	96.51
14.5 - 15.5	$945,688.00	$4,389.00	0.00464	60.90
15.5 - 16.5	$463,804.00	$23,663.00	0.05102	60.61
16.5 - 17.5	$440,141.00	$13,838.00	0.03144	57.52
17.5 - 18.5	$426,303.00	$32,298.00	0.07576	55.71
18.5 - 19.5	$394,005.00	$0.00	0.00000	51.49
19.5 - 20.5	$394,005.00	$2,631.00	0.00668	51.49
20.5 - 21.5	$391,374.00	$35,564.00	0.09087	51.15
21.5 - 22.5	$355,810.00	$24,274.00	0.06822	46.50
22.5 - 23.5	$331,536.00	$84,006.00	0.25338	43.33
23.5 - 24.5	$247,530.00	$46,360.00	0.18729	32.35
24.5 - 25.5	$201,170.00	$5,869.00	0.02917	26.29
25.5 - 26.5	$195,301.00	$8,684.00	0.04446	25.52
26.5 - 27.5	$186,617.00	$185,228.00	0.99256	24.39
27.5 - 28.5	$1,389.00	$0.00	0.00000	0.18
28.5 - 29.5	$1,389.00	$0.00	0.00000	0.18

Southwest Gas Corporation

System Allocable Plant

391.00 OFFICE FURITURE & EQUIPMENT

Original And Smooth Survivor Curves



Southwest Gas Corporation
System Allocable Plant
391.00 OFFICE FURITURE & EQUIPMENT
Observed Life Table
Retirement Expr. 1956 TO 2002
Placement Years 1950 TO 2002

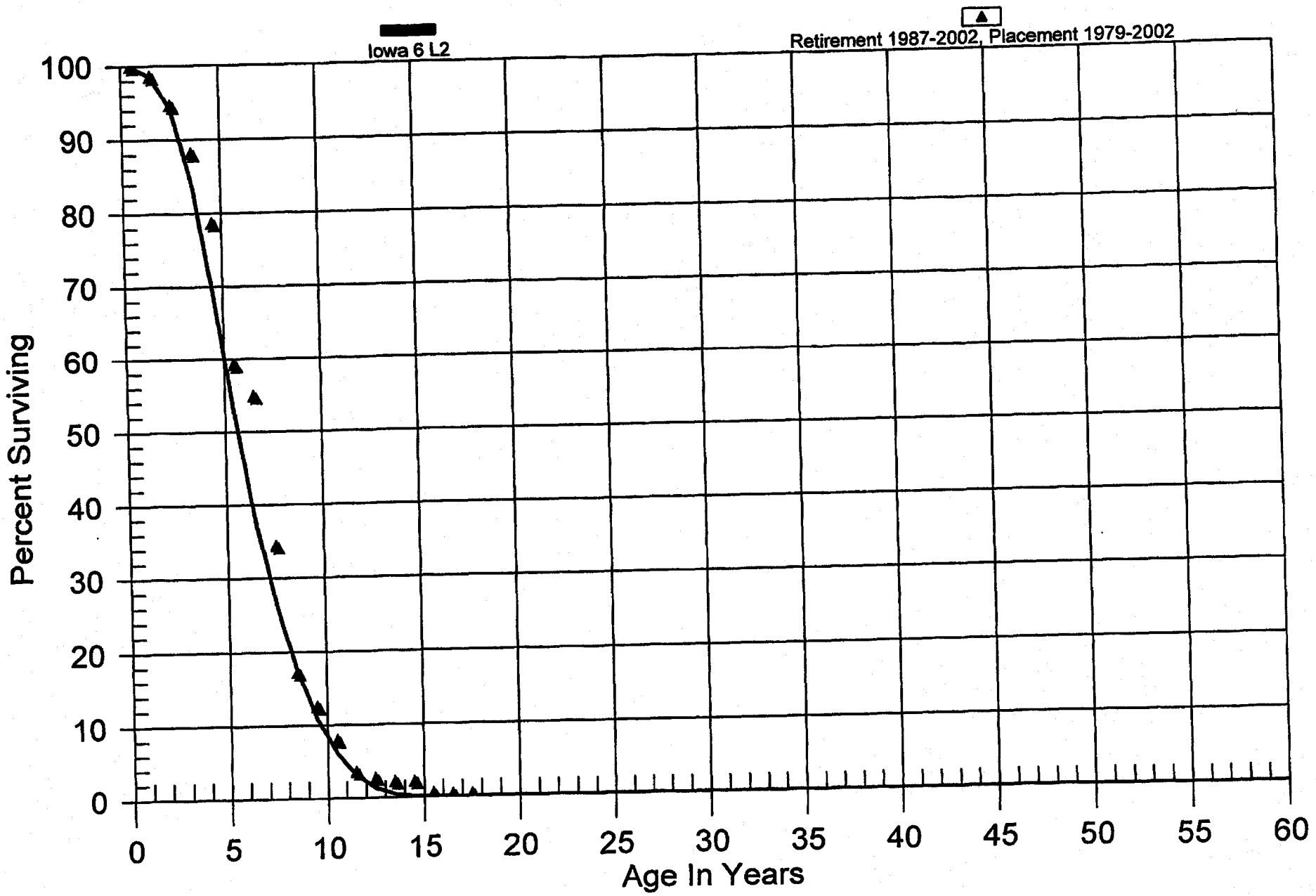
Age Interval	*$ Surviving At Beginning of Age Interval*	*$ Retired During The Age Interval*	*Retirement Ratio*	*% Surviving At Beginning of Age Interval*
0.0 - 0.5	$14,328,224.00	$32,357.00	0.00226	100.00
0.5 - 1.5	$13,480,014.00	$50,373.00	0.00374	99.77
1.5 - 2.5	$12,164,021.00	$105,289.00	0.00866	99.40
2.5 - 3.5	$11,833,022.00	$41,602.00	0.00352	98.54
3.5 - 4.5	$10,815,148.00	$111,634.00	0.01032	98.19
4.5 - 5.5	$10,149,098.00	$560,253.00	0.05520	97.18
5.5 - 6.5	$9,238,808.00	$137,138.00	0.01484	91.82
6.5 - 7.5	$8,779,993.00	$445,332.00	0.05072	90.45
7.5 - 8.5	$8,032,421.00	$97,992.00	0.01220	85.87
8.5 - 9.5	$7,700,873.00	$444,032.00	0.05766	84.82
9.5 - 10.5	$6,188,259.00	$575,936.00	0.09307	79.93
10.5 - 11.5	$5,544,299.00	$733,647.00	0.13232	72.49
11.5 - 12.5	$4,690,522.00	$218,893.00	0.04667	62.90
12.5 - 13.5	$4,413,218.00	$1,231,692.00	0.27909	59.96
13.5 - 14.5	$3,029,928.00	$439,895.00	0.14518	43.23
14.5 - 15.5	$2,442,231.00	$220,246.00	0.09018	36.95
15.5 - 16.5	$2,061,915.00	$155,681.00	0.07550	33.62
16.5 - 17.5	$1,790,462.00	$329,246.00	0.18389	31.08
17.5 - 18.5	$1,212,482.00	$220,033.00	0.18147	25.36
18.5 - 19.5	$728,704.00	$119,647.00	0.16419	20.76
19.5 - 20.5	$597,512.00	$123,422.00	0.20656	17.35
20.5 - 21.5	$360,770.00	$68,465.00	0.18977	13.77
21.5 - 22.5	$237,539.00	$42,949.00	0.18081	11.16
22.5 - 23.5	$189,520.00	$17,241.00	0.09097	9.14
23.5 - 24.5	$55,732.00	$19,584.00	0.35140	8.31
24.5 - 25.5	$36,148.00	$1,282.00	0.03547	5.39
25.5 - 26.5	$33,757.00	$3,350.00	0.09924	5.20
26.5 - 27.5	$30,407.00	$2,468.00	0.08117	4.68
27.5 - 28.5	$26,829.00	$2,656.00	0.09900	4.30
28.5 - 29.5	$24,173.00	$1,357.00	0.05614	3.88
29.5 - 30.5	$22,816.00	$12,778.00	0.56005	3.66
30.5 - 31.5	$10,038.00	$4,401.00	0.43843	1.61
31.5 - 32.5	$5,637.00	$0.00	0.00000	0.90
32.5 - 33.5	$3,659.00	$1,027.00	0.28068	0.90
33.5 - 34.5	$2,632.00	$931.00	0.35372	0.65
34.5 - 35.5	$1,701.00	$0.00	0.00000	0.42
35.5 - 36.5	$1,701.00	$0.00	0.00000	0.42

Southwest Gas Corporation

System Allocable Plant

391.10 COMPUTER EQUIPMENT

Original And Smooth Survivor Curves



Southwest Gas Corporation
System Allocable Plant
391.10 COMPUTER EQUIPMENT

Observed Life Table

Retirement Expr. 1987 TO 2002
Placement Years 1979 TO 2002

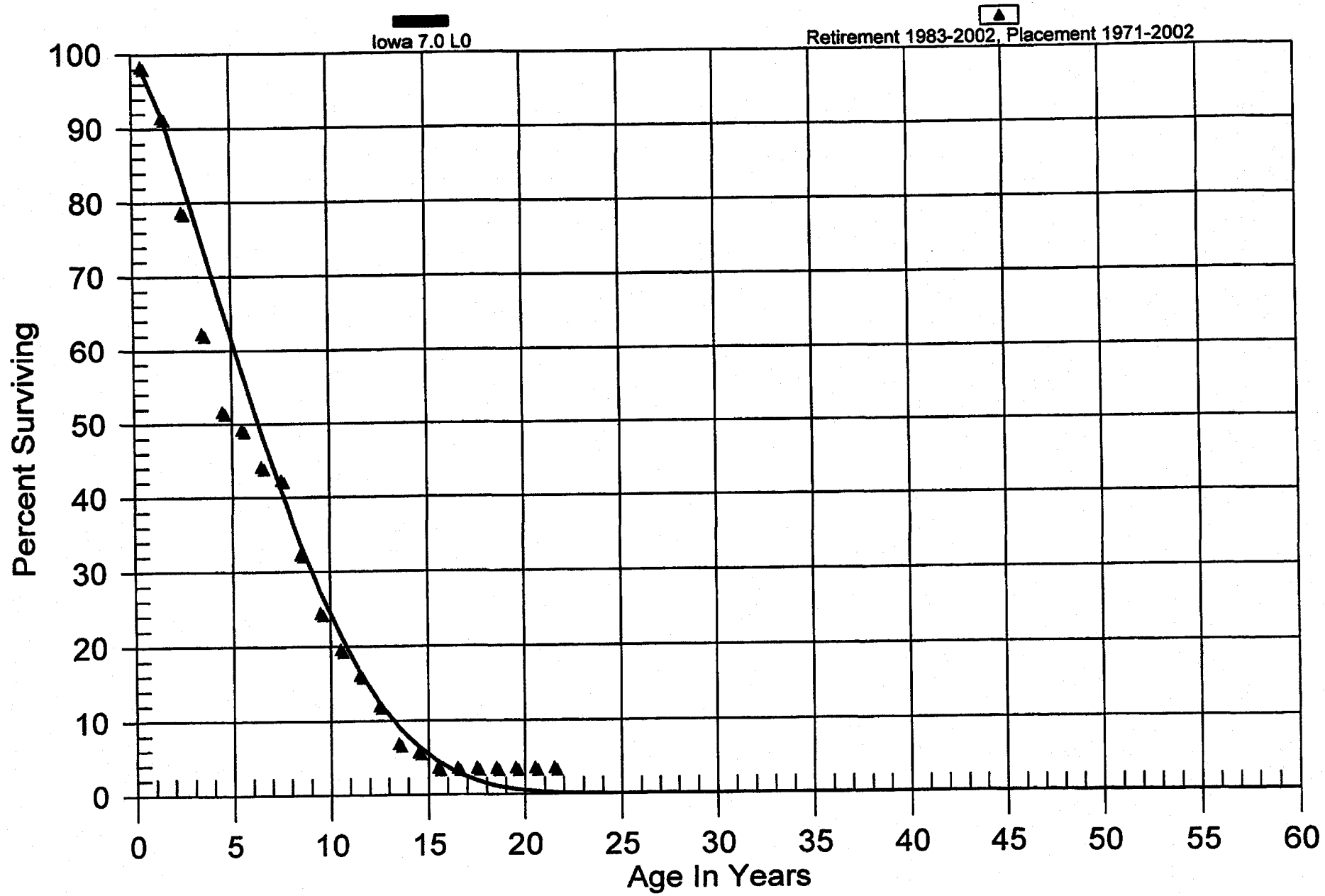
Age Interval	*$ Surviving At Beginning of Age Interval*	*$ Retired During The Age Interval*	*Retirement Ratio*	*% Surviving At Beginning of Age Interval*
0.0 - 0.5	$36,447,984.00	$7,732.00	0.00021	100.00
0.5 - 1.5	$39,214,152.00	$540,745.00	0.01379	99.98
1.5 - 2.5	$36,305,626.00	$1,437,789.00	0.03960	98.60
2.5 - 3.5	$33,691,578.00	$2,312,334.00	0.06863	94.70
3.5 - 4.5	$29,515,373.00	$3,182,239.00	0.10782	88.20
4.5 - 5.5	$25,946,519.00	$6,414,264.00	0.24721	78.69
5.5 - 6.5	$18,309,066.00	$1,349,096.00	0.07368	59.23
6.5 - 7.5	$15,986,089.00	$5,942,296.00	0.37172	54.87
7.5 - 8.5	$8,463,682.00	$4,238,645.00	0.50080	34.47
8.5 - 9.5	$3,667,955.00	$997,703.00	0.27201	17.21
9.5 - 10.5	$2,494,145.00	$900,004.00	0.36085	12.53
10.5 - 11.5	$1,581,255.00	$877,735.00	0.55509	8.01
11.5 - 12.5	$683,718.00	$167,100.00	0.24440	3.56
12.5 - 13.5	$503,329.00	$90,051.00	0.17891	2.69
13.5 - 14.5	$408,874.00	$1,056.00	0.00258	2.21
14.5 - 15.5	$309,818.00	$237,237.00	0.76573	2.20
15.5 - 16.5	$57,072.00	$12,628.00	0.22126	0.52
16.5 - 17.5	$2,990.00	$368.00	0.12308	0.40

Southwest Gas Corporation

System Allocable Plant

392.00 TRANSPORTATION EQUIPMENT

Original And Smooth Survivor Curves



Southwest Gas Corporation
System Allocable Plant
392.00 TRANSPORTATION EQUIPMENT
Observed Life Table
Retirement Expr. 1983 TO 2002
Placement Years 1971 TO 2002

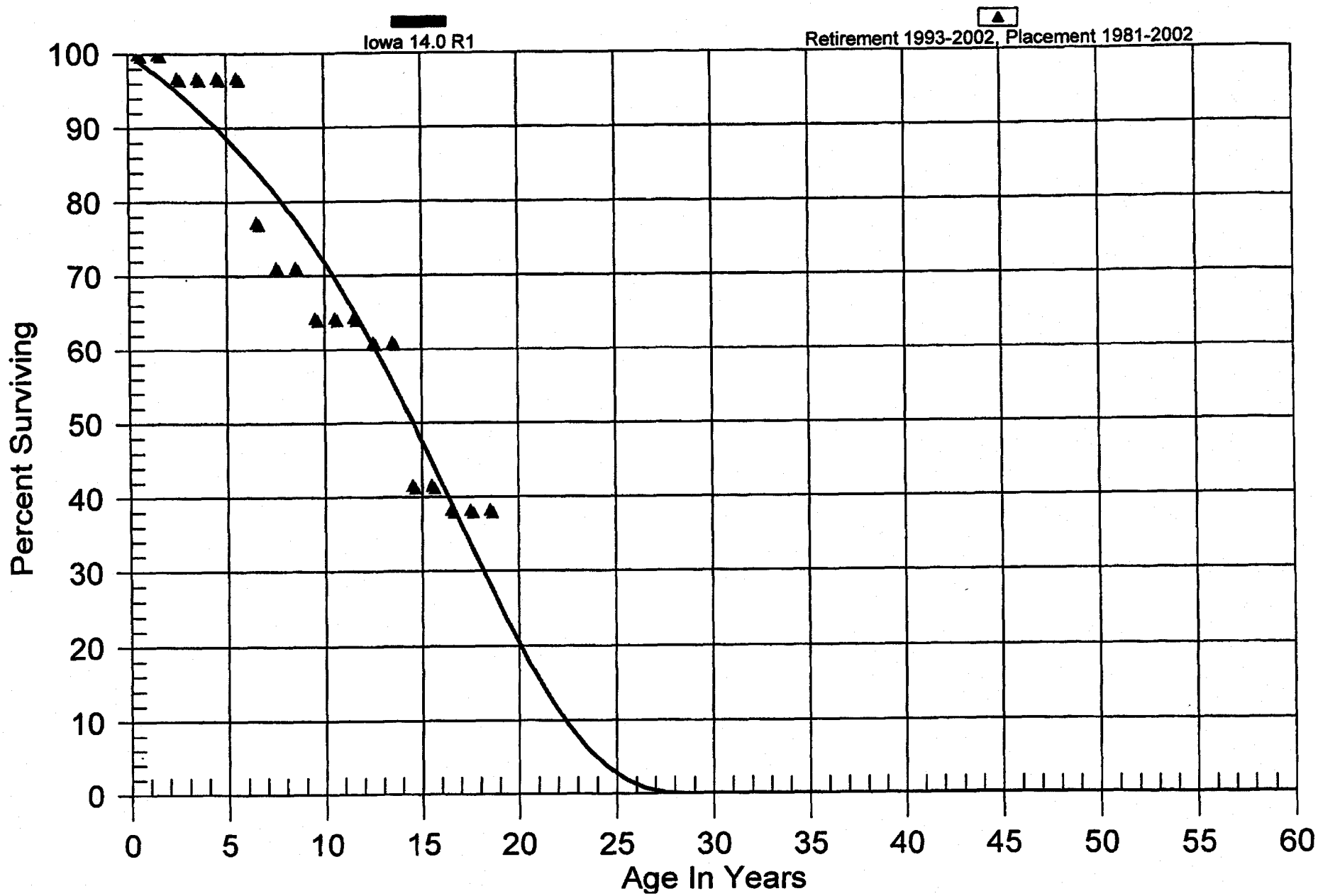
Age Interval	*$ Surviving At Beginning of Age Interval*	*$ Retired During The Age Interval*	*Retirement Ratio*	*% Surviving At Beginning of Age Interval*
0.0 - 0.5	$6,353,064.00	$105,608.00	0.01662	100.00
0.5 - 1.5	$5,935,576.00	$412,128.00	0.06943	98.34
1.5 - 2.5	$4,646,346.00	$650,233.00	0.13995	91.51
2.5 - 3.5	$3,794,007.00	$790,590.00	0.20838	78.70
3.5 - 4.5	$2,867,116.00	$490,900.00	0.17122	62.30
4.5 - 5.5	$2,052,468.00	$94,892.00	0.04623	51.64
5.5 - 6.5	$1,748,582.00	$179,956.00	0.10292	49.25
6.5 - 7.5	$1,466,949.00	$60,619.00	0.04132	44.18
7.5 - 8.5	$1,140,735.00	$269,019.00	0.23583	42.35
8.5 - 9.5	$836,626.00	$205,209.00	0.24528	32.37
9.5 - 10.5	$616,107.00	$122,332.00	0.19856	24.43
10.5 - 11.5	$471,395.00	$82,033.00	0.17402	19.58
11.5 - 12.5	$418,042.00	$106,745.00	0.25535	16.17
12.5 - 13.5	$286,258.00	$121,707.00	0.42517	12.04
13.5 - 14.5	$162,886.00	$26,996.00	0.16574	6.92
14.5 - 15.5	$79,082.00	$29,477.00	0.37274	5.77
15.5 - 16.5	$28,680.00	$0.00	0.00000	3.62
16.5 - 17.5	$28,680.00	$0.00	0.00000	3.62
17.5 - 18.5	$28,680.00	$0.00	0.00000	3.62
18.5 - 19.5	$28,680.00	$334.00	0.01165	3.62
19.5 - 20.5	$28,346.00	$0.00	0.00000	3.58
20.5 - 21.5	$28,346.00	$0.00	0.00000	3.58

Southwest Gas Corporation

System Allocable Plant

393.00 STORES EQUIPMENT

Original And Smooth Survivor Curves



Southwest Gas Corporation
System Allocable Plant
393.00 STORES EQUIPMENT

Observed Life Table

Retirement Expr. 1993 TO 2002
Placement Years 1981 TO 2002

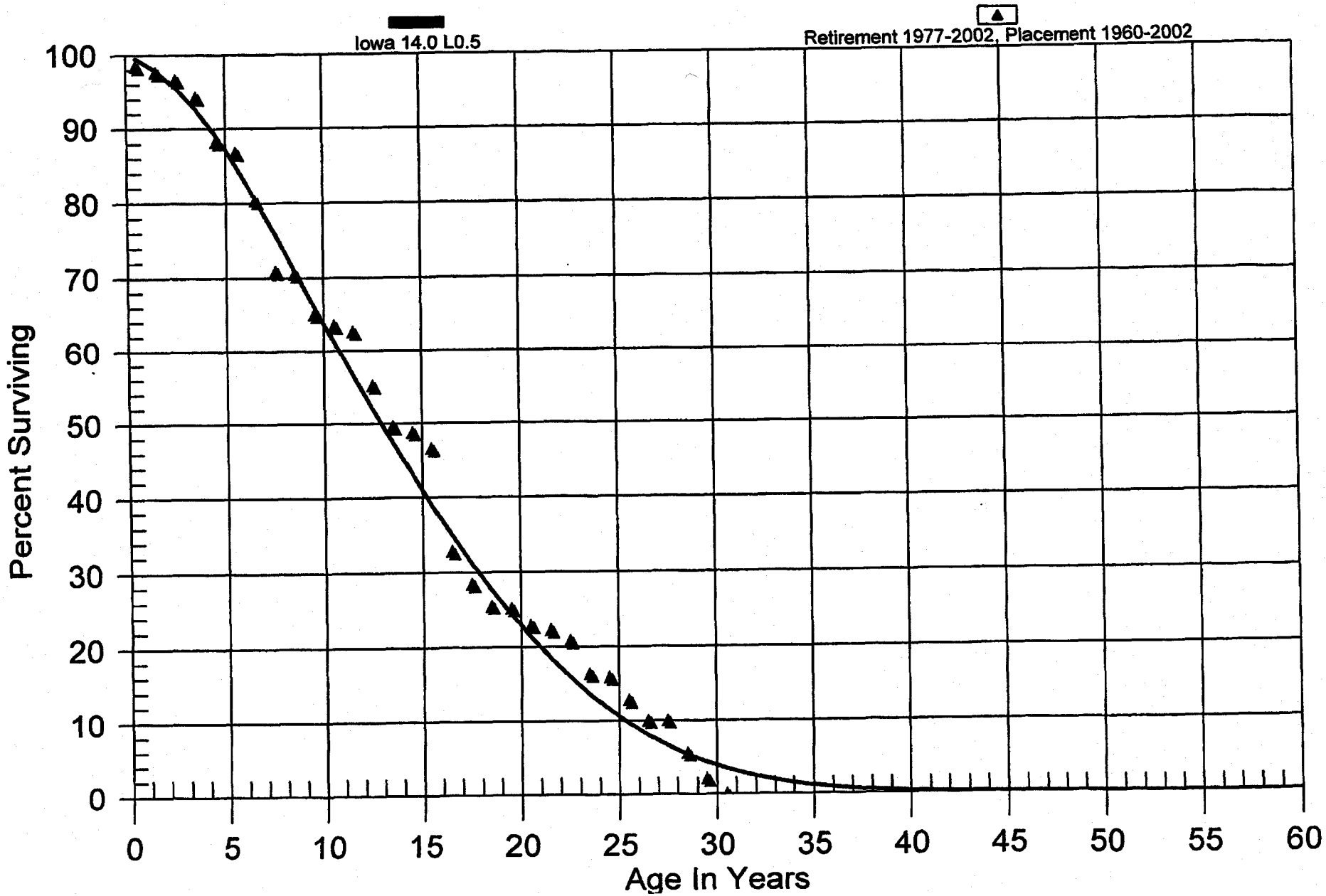
Age Interval	*$ Surviving At Beginning of Age Interval*	*$ Retired During The Age Interval*	*Retirement Ratio*	*% Surviving At Beginning of Age Interval*
0.0 - 0.5	$18,860.00	$0.00	0.00000	100.00
0.5 - 1.5	$14,862.00	$0.00	0.00000	100.00
1.5 - 2.5	$16,352.00	$530.00	0.03241	100.00
2.5 - 3.5	$15,822.00	$0.00	0.00000	96.76
3.5 - 4.5	$17,200.00	$0.00	0.00000	96.76
4.5 - 5.5	$22,965.00	$0.00	0.00000	96.76
5.5 - 6.5	$22,965.00	$4,638.00	0.20196	96.76
6.5 - 7.5	$28,114.00	$2,245.00	0.07985	77.22
7.5 - 8.5	$35,841.00	$0.00	0.00000	71.05
8.5 - 9.5	$36,485.00	$3,471.00	0.09513	71.05
9.5 - 10.5	$26,145.00	$0.00	0.00000	64.29
10.5 - 11.5	$26,145.00	$0.00	0.00000	64.29
11.5 - 12.5	$26,846.00	$1,378.00	0.05133	64.29
12.5 - 13.5	$25,468.00	$0.00	0.00000	60.99
13.5 - 14.5	$25,468.00	$8,099.00	0.31801	60.99
14.5 - 15.5	$11,604.00	$0.00	0.00000	41.60
15.5 - 16.5	$11,604.00	$931.00	0.08023	41.60
16.5 - 17.5	$10,673.00	$0.00	0.00000	38.26
17.5 - 18.5	$701.00	$0.00	0.00000	38.26

Southwest Gas Corporation

System Allocable Plant

394.00 TOOLS, SHOP & GARAGE EQ.

Original And Smooth Survivor Curves



Southwest Gas Corporation
System Allocable Plant
394.00 TOOLS, SHOP & GARAGE EQ.

Observed Life Table

Retirement Expr. 1977 TO 2002
Placement Years 1960 TO 2002

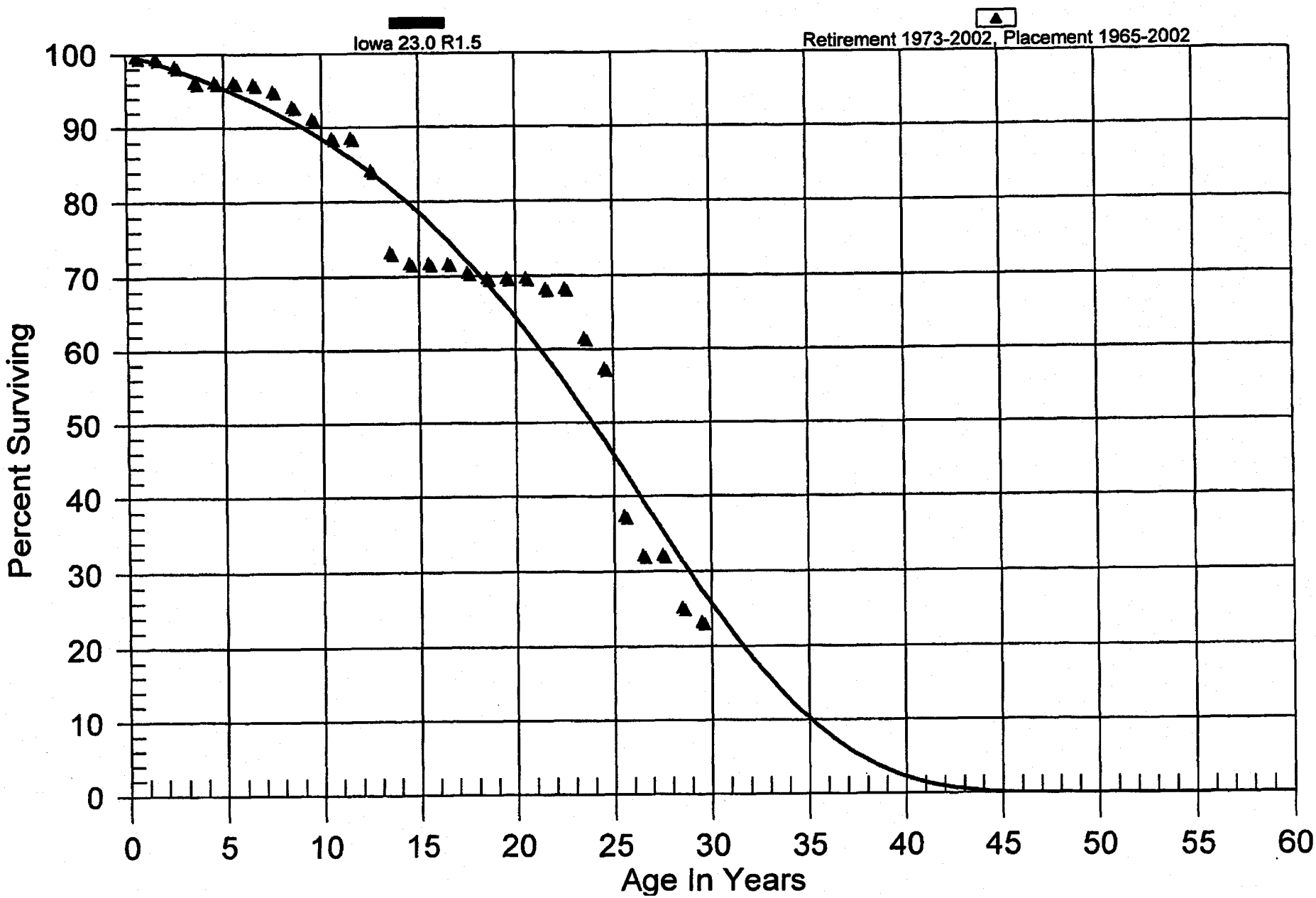
Age Interval	*$ Surviving At Beginning of Age Interval*	*$ Retired During The Age Interval*	*Retirement Ratio*	*% Surviving At Beginning of Age Interval*
0.0 - 0.5	$359,731.00	$5,466.00	0.01519	100.00
0.5 - 1.5	$356,757.00	$2,905.00	0.00814	98.48
1.5 - 2.5	$316,905.00	$3,357.00	0.01059	97.68
2.5 - 3.5	$290,612.00	$6,985.00	0.02404	96.64
3.5 - 4.5	$252,636.00	$16,239.00	0.06428	94.32
4.5 - 5.5	$223,238.00	$3,741.00	0.01676	88.26
5.5 - 6.5	$215,618.00	$15,958.00	0.07401	86.78
6.5 - 7.5	$189,461.00	$22,279.00	0.11759	80.36
7.5 - 8.5	$152,679.00	$829.00	0.00543	70.91
8.5 - 9.5	$125,511.00	$9,737.00	0.07758	70.52
9.5 - 10.5	$103,799.00	$2,453.00	0.02363	65.05
10.5 - 11.5	$70,415.00	$927.00	0.01316	63.51
11.5 - 12.5	$68,826.00	$8,208.00	0.11926	62.68
12.5 - 13.5	$60,618.00	$6,168.00	0.10175	55.20
13.5 - 14.5	$49,667.00	$785.00	0.01581	49.59
14.5 - 15.5	$48,152.00	$2,193.00	0.04554	48.80
15.5 - 16.5	$43,827.00	$12,975.00	0.29605	46.58
16.5 - 17.5	$30,867.00	$4,067.00	0.13176	32.79
17.5 - 18.5	$26,800.00	$2,838.00	0.10590	28.47
18.5 - 19.5	$23,962.00	$306.00	0.01277	25.45
19.5 - 20.5	$23,656.00	$2,084.00	0.08810	25.13
20.5 - 21.5	$21,572.00	$587.00	0.02721	22.92
21.5 - 22.5	$20,985.00	$1,370.00	0.06528	22.29
22.5 - 23.5	$19,615.00	$4,196.00	0.21392	20.84
23.5 - 24.5	$15,419.00	$448.00	0.02906	16.38
24.5 - 25.5	$14,971.00	$2,915.00	0.19471	15.90
25.5 - 26.5	$6,115.00	$1,314.00	0.21488	12.81
26.5 - 27.5	$4,801.00	$0.00	0.00000	10.06
27.5 - 28.5	$4,801.00	$2,127.00	0.44303	10.06
28.5 - 29.5	$2,674.00	$1,664.00	0.62229	5.60
29.5 - 30.5	$1,010.00	$995.00	0.98515	2.12

Southwest Gas Corporation

System Allocable Plant

395.00 LABORATORY EQUIP.

Original And Smooth Survivor Curves



Southwest Gas Corporation
System Allocable Plant
395.00 LABORATORY EQUIP.

Observed Life Table

Retirement Expr. 1973 TO 2002
Placement Years 1965 TO 2002

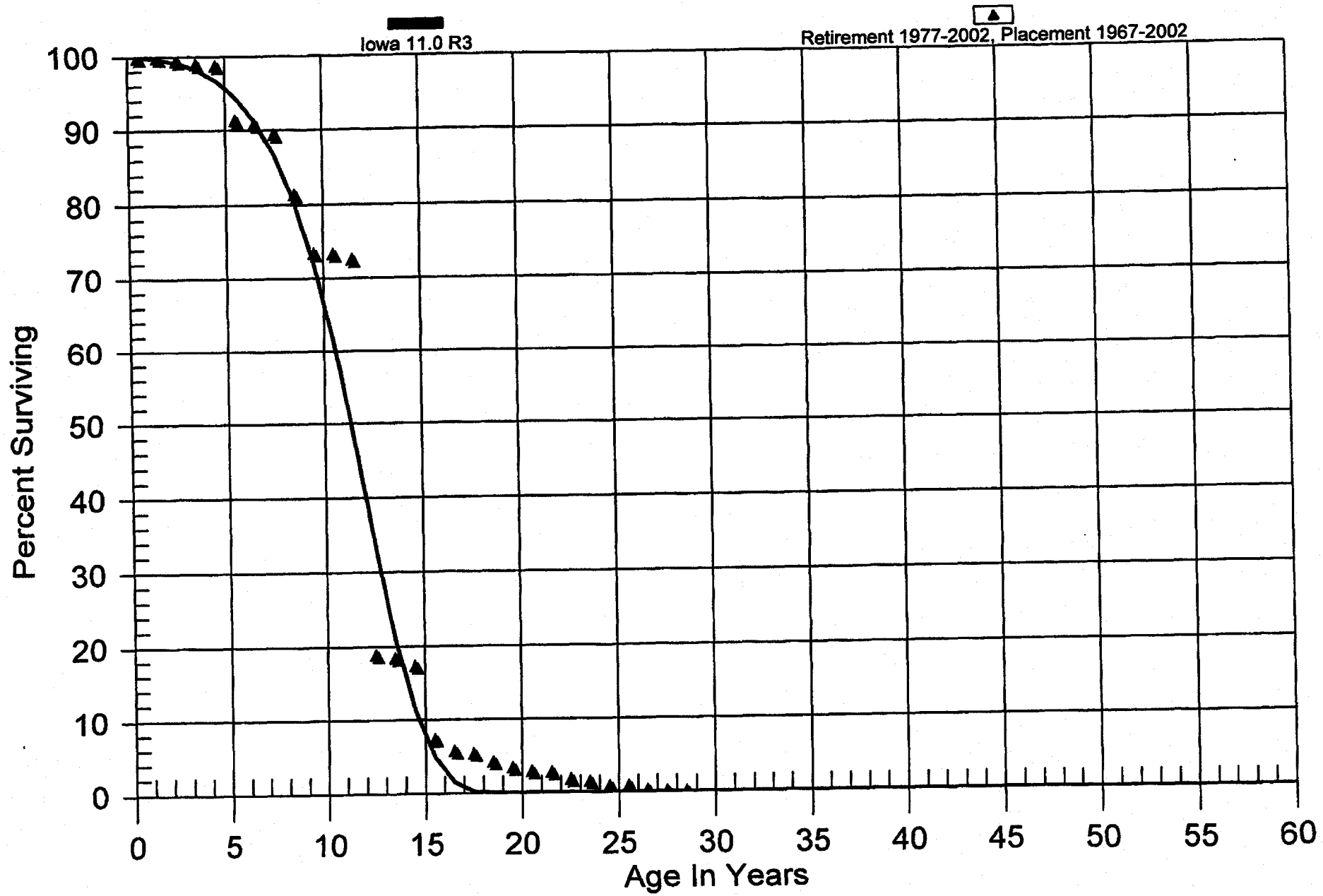
Age Interval	*$ Surviving At Beginning of Age Interval*	*$ Retired During The Age Interval*	*Retirement Ratio*	*% Surviving At Beginning of Age Interval*
0.0 - 0.5	$292,919.00	$912.00	0.00311	100.00
0.5 - 1.5	$275,330.00	$843.00	0.00306	99.69
1.5 - 2.5	$274,487.00	$2,865.00	0.01044	99.38
2.5 - 3.5	$273,930.00	$5,942.00	0.02169	98.35
3.5 - 4.5	$273,162.00	$0.00	0.00000	96.21
4.5 - 5.5	$273,162.00	$0.00	0.00000	96.21
5.5 - 6.5	$273,162.00	$814.00	0.00298	96.21
6.5 - 7.5	$269,625.00	$2,705.00	0.01003	95.93
7.5 - 8.5	$259,599.00	$5,660.00	0.02180	94.96
8.5 - 9.5	$251,552.00	$4,574.00	0.01818	92.89
9.5 - 10.5	$230,724.00	$6,568.00	0.02847	91.20
10.5 - 11.5	$222,792.00	$0.00	0.00000	88.61
11.5 - 12.5	$168,973.00	$8,297.00	0.04910	88.61
12.5 - 13.5	$116,750.00	$15,239.00	0.13053	84.26
13.5 - 14.5	$47,960.00	$985.00	0.02054	73.26
14.5 - 15.5	$45,385.00	$0.00	0.00000	71.75
15.5 - 16.5	$36,425.00	$0.00	0.00000	71.75
16.5 - 17.5	$32,159.00	$551.00	0.01713	71.75
17.5 - 18.5	$31,608.00	$331.00	0.01047	70.53
18.5 - 19.5	$31,277.00	$0.00	0.00000	69.79
19.5 - 20.5	$15,321.00	$0.00	0.00000	69.79
20.5 - 21.5	$15,321.00	$316.00	0.02063	69.79
21.5 - 22.5	$15,005.00	$0.00	0.00000	68.35
22.5 - 23.5	$15,005.00	$1,485.00	0.09897	68.35
23.5 - 24.5	$13,520.00	$926.00	0.06849	61.58
24.5 - 25.5	$12,594.00	$4,362.00	0.34636	57.37
25.5 - 26.5	$8,232.00	$1,159.00	0.14079	37.50
26.5 - 27.5	$7,073.00	$0.00	0.00000	32.22
27.5 - 28.5	$7,073.00	$1,538.00	0.21745	32.22
28.5 - 29.5	$5,535.00	$419.00	0.07570	25.21

Southwest Gas Corporation

System Allocable Plant

397.00 COMMUNICATION EQUIPMENT

Original And Smooth Survivor Curves



Southwest Gas Corporation
System Allocable Plant
397.00 COMMUNICATION EQUIPMENT
Observed Life Table
Retirement Expr. 1977 TO 2002
Placement Years 1967 TO 2002

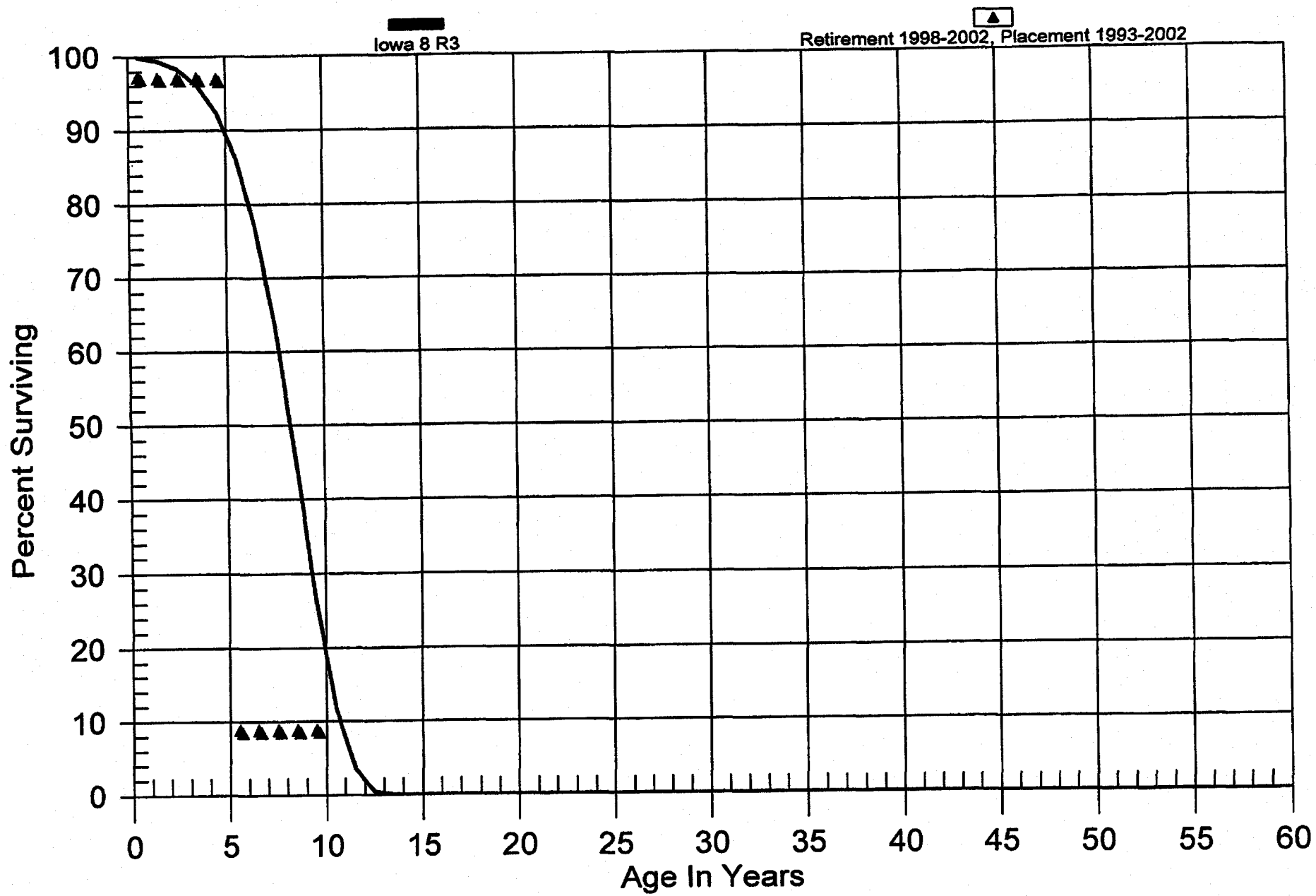
Age Interval	*$ Surviving At Beginning of Age Interval*	*$ Retired During The Age Interval*	*Retirement Ratio*	*% Surviving At Beginning of Age Interval*
0.0 - 0.5	$6,164,640.00	$8,329.00	0.00135	100.00
0.5 - 1.5	$5,570,872.00	$1,398.00	0.00025	99.86
1.5 - 2.5	$5,440,065.00	$24,007.00	0.00441	99.84
2.5 - 3.5	$4,966,051.00	$24,325.00	0.00490	99.40
3.5 - 4.5	$4,882,448.00	$8,484.00	0.00174	98.91
4.5 - 5.5	$4,396,101.00	$328,781.00	0.07479	98.74
5.5 - 6.5	$3,655,666.00	$20,823.00	0.00570	91.36
6.5 - 7.5	$1,661,567.00	$25,421.00	0.01530	90.84
7.5 - 8.5	$1,520,023.00	$136,665.00	0.08991	89.45
8.5 - 9.5	$874,817.00	$85,876.00	0.09816	81.40
9.5 - 10.5	$767,903.00	$886.00	0.00115	73.41
10.5 - 11.5	$767,017.00	$7,796.00	0.01016	73.33
11.5 - 12.5	$759,221.00	$561,506.00	0.73958	72.58
12.5 - 13.5	$197,715.00	$4,814.00	0.02435	18.90
13.5 - 14.5	$192,901.00	$11,440.00	0.05931	18.44
14.5 - 15.5	$70,758.00	$40,683.00	0.57496	17.35
15.5 - 16.5	$30,075.00	$6,562.00	0.21819	7.37
16.5 - 17.5	$23,513.00	$1,523.00	0.06477	5.76
17.5 - 18.5	$19,954.00	$4,290.00	0.21499	5.39
18.5 - 19.5	$15,664.00	$3,041.00	0.19414	4.23
19.5 - 20.5	$12,623.00	$1,925.00	0.15250	3.41
20.5 - 21.5	$10,698.00	$354.00	0.03309	2.89
21.5 - 22.5	$10,344.00	$3,715.00	0.35915	2.79
22.5 - 23.5	$6,629.00	$1,097.00	0.16548	1.79
23.5 - 24.5	$5,532.00	$2,245.00	0.40582	1.49
24.5 - 25.5	$3,287.00	$0.00	0.00000	0.89
25.5 - 26.5	$3,287.00	$2,140.00	0.65105	0.89
26.5 - 27.5	$1,147.00	$629.00	0.54839	0.31
27.5 - 28.5	$518.00	$0.00	0.00000	0.14

Southwest Gas Corporation

System Allocable Plant

397.20 TELEMETRY EQUIPMENT

Original And Smooth Survivor Curves



Southwest Gas Corporation
System Allocable Plant
397.20 TELEMETRY EQUIPMENT

Observed Life Table

Retirement Expr. 1998 TO 2002
Placement Years 1993 TO 2002

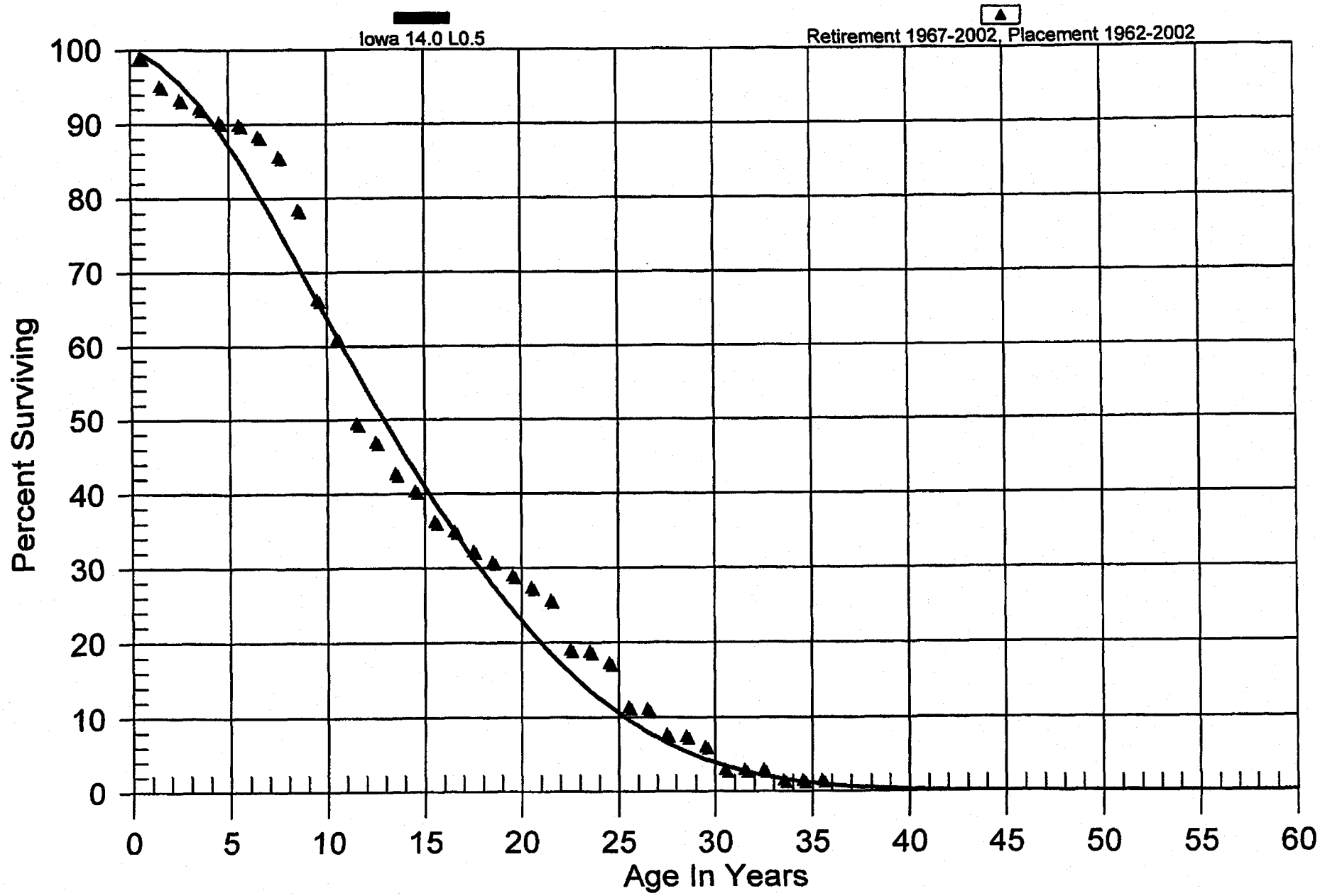
Age Interval	*$ Surviving At Beginning of Age Interval*	*$ Retired During The Age Interval*	*Retirement Ratio*	*% Surviving At Beginning of Age Interval*
0.0 - 0.5	$365,509.00	$9,940.00	0.02719	100.00
0.5 - 1.5	$383,578.00	$925.00	0.00241	97.28
1.5 - 2.5	$428,871.00	$0.00	0.00000	97.05
2.5 - 3.5	$383,462.00	$0.00	0.00000	97.05
3.5 - 4.5	$381,082.00	$430.00	0.00113	97.05
4.5 - 5.5	$1,092,290.00	$992,784.00	0.90890	96.94
5.5 - 6.5	$62,676.00	$0.00	0.00000	8.83
6.5 - 7.5	$1,460.00	$0.00	0.00000	8.83
7.5 - 8.5	$0.00	$0.00	0.00000	8.83
8.5 - 9.5	$0.00	$0.00	0.00000	8.83

Southwest Gas Corporation

System Allocable Plant

398.00 MISCELLANEOUS EQUIPMENT

Original And Smooth Survivor Curves



Southwest Gas Corporation
System Allocable Plant
398.00 MISCELLANEOUS EQUIPMENT

Observed Life Table

Retirement Expr. 1967 TO 2002
Placement Years 1962 TO 2002

Age Interval	*$ Surviving At Beginning of Age Interval*	*$ Retired During The Age Interval*	*Retirement Ratio*	*% Surviving At Beginning of Age Interval*
0.0 - 0.5	$1,517,962.00	$14,693.00	0.00968	100.00
0.5 - 1.5	$1,354,549.00	$52,878.00	0.03904	99.03
1.5 - 2.5	$1,233,056.00	$24,221.00	0.01964	95.17
2.5 - 3.5	$1,161,872.00	$13,655.00	0.01175	93.30
3.5 - 4.5	$982,063.00	$19,848.00	0.02021	92.20
4.5 - 5.5	$919,743.00	$3,862.00	0.00420	90.34
5.5 - 6.5	$906,435.00	$15,617.00	0.01723	89.96
6.5 - 7.5	$856,677.00	$26,605.00	0.03106	88.41
7.5 - 8.5	$792,501.00	$66,407.00	0.08379	85.66
8.5 - 9.5	$715,595.00	$110,603.00	0.15456	78.48
9.5 - 10.5	$599,116.00	$47,738.00	0.07968	66.35
10.5 - 11.5	$550,313.00	$104,252.00	0.18944	61.07
11.5 - 12.5	$444,581.00	$22,069.00	0.04964	49.50
12.5 - 13.5	$415,196.00	$37,862.00	0.09119	47.04
13.5 - 14.5	$370,100.00	$20,134.00	0.05440	42.75
14.5 - 15.5	$330,182.00	$33,755.00	0.10223	40.43
15.5 - 16.5	$263,719.00	$9,290.00	0.03523	36.29
16.5 - 17.5	$249,661.00	$19,432.00	0.07783	35.01
17.5 - 18.5	$217,062.00	$9,686.00	0.04462	32.29
18.5 - 19.5	$207,376.00	$12,327.00	0.05944	30.85
19.5 - 20.5	$166,508.00	$9,198.00	0.05524	29.01
20.5 - 21.5	$149,278.00	$9,549.00	0.06397	27.41
21.5 - 22.5	$139,729.00	$35,906.00	0.25697	25.66
22.5 - 23.5	$89,496.00	$983.00	0.01098	19.06
23.5 - 24.5	$86,419.00	$7,099.00	0.08215	18.86
24.5 - 25.5	$79,320.00	$26,824.00	0.33817	17.31
25.5 - 26.5	$50,958.00	$1,094.00	0.02147	11.45
26.5 - 27.5	$49,864.00	$15,269.00	0.30621	11.21
27.5 - 28.5	$34,595.00	$877.00	0.02535	7.78
28.5 - 29.5	$33,718.00	$6,152.00	0.18245	7.58
29.5 - 30.5	$27,566.00	$14,212.00	0.51556	6.20
30.5 - 31.5	$13,354.00	$0.00	0.00000	3.00
31.5 - 32.5	$13,354.00	$0.00	0.00000	3.00
32.5 - 33.5	$13,354.00	$6,355.00	0.47589	3.00
33.5 - 34.5	$6,999.00	$0.00	0.00000	1.57
34.5 - 35.5	$6,999.00	$0.00	0.00000	1.57

SECTION 6

Southwest Gas Corporation
System Allocable Plant
390.10 STRUCTURES - OWNED

Original Cost Of Utility Plant In Service
And Development Of Composite Remaining Life as of December 31, 2002
Based Upon Broad Group/Remaining Life Procedure and Technique

Average Service Life: 40 *Survivor Curve: R3*

Year	Original Cost	Avg. Service Life	Avg. Annual Accrual	Avg. Remaining Life	Future Annual Accruals
(1)	(2)	(3)	(4)	(5)	(6)
1987	477,495.00	40.00	11,937.37	25.37	302,853.23
1988	2,065.00	40.00	51.62	26.26	1,355.54
1989	10,528,273.00	40.00	263,206.65	27.15	7,147,105.77
1990	53,372.00	40.00	1,334.30	28.06	37,441.98
1991	12,577.00	40.00	314.42	28.98	9,110.97
1992	45,286.00	40.00	1,132.15	29.90	33,853.18
1993	32,261.00	40.00	806.52	30.83	24,868.46
1995	215,301.00	40.00	5,382.52	32.72	176,127.54
1996	2,600.00	40.00	65.00	33.68	2,188.97
1997	50,000.00	40.00	1,250.00	34.64	43,295.28
1998	4,191.00	40.00	104.77	35.60	3,730.19
1999	40,000.00	40.00	1,000.00	36.57	36,572.08
2000	212,862.00	40.00	5,321.55	37.55	199,808.48
2001	24,593.00	40.00	614.82	38.53	23,686.47
Total	11,700,876.00	40.00	292,521.70	27.49	8,041,998.15

Composite Average Remaining Life ... 27.49 Years

Southwest Gas Corporation
System Allocable Plant
391.00 OFFICE FURITURE & EQUIPMENT

Original Cost Of Utility Plant In Service
And Development Of Composite Remaining Life as of December 31, 2002
Based Upon Broad Group/Remaining Life Procedure and Technique

Average Service Life: 14 *Survivor Curve: L2*

Year	*Original Cost*	*Avg. Service Life*	*Avg. Annual Accrual*	*Avg. Remaining Life*	*Future Annual Accruals*
(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*
1970	1,978.00	14.00	141.29	1.36	192.64
1975	1,110.00	14.00	79.29	2.30	182.21
1977	1,109.00	14.00	79.21	2.71	214.73
1979	116,547.00	14.00	8,324.76	3.15	26,214.02
1980	5,070.00	14.00	362.14	3.38	1,223.56
1981	54,766.00	14.00	3,911.85	3.62	14,143.51
1982	113,320.00	14.00	8,094.27	3.86	31,227.83
1983	11,545.00	14.00	824.64	4.11	3,386.35
1984	263,745.00	14.00	18,838.88	4.36	82,092.30
1985	248,734.00	14.00	17,766.67	4.61	81,880.05
1986	115,772.00	14.00	8,269.41	4.86	40,163.32
1987	160,070.00	14.00	11,433.54	5.10	58,318.31
1988	147,802.00	14.00	10,557.26	5.34	56,381.05
1989	151,598.00	14.00	10,828.40	5.58	60,417.28
1990	58,411.00	14.00	4,172.20	5.83	24,310.12
1991	120,130.00	14.00	8,580.69	6.09	52,280.33
1992	68,024.00	14.00	4,858.84	6.39	31,061.71
1993	1,068,582.00	14.00	76,327.09	6.74	514,791.79
1994	233,556.00	14.00	16,682.53	7.17	119,568.61
1995	302,240.00	14.00	21,588.52	7.68	165,793.77
1996	321,677.00	14.00	22,976.87	8.30	190,630.40
1997	350,161.00	14.00	25,011.44	9.02	225,499.65
1998	554,416.00	14.00	39,601.04	9.82	388,760.90
1999	976,272.00	14.00	69,733.54	10.67	744,064.76
2000	225,710.00	14.00	16,122.10	11.57	186,544.92
2001	1,266,283.00	14.00	90,448.56	12.52	1,132,178.69
2002	819,111.00	14.00	58,507.78	13.50	789,893.13

Southwest Gas Corporation
System Allocable Plant
391.00 OFFICE FURITURE & EQUIPMENT

Original Cost Of Utility Plant In Service
And Development Of Composite Remaining Life as of December 31, 2002
Based Upon Broad Group/Remaining Life Procedure and Technique

Average Service Life: 14 *Survivor Curve: L2*

Year	*Original Cost*	*Avg. Service Life*	*Avg. Annual Accrual*	*Avg. Remaining Life*	*Future Annual Accruals*
(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*
Total	7,757,739.00	14.00	554,122.82	9.06	5,021,415.94

Composite Average Remaining Life ... 9.06 Years

Southwest Gas Corporation
System Allocable Plant
391.10 COMPUTER EQUIPMENT

Original Cost Of Utility Plant In Service
And Development Of Composite Remaining Life as of December 31, 2002
Based Upon Broad Group/Remaining Life Procedure and Technique

Average Service Life: 6 *Survivor Curve: L2*

Year	*Original Cost*	*Avg. Service Life*	*Avg. Annual Accrual*	*Avg. Remaining Life*	*Future Annual Accruals*
(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*
1986	41,454.00	6.00	6,908.68	0.50	3,454.34
1987	15,509.00	6.00	2,584.71	0.51	1,323.81
1988	98,000.00	6.00	16,332.58	0.61	9,892.67
1989	4,404.00	6.00	733.97	0.75	547.05
1990	13,289.00	6.00	2,214.73	0.91	2,017.55
1991	19,802.00	6.00	3,300.18	1.10	3,615.44
1992	12,886.00	6.00	2,147.57	1.30	2,784.51
1993	176,107.00	6.00	29,349.81	1.52	44,506.90
1994	557,082.00	6.00	92,842.70	1.75	162,863.79
1995	1,582,733.00	6.00	263,776.61	2.00	527,803.38
1996	974,249.00	6.00	162,367.31	2.24	364,271.33
1997	1,235,817.00	6.00	205,959.96	2.48	511,237.74
1998	390,903.00	6.00	65,147.48	2.76	179,591.18
1999	1,953,300.00	6.00	325,534.92	3.15	1,025,913.16
2000	1,976,495.00	6.00	329,400.57	3.76	1,238,868.23
2001	2,722,952.00	6.00	453,804.31	4.57	2,076,067.39
2002	1,982,930.00	6.00	330,473.02	5.50	1,818,934.69
Total	13,757,912.00	6.00	2,292,879.11	3.48	7,973,693.15

Composite Average Remaining Life ... 3.48 Years

Southwest Gas Corporation
System Allocable Plant
392.11 TRANSPORTATION EQUIP-LIGHT

Original Cost Of Utility Plant In Service
And Development Of Composite Remaining Life as of December 31, 2002
Based Upon Broad Group/Remaining Life Procedure and Technique

Average Service Life: 7 *Survivor Curve: L0*

Year	*Original Cost*	*Avg. Service Life*	*Avg. Annual Accrual*	*Avg. Remaining Life*	*Future Annual Accruals*
(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*
1987	20,925.00	7.00	2,987.90	2.11	6,292.72
1988	56,808.00	7.00	8,111.65	2.29	18,543.75
1989	1,665.00	7.00	237.75	2.48	588.70
1990	25,039.00	7.00	3,575.34	2.68	9,572.34
1992	22,380.00	7.00	3,195.66	3.12	9,960.05
1993	15,310.00	7.00	2,186.13	3.36	7,340.90
1994	43,932.00	7.00	6,273.08	3.62	22,677.48
1995	265,595.00	7.00	37,924.49	3.89	147,527.82
1996	101,677.00	7.00	14,518.53	4.18	60,753.30
1997	208,994.00	7.00	29,842.40	4.50	134,304.50
1998	329,607.00	7.00	47,064.81	4.84	227,787.05
1999	197,032.00	7.00	28,134.34	5.21	146,442.37
2000	259,481.00	7.00	37,051.47	5.60	207,592.17
2001	922,136.00	7.00	131,672.44	6.06	798,018.12
2002	434,229.00	7.00	62,003.86	6.63	410,967.31
Total	2,904,810.00	7.00	414,779.83	5.32	2,208,368.58

Composite Average Remaining Life ... 5.32 Years

Southwest Gas Corporation
System Allocable Plant
393.00 STORES EQUIPMENT

Original Cost Of Utility Plant In Service
And Development Of Composite Remaining Life as of December 31, 2002
Based Upon Broad Group/Remaining Life Procedure and Technique

Average Service Life: 14 *Survivor Curve: R1*

Year	*Original Cost*	*Avg. Service Life*	*Avg. Annual Accrual*	*Avg. Remaining Life*	*Future Annual Accruals*
(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*
1985	9,972.00	14.00	712.19	3.59	2,560.30
1988	5,765.00	14.00	411.73	4.91	2,021.63
1993	6,869.00	14.00	490.58	7.58	3,720.05
1994	2,825.00	14.00	201.76	8.19	1,652.47
2002	3,998.00	14.00	285.53	13.63	3,892.39
Total	29,429.00	14.00	2,101.80	6.59	13,846.84

Composite Average Remaining Life ... 6.59 Years

Southwest Gas Corporation
System Allocable Plant
394.00 TOOLS, SHOP & GARAGE EQ.

Original Cost Of Utility Plant In Service
And Development Of Composite Remaining Life as of December 31, 2002
Based Upon Broad Group/Remaining Life Procedure and Technique

Average Service Life: 14 *Survivor Curve: L0.5*

Year	*Original Cost*	*Avg. Service Life*	*Avg. Annual Accrual*	*Avg. Remaining Life*	*Future Annual Accruals*
(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*
1977	5,941.00	14.00	424.32	4.55	1,931.40
1987	3,127.00	14.00	223.34	6.86	1,533.03
1988	2,394.00	14.00	170.99	7.15	1,222.82
1989	5,352.00	14.00	382.26	7.45	2,847.91
1991	2,392.00	14.00	170.84	8.08	1,381.26
1992	30,931.00	14.00	2,209.18	8.42	18,604.98
1993	11,975.00	14.00	855.29	8.77	7,502.70
1994	26,339.00	14.00	1,881.21	9.14	17,188.44
1995	14,503.00	14.00	1,035.85	9.52	9,859.76
1996	10,199.00	14.00	728.44	9.93	7,233.05
1997	3,879.00	14.00	277.05	10.38	2,876.52
1998	13,746.00	14.00	981.78	10.89	10,690.61
1999	31,579.00	14.00	2,255.47	11.46	25,837.31
2000	22,936.00	14.00	1,638.16	12.09	19,799.17
2001	38,965.00	14.00	2,783.00	12.79	35,582.58
2002	3,117.00	14.00	222.63	13.56	3,019.89
Total	227,375.00	14.00	16,239.79	10.29	167,111.42

Composite Average Remaining Life ... 10.29 Years

Southwest Gas Corporation
System Allocable Plant
395.00 LABORATORY EQUIP.

Original Cost Of Utility Plant In Service
And Development Of Composite Remaining Life as of December 31, 2002
Based Upon Broad Group/Remaining Life Procedure and Technique

Average Service Life: 23 *Survivor Curve: R1.5*

Year	*Original Cost*	*Avg. Service Life*	*Avg. Annual Accrual*	*Avg. Remaining Life*	*Future Annual Accruals*
(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*
1983	15,956.00	23.00	693.71	9.18	6,368.24
1986	4,266.00	23.00	185.47	10.92	2,025.28
1987	8,960.00	23.00	389.55	11.54	4,495.58
1988	1,590.00	23.00	69.13	12.18	841.94
1989	53,551.00	23.00	2,328.22	12.84	29,885.34
1990	43,926.00	23.00	1,909.76	13.51	25,801.61
1991	53,819.00	23.00	2,339.87	14.20	33,226.11
1992	1,364.00	23.00	59.30	14.90	883.85
1993	16,254.00	23.00	706.67	15.62	11,040.19
1994	2,387.00	23.00	103.78	16.35	1,697.16
1995	7,362.00	23.00	320.08	17.10	5,472.06
1996	2,723.00	23.00	118.39	17.85	2,113.24
2002	17,836.00	23.00	775.45	22.59	17,517.04
Total	229,994.00	23.00	9,999.38	14.14	141,367.66

Composite Average Remaining Life ... 14.14 Years

Southwest Gas Corporation
System Allocable Plant
397.00 COMMUNICATION EQUIPMENT

Original Cost Of Utility Plant In Service
And Development Of Composite Remaining Life as of December 31, 2002
Based Upon Broad Group/Remaining Life Procedure and Technique

Average Service Life: 11 *Survivor Curve: R3*

Year	*Original Cost*	*Avg. Service Life*	*Avg. Annual Accrual*	*Avg. Remaining Life*	*Future Annual Accruals*
(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*
1985	2,036.00	11.00	185.09	0.50	92.68
1988	110,703.00	11.00	10,063.96	1.08	10,860.96
1993	21,924.00	11.00	1,993.10	3.03	6,041.13
1994	508,541.00	11.00	46,231.23	3.66	169,238.31
1995	116,123.00	11.00	10,556.69	4.36	46,010.80
1996	1,973,276.00	11.00	179,389.61	5.11	917,351.35
1997	412,801.00	11.00	37,527.55	5.92	222,134.54
1998	480,003.00	11.00	43,636.85	6.77	295,413.77
1999	59,278.00	11.00	5,388.94	7.66	41,281.94
2000	450,007.00	11.00	40,909.93	8.59	351,222.00
2001	129,409.00	11.00	11,764.51	9.54	112,198.91
2002	585,439.00	11.00	53,221.99	10.51	559,294.11
Total	4,849,540.00	11.00	440,869.44	6.19	2,731,140.53

Composite Average Remaining Life ... 6.19 Years

Southwest Gas Corporation
System Allocable Plant
397.20 TELEMETRY EQUIPMENT

Original Cost Of Utility Plant In Service
And Development Of Composite Remaining Life as of December 31, 2002
Based Upon Broad Group/Remaining Life Procedure and Technique

Average Service Life: 8 *Survivor Curve: R3*

Year	*Original Cost*	*Avg. Service Life*	*Avg. Annual Accrual*	*Avg. Remaining Life*	*Future Annual Accruals*
(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*
1995	1,460.00	8.00	182.49	1.88	343.92
1996	61,216.00	8.00	7,651.75	2.46	18,833.45
1997	36,830.00	8.00	4,603.60	3.14	14,456.28
1998	281,146.00	8.00	35,142.11	3.90	137,078.71
1999	2,380.00	8.00	297.49	4.73	1,406.59
2000	46,869.00	8.00	5,858.44	5.61	32,886.45
2001	15,428.00	8.00	1,928.44	6.55	12,621.72
2002	8,821.00	8.00	1,102.59	7.51	8,280.10
Total	454,150.00	8.00	56,766.91	3.98	225,907.23

Composite Average Remaining Life ... 3.98 Years

Southwest Gas Corporation
System Allocable Plant
398.00 MISCELLANEOUS EQUIPMENT

Original Cost Of Utility Plant In Service
And Development Of Composite Remaining Life as of December 31, 2002
Based Upon Broad Group/Remaining Life Procedure and Technique

Average Service Life: 14 *Survivor Curve: L0.5*

Year	*Original Cost*	*Avg. Service Life*	*Avg. Annual Accrual*	*Avg. Remaining Life*	*Future Annual Accruals*
(1)	*(2)*	*(3)*	*(4)*	*(5)*	*(6)*
1977	1,538.00	14.00	109.85	4.55	500.00
1979	2,094.00	14.00	149.56	4.94	738.56
1980	14,327.00	14.00	1,023.28	5.15	5,265.06
1982	8,032.00	14.00	573.67	5.59	3,204.90
1983	28,541.00	14.00	2,038.48	5.82	11,868.00
1985	13,167.00	14.00	940.43	6.32	5,945.65
1986	4,768.00	14.00	340.54	6.59	2,243.46
1987	32,708.00	14.00	2,336.10	6.86	16,035.33
1988	19,784.00	14.00	1,413.03	7.15	10,105.37
1989	7,234.00	14.00	516.67	7.45	3,849.35
1990	7,316.00	14.00	522.53	7.76	4,055.51
1991	1,480.00	14.00	105.71	8.08	854.62
1992	1,065.00	14.00	76.07	8.42	640.60
1993	5,876.00	14.00	419.68	8.77	3,681.49
1994	10,499.00	14.00	749.87	9.14	6,851.49
1995	37,571.00	14.00	2,683.43	9.52	25,542.37
1996	34,141.00	14.00	2,438.45	9.93	24,212.54
1997	9,446.00	14.00	674.66	10.38	7,004.79
1998	42,662.00	14.00	3,047.05	10.89	33,179.31
1999	166,154.00	14.00	11,867.21	11.46	135,943.89
2000	48,045.00	14.00	3,431.52	12.09	41,474.15
2001	74,896.00	14.00	5,349.29	12.79	68,394.54
2002	148,944.00	14.00	10,638.02	13.56	144,303.75
Total	720,288.00	14.00	51,445.09	10.81	555,894.73

Composite Average Remaining Life ... 10.81 Years

SECTION 7

Southwest Gas Corporation

System Allocable

Analysis of Experienced Salvage
1985 through 2002

Account 390.10 - Structures - Owned

Year	Original Cost of Retirements	Gross Salvage	%	Cost of Removal	%	Net Salvage	%
1985	0	0	0.00%	0	0.00%	0	0.00%
1986	0	0	0.00%	0	0.00%	0	0.00%
1987	0	0	0.00%	0	0.00%	0	0.00%
1988	1,389	0	0.00%	0	0.00%	0	0.00%
1989	0	0	0.00%	0	0.00%	0	0.00%
1990	0	0	0.00%	0	0.00%	0	0.00%
1991	0	0	0.00%	0	0.00%	0	0.00%
1992	0	0	0.00%	0	0.00%	0	0.00%
1993	529,082	212,800	40.22%	176,742	33.41%	36,058	6.82%
1994	7,406	0	0.00%	0	0.00%	0	0.00%
1995	0	0	0.00%	0	0.00%	0	0.00%
1996	0	0	0.00%	0	0.00%	0	0.00%
1997	0	0	0.00%	0	0.00%	0	0.00%
1998	9,199	0	0.00%	0	0.00%	0	0.00%
1999	13,329	0	0.00%	0	0.00%	0	0.00%
2000	204,860	0	0.00%	0	0.00%	0	0.00%
2001	21,000	0	0.00%	0	0.00%	0	0.00%
2002	0	0	0.00%	0	0.00%	0	0.00%

Southwest Gas Corporation

System Allocable

Analysis of Experienced Salvage
1985 through 2002

Account 390.10 - Structures - Owned

Year	Original Cost of Retirements	Gross Salvage	%	Cost of Removal	%	Net Salvage	%
THREE YEAR ROLLING BANDS							
1983-85	0	0	0.00%	0	0.00%	0	0.00%
1984-86	0	0	0.00%	0	0.00%	0	0.00%
1985-87	0	0	0.00%	0	0.00%	0	0.00%
1986-88	1,389	0	0.00%	0	0.00%	0	0.00%
1987-89	1,389	0	0.00%	0	0.00%	0	0.00%
1988-90	1,389	0	0.00%	0	0.00%	0	0.00%
1989-91	0	0	0.00%	0	0.00%	0	0.00%
1990-92	0	0	0.00%	0	0.00%	0	0.00%
1991-93	529,082	212,800	40.22%	176,742	33.41%	36,058	6.82%
1992-94	536,488	212,800	39.67%	176,742	32.94%	36,058	6.72%
1993-95	536,488	212,800	39.67%	176,742	32.94%	36,058	6.72%
1994-96	7,406	0	0.00%	0	0.00%	0	0.00%
1995-97	0	0	0.00%	0	0.00%	0	0.00%
1996-98	9,199	0	0.00%	0	0.00%	0	0.00%
1997-99	22,528	0	0.00%	0	0.00%	0	0.00%
1998-00	227,388	0	0.00%	0	0.00%	0	0.00%
1999-01	239,189	0	0.00%	0	0.00%	0	0.00%
2000-02	225,860	0	0.00%	0	0.00%	0	0.00%
1985-02	786,265	212,800	27.06%	176,742	22.48%	36,058	4.59%

Trend Analysis (End Year) 2002

***Based Upon 3-Year Rolling Averages**

Annual Inflation	2.75%
ASL	40
Avg Ret Age	10.2
Years to ASL	29.8
Inflation Factor At 2.75% to ASL	2.24

Gross Salv. Trend Analysis*		
1983-2002	20-Year Trend	#VALUE!
1988-2002	15-Year Trend	4.54%
1993-2002	10-Year Trend	-15.98%
1998-2002	5-Year Trend	0.00%

Adjusted Salvage & C/O/R	**0.00%**	**50.45%**	**-50.45%**

Southwest Gas Corporation

System Allocable

Analysis of Experienced Salvage
1985 through 2002

Account 391 - Office Furniture & Equipment

Year	Original Cost of Retirements	Gross Salvage	%	Cost of Removal	%	Net Salvage	%
1985	26,765	11,637	43.48%	0	0.00%	11,637	43.48%
1986	28,913	0	0.00%	0	0.00%	0	0.00%
1987	26,871	0	0.00%	0	0.00%	0	0.00%
1988	19,839	500	2.52%	0	0.00%	500	2.52%
1989	3,220	20	0.62%	0	0.00%	20	0.62%
1990	57,291	600	1.05%	0	0.00%	600	1.05%
1991	12,124	0	0.00%	0	0.00%	0	0.00%
1992	17,130	0	0.00%	0	0.00%	0	0.00%
1993	567,720	8,000	1.41%	0	0.00%	8,000	1.41%
1994	58,100	4,200	7.23%	0	0.00%	4,200	7.23%
1995	59,684	0	0.00%	0	0.00%	0	0.00%
1996	538,107	1,000	0.19%	0	0.00%	1,000	0.19%
1997	193,779	0	0.00%	0	0.00%	0	0.00%
1998	230,177	0	0.00%	0	0.00%	0	0.00%
1999	148,246	0	0.00%	0	0.00%	0	0.00%
2000	1,408,973	0	0.00%	0	0.00%	0	0.00%
2001	2,098,382	0	0.00%	0	0.00%	0	0.00%
2002	704,994	0	0.00%	0	0.00%	0	0.00%

Southwest Gas Corporation

System Allocable

Analysis of Experienced Salvage
1985 through 2002

Account 391 - Office Furniture & Equipment

Year	Original Cost of Retirements	Gross Salvage	%	Cost of Removal	%	Net Salvage	%
THREE YEAR ROLLING BANDS							
1983-85	26,765	11,637	43.48%	0	0.00%	11,637	43.48%
1984-86	55,678	11,637	20.90%	0	0.00%	11,637	20.90%
1985-87	82,549	11,637	14.10%	0	0.00%	11,637	14.10%
1986-88	75,623	500	0.66%	0	0.00%	500	0.66%
1987-89	49,930	520	1.04%	0	0.00%	520	1.04%
1988-90	80,350	1,120	1.39%	0	0.00%	1,120	1.39%
1989-91	72,635	620	0.85%	0	0.00%	620	0.85%
1990-92	86,545	600	0.69%	0	0.00%	600	0.69%
1991-93	596,974	8,000	1.34%	0	0.00%	8,000	1.34%
1992-94	642,950	12,200	1.90%	0	0.00%	12,200	1.90%
1993-95	685,504	12,200	1.78%	0	0.00%	12,200	1.78%
1994-96	655,891	5,200	0.79%	0	0.00%	5,200	0.79%
1995-97	791,570	1,000	0.13%	0	0.00%	1,000	0.13%
1996-98	962,063	1,000	0.10%	0	0.00%	1,000	0.10%
1997-99	572,202	0	0.00%	0	0.00%	0	0.00%
1998-00	1,787,396	0	0.00%	0	0.00%	0	0.00%
1999-01	3,655,600	0	0.00%	0	0.00%	0	0.00%
2000-02	4,212,349	0	0.00%	0	0.00%	0	0.00%
1985-02	6,200,315	25,957	0.42%	0	0.00%	25,957	0.42%

Trend Analysis (End Year) 2002

***Based Upon 3-Year Rolling Averages**

Annual Inflation	2.75%
ASL	14
Avg Ret Age	11.9
Years to ASL	2.1
Inflation Factor At 2.75% to ASL	1.06

Gross Salv. Trend Analysis*		
1983-2002	20-Year Trend	#VALUE!
1988-2002	15-Year Trend	-0.05%
1993-2002	10-Year Trend	-0.62%
1998-2002	5-Year Trend	-0.04%

Adjusted Salvage & C/O/R	**-0.04%**	**0.00%**	**-0.04%**

Southwest Gas Corporation

System Allocable

Analysis of Experienced Salvage
1985 through 2002

Account 391.10 - Computer Equipment

Year	Original Cost of Retirements	Gross Salvage	%	Cost of Removal	%	Net Salvage	%
1985	0	0	0.00%	0	0.00%	0	0.00%
1986	0	0	0.00%	0	0.00%	0	0.00%
1987	1,182	0	0.00%	0	0.00%	0	0.00%
1988	511,339	83,500	16.33%	0	0.00%	83,500	16.33%
1989	14,769	0	0.00%	0	0.00%	0	0.00%
1990	166,520	0	0.00%	0	0.00%	0	0.00%
1991	1,605,116	122,147	7.61%	0	0.00%	122,147	7.61%
1992	569,201	13,195	2.32%	0	0.00%	13,195	2.32%
1993	1,521,380	0	0.00%	0	0.00%	0	0.00%
1994	1,489,228	1,000	0.07%	0	0.00%	1,000	0.07%
1995	2,102,006	400	0.02%	0	0.00%	400	0.02%
1996	7,127,233	0	0.00%	0	0.00%	0	0.00%
1997	5,752,961	1,000	0.02%	0	0.00%	1,000	0.02%
1998	454,126	0	0.00%	0	0.00%	0	0.00%
1999	1,471,590	57,120	3.88%	0	0.00%	57,120	3.88%
2000	72,772	1,800	2.47%	0	0.00%	1,800	2.47%
2001	3,889,138	0	0.00%	0	0.00%	0	0.00%
2002	1,963,093	0	0.00%	0	0.00%	0	0.00%

Southwest Gas Corporation

System Allocable

Analysis of Experienced Salvage
1985 through 2002

Account 391.10 - Computer Equipment

Year	Original Cost of Retirements	Gross Salvage	%	Cost of Removal	%	Net Salvage	%
THREE YEAR ROLLING BANDS							
1983-85	0	0	0.00%	0	0.00%	0	0.00%
1984-86	0	0	0.00%	0	0.00%	0	0.00%
1985-87	1,182	0	0.00%	0	0.00%	0	0.00%
1986-88	512,521	83,500	16.29%	0	0.00%	83,500	16.29%
1987-89	527,290	83,500	15.84%	0	0.00%	83,500	15.84%
1988-90	692,628	83,500	12.06%	0	0.00%	83,500	12.06%
1989-91	1,786,405	122,147	6.84%	0	0.00%	122,147	6.84%
1990-92	2,340,837	135,342	5.78%	0	0.00%	135,342	5.78%
1991-93	3,695,697	135,342	3.66%	0	0.00%	135,342	3.66%
1992-94	3,579,809	14,195	0.40%	0	0.00%	14,195	0.40%
1993-95	5,112,614	1,400	0.03%	0	0.00%	1,400	0.03%
1994-96	10,718,467	1,400	0.01%	0	0.00%	1,400	0.01%
1995-97	14,982,200	1,400	0.01%	0	0.00%	1,400	0.01%
1996-98	13,334,320	1,000	0.01%	0	0.00%	1,000	0.01%
1997-99	7,678,677	58,120	0.76%	0	0.00%	58,120	0.76%
1998-00	1,998,487	58,920	2.95%	0	0.00%	58,920	2.95%
1999-01	5,433,500	58,920	1.08%	0	0.00%	58,920	1.08%
2000-02	5,925,003	1,800	0.03%	0	0.00%	1,800	0.03%
1985-02	28,711,654	280,162	0.98%	0	0.00%	280,162	0.98%

Trend Analysis (End Year) 2002

***Based Upon 3-Year Rolling Averages**

Annual Inflation	2.75%
ASL	6
Avg Ret Age	6.5
Years to ASL	-0.5
Inflation Factor At 2.75% to ASL	0.99

Gross Salv. Trend Analysis*		
1983-2002	20-Year Trend	#VALUE!
1988-2002	15-Year Trend	-4.11%
1993-2002	10-Year Trend	0.53%
1998-2002	5-Year Trend	1.08%

Adjusted Salvage & C/O/R	**1.08%**	**0.00%**	**1.08%**

Southwest Gas Corporation

System Allocable

Analysis of Experienced Salvage
1985 through 2002

Account 392 - Transportation Equipment

Year	Original Cost of Retirements	Gross Salvage	%	Cost of Femoval	%	Net Salvage	%
1985	93,686	2,236	2.39%	0	0.00%	2,236	2.39%
1986	50,853	5,761	11.33%	0	0.00%	5,761	11.33%
1987	69,446	2,706	3.90%	0	0.00%	2,706	3.90%
1988	183,866	6,533	3.55%	0	0.00%	6,533	3.55%
1989	206,022	13,566	6.58%	0	0.00%	13,566	6.58%
1990	240,588	62,066	25.80%	0	0.00%	62,066	25.80%
1991	195,997	6,762	3.45%	0	0.00%	6,762	3.45%
1992	36,775	1,254	3.41%	0	0.00%	1,254	3.41%
1993	327,269	43,851	13.40%	0	0.00%	43,851	13.40%
1994	191,384	53,178	27.79%	0	0.00%	53,178	27.79%
1995	231,961	44,986	19.39%	0	0.00%	44,986	19.39%
1996	126,200	28,854	22.86%	0	0.00%	28,854	22.86%
1997	236,902	29,293	12.37%	0	0.00%	29,293	12.37%
1998	93,707	16,874	18.01%	0	0.00%	16,874	18.01%
1999	364,817	142,417	39.04%	0	0.00%	142,417	39.04%
2000	335,681	10,115	3.01%	0	0.00%	10,115	3.01%
2001	350,341	122,683	35.02%	0	0.00%	122,683	35.02%
2002	398,944	91,061	22.83%	0	0.00%	91,061	22.83%

Southwest Gas Corporation

System Allocable

Analysis of Experienced Salvage
1985 through 2002

Account 392 - Transportation Equipment

Year	Original Cost of Retirements	Gross Salvage	%	Cost of Removal	%	Net Salvage	%
THREE YEAR ROLLING BANDS							
1983-85	93,686	2,236	2.39%	0	0.00%	2,236	2.39%
1984-86	144,539	7,997	5.53%	0	0.00%	7,997	5.53%
1985-87	213,985	10,703	5.00%	0	0.00%	10,703	5.00%
1986-88	304,165	15,000	4.93%	0	0.00%	15,000	4.93%
1987-89	459,334	22,805	4.96%	0	0.00%	22,805	4.96%
1988-90	630,476	82,165	13.03%	0	0.00%	82,165	13.03%
1989-91	642,607	82,394	12.82%	0	0.00%	82,394	12.82%
1990-92	473,360	70,082	14.81%	0	0.00%	70,082	14.81%
1991-93	560,041	51,867	9.26%	0	0.00%	51,867	9.26%
1992-94	555,428	98,283	17.70%	0	0.00%	98,283	17.70%
1993-95	750,614	142,015	18.92%	0	0.00%	142,015	18.92%
1994-96	549,545	127,018	23.11%	0	0.00%	127,018	23.11%
1995-97	595,063	103,133	17.33%	0	0.00%	103,133	17.33%
1996-98	456,809	75,021	16.42%	0	0.00%	75,021	16.42%
1997-99	642,607	82,394	12.82%	0	0.00%	82,394	12.82%
1998-00	473,360	70,082	14.81%	0	0.00%	70,082	14.81%
1999-01	560,041	51,867	9.26%	0	0.00%	51,867	9.26%
2000-02	555,428	98,283	17.70%	0	0.00%	98,283	17.70%
1985-02	3,734,439	684,195	18.32%	0	0.00%	684,195	18.32%

Trend Analysis (End Year) 2002

***Based Upon 3-Year Rolling Averages**

Annual Inflation	2.75%
ASL	7
Avg Ret Age	5.4
Years to ASL	1.6
Inflation Factor At 2.75% to ASL	1.04

Gross Salv. Trend Analysis*		
1983-2002	20-Year Trend	#VALUE!
1988-2002	15-Year Trend	18.16%
1993-2002	10-Year Trend	14.55%
1998-2002	5-Year Trend	13.90%

Adjusted Salvage & C/O/R	**13.90%**	**0.00%**	**13.90%**

Southwest Gas Corporation

System Allocable

Analysis of Experienced Salvage
1985 through 2002

Account 393 - Stores Equipment

Year	Original Cost of Retirements	Gross Salvage	%	Cost of Removal	%	Net Salvage	%
1985	0	0	0.00%	0	0.00%	0	0.00%
1986	0	0	0.00%	0	0.00%	0	0.00%
1987	0	0	0.00%	0	0.00%	0	0.00%
1988	0	0	0.00%	0	0.00%	0	0.00%
1989	0	0	0.00%	0	0.00%	0	0.00%
1990	0	0	0.00%	0	0.00%	0	0.00%
1991	0	0	0.00%	0	0.00%	0	0.00%
1992	0	0	0.00%	0	0.00%	0	0.00%
1993	4,226	0	0.00%	0	0.00%	0	0.00%
1994	0	0	0.00%	0	0.00%	0	0.00%
1995	0	0	0.00%	0	0.00%	0	0.00%
1996	0	0	0.00%	0	0.00%	0	0.00%
1997	0	0	0.00%	0	0.00%	0	0.00%
1998	557	0	0.00%	0	0.00%	0	0.00%
1999	0	0	0.00%	0	0.00%	0	0.00%
2000	11,195	0	0.00%	0	0.00%	0	0.00%
2001	6,016	0	0.00%	0	0.00%	0	0.00%
2002	0	0	0.00%	0	0.00%	0	0.00%

Southwest Gas Corporation

System Allocable

Analysis of Experienced Salvage
1985 through 2002

Account 393 - Stores Equipment

Year	Original Cost of Retirements	Gross Salvage	%	Cost of Removal	%	Net Salvage	%
THREE YEAR ROLLING BANDS							
1983-85	0	0	0.00%	0	0.00%	0	0.00%
1984-86	0	0	0.00%	0	0.00%	0	0.00%
1985-87	0	0	0.00%	0	0.00%	0	0.00%
1986-88	0	0	0.00%	0	0.00%	0	0.00%
1987-89	0	0	0.00%	0	0.00%	0	0.00%
1988-90	0	0	0.00%	0	0.00%	0	0.00%
1989-91	0	0	0.00%	0	0.00%	0	0.00%
1990-92	0	0	0.00%	0	0.00%	0	0.00%
1991-93	4,226	0	0.00%	0	0.00%	0	0.00%
1992-94	4,226	0	0.00%	0	0.00%	0	0.00%
1993-95	4,226	0	0.00%	0	0.00%	0	0.00%
1994-96	0	0	0.00%	0	0.00%	0	0.00%
1995-97	0	0	0.00%	0	0.00%	0	0.00%
1996-98	557	0	0.00%	0	0.00%	0	0.00%
1997-99	557	0	0.00%	0	0.00%	0	0.00%
1998-00	11,752	0	0.00%	0	0.00%	0	0.00%
1999-01	17,211	0	0.00%	0	0.00%	0	0.00%
2000-02	17,211	0	0.00%	0	0.00%	0	0.00%
1985-02	21,994	0	0.00%	0	0.00%	0	0.00%

Trend Analysis (End Year) 2002

***Based Upon 3-Year Rolling Averages**

Annual Inflation	2.75%
ASL	14
Avg Ret Age	11.1
Years to ASL	2.9
Inflation Factor At 2.75% to ASL	1.00

Gross Salv. Trend Analysis*		
1983-2002	20-Year Trend	#VALUE!
1988-2002	15-Year Trend	#VALUE!
1993-2002	10-Year Trend	#VALUE!
1998-2002	5-Year Trend	#VALUE!

Adjusted Salvage & C/O/R	**#VALUE!**	**0.00%**	**#VALUE!**

Southwest Gas Corporation

System Allocable

Analysis of Experienced Salvage
1985 through 2002

Account 394 - Tools, Shop and Garage Equipment\

Year	Original Cost of Retirements	Gross Salvage	%	Cost of Removal	%	Net Salvage	%
1985	0	0	0.00%	0	0.00%	0	0.00%
1986	0	0	0.00%	0	0.00%	0	0.00%
1987	0	0	0.00%	0	0.00%	0	0.00%
1988	0	0	0.00%	0	0.00%	0	0.00%
1989	6,288	0	0.00%	0	0.00%	0	0.00%
1990	0	0	0.00%	0	0.00%	0	0.00%
1991	5,448	0	0.00%	0	0.00%	0	0.00%
1992	0	0	0.00%	0	0.00%	0	0.00%
1993	8,916	0	0.00%	0	0.00%	0	0.00%
1994	0	0	0.00%	0	0.00%	0	0.00%
1995	0	0	0.00%	0	0.00%	0	0.00%
1996	0	0	0.00%	0	0.00%	0	0.00%
1997	1,332	0	0.00%	0	0.00%	0	0.00%
1998	424	0	0.00%	0	0.00%	0	0.00%
1999	2,381	0	0.00%	0	0.00%	0	0.00%
2000	64,140	0	0.00%	0	0.00%	0	0.00%
2001	30,673	0	0.00%	0	0.00%	0	0.00%
2002	26,047	0	0.00%	0	0.00%	0	0.00%

Southwest Gas Corporation

System Allocable

Analysis of Experienced Salvage
1985 through 2002

Account 394 - Tools, Shop and Garage Equipment\

Year	Original Cost of Retirements	Gross Salvage	%	Cost of Removal	%	Net Salvage	%
THREE YEAR ROLLING BANDS							
1983-85	0	0	0.00%	0	0.00%	0	0.00%
1984-86	0	0	0.00%	0	0.00%	0	0.00%
1985-87	0	0	0.00%	0	0.00%	0	0.00%
1986-88	0	0	0.00%	0	0.00%	0	0.00%
1987-89	6,288	0	0.00%	0	0.00%	0	0.00%
1988-90	6,288	0	0.00%	0	0.00%	0	0.00%
1989-91	11,736	0	0.00%	0	0.00%	0	0.00%
1990-92	5,448	0	0.00%	0	0.00%	0	0.00%
1991-93	14,364	0	0.00%	0	0.00%	0	0.00%
1992-94	8,916	0	0.00%	0	0.00%	0	0.00%
1993-95	8,916	0	0.00%	0	0.00%	0	0.00%
1994-96	0	0	0.00%	0	0.00%	0	0.00%
1995-97	1,332	0	0.00%	0	0.00%	0	0.00%
1996-98	1,756	0	0.00%	0	0.00%	0	0.00%
1997-99	4,137	0	0.00%	0	0.00%	0	0.00%
1998-00	66,945	0	0.00%	0	0.00%	0	0.00%
1999-01	97,194	0	0.00%	0	0.00%	0	0.00%
2000-02	120,860	0	0.00%	0	0.00%	0	0.00%
1985-02	145,649	0	0.00%	0	0.00%	0	0.00%

Trend Analysis (End Year) 2002

***Based Upon 3-Year Rolling Averages**

Annual Inflation	2.75%
ASL	14
Avg Ret Age	10.7
Years to ASL	3.3
Inflation Factor At 2.75% to ASL	1.09

Gross Salv. Trend Analysis*		
1983-2002	20-Year Trend	#VALUE!
1988-2002	15-Year Trend	0.00%
1993-2002	10-Year Trend	0.00%
1998-2002	5-Year Trend	0.00%

Adjusted Salvage & C/O/R	**0.00%**	**0.00%**	**0.00%**

Southwest Gas Corporation

System Allocable

Analysis of Experienced Salvage
1985 through 2002

Account 395 - Laboratory Equipment

Year	Original Cost of Retirements	Gross Salvage	%	Cost of Removal	%	Net Salvage	%
1985	0	0	0.00%	0	0.00%	0	0.00%
1986	0	0	0.00%	0	0.00%	0	0.00%
1987	0	0	0.00%	0	0.00%	0	0.00%
1988	0	0	0.00%	0	0.00%	0	0.00%
1989	0	0	0.00%	0	0.00%	0	0.00%
1990	0	0	0.00%	0	0.00%	0	0.00%
1991	398	0	0.00%	0	0.00%	0	0.00%
1992	0	0	0.00%	0	0.00%	0	0.00%
1993	11,827	0	0.00%	0	0.00%	0	0.00%
1994	0	0	0.00%	0	0.00%	0	0.00%
1995	0	0	0.00%	0	0.00%	0	0.00%
1996	0	0	0.00%	0	0.00%	0	0.00%
1997	0	0	0.00%	0	0.00%	0	0.00%
1998	4,980	0	0.00%	0	0.00%	0	0.00%
1999	15,335	0	0.00%	0	0.00%	0	0.00%
2000	20,266	0	0.00%	0	0.00%	0	0.00%
2001	15,515	0	0.00%	0	0.00%	0	0.00%
2002	2,466	0	0.00%	0	0.00%	0	0.00%

Southwest Gas Corporation

System Allocable

Analysis of Experienced Salvage
1985 through 2002

Account 395 - Laboratory Equipment

Year	Original Cost of Retirements	Gross Salvage	%	Cost of Removal	%	Net Salvage	%
THREE YEAR ROLLING BANDS							
1983-85	0	0	0.00%	0	0.00%	0	0.00%
1984-86	0	0	0.00%	0	0.00%	0	0.00%
1985-87	0	0	0.00%	0	0.00%	0	0.00%
1986-88	0	0	0.00%	0	0.00%	0	0.00%
1987-89	0	0	0.00%	0	0.00%	0	0.00%
1988-90	0	0	0.00%	0	0.00%	0	0.00%
1989-91	398	0	0.00%	0	0.00%	0	0.00%
1990-92	398	0	0.00%	0	0.00%	0	0.00%
1991-93	12,225	0	0.00%	0	0.00%	0	0.00%
1992-94	11,827	0	0.00%	0	0.00%	0	0.00%
1993-95	11,827	0	0.00%	0	0.00%	0	0.00%
1994-96	0	0	0.00%	0	0.00%	0	0.00%
1995-97	0	0	0.00%	0	0.00%	0	0.00%
1996-98	4,980	0	0.00%	0	0.00%	0	0.00%
1997-99	20,315	0	0.00%	0	0.00%	0	0.00%
1998-00	40,581	0	0.00%	0	0.00%	0	0.00%
1999-01	51,116	0	0.00%	0	0.00%	0	0.00%
2000-02	38,246	0	0.00%	0	0.00%	0	0.00%
				0			
1985-02	70,786	0	0.00%	0	0.00%	0	0.00%

Trend Analysis (End Year) 2002

***Based Upon 3-Year Rolling Averages**

Annual Inflation	2.75%
ASL	23
Avg Ret Age	13.6
Years to ASL	9.4
Inflation Factor At 2.75% to ASL	1.29

Gross Salv. Trend Analysis*		
1983-2002	20-Year Trend	#VALUE!
1988-2002	15-Year Trend	0.00%
1993-2002	10-Year Trend	0.00%
1998-2002	5-Year Trend	0.00%

Adjusted Salvage & C/O/R	**0.00%**	**0.00%**	**0.00%**

Southwest Gas Corporation

System Allocable

Analysis of Experienced Salvage
1985 through 2002

Account 397 - Communication Equipment

Year	Original Cost of Retirements	Gross Salvage	%	Cost of Removal	%	Net Salvage	%
1985	0	0	0.00%	0	0.00%	0	0.00%
1986	0	0	0.00%	0	0.00%	0	0.00%
1987	0	0	0.00%	0	0.00%	0	0.00%
1988	5,400	0	0.00%	320	5.93%	-320	-5.93%
1989	1,072	0	0.00%	0	0.00%	0	0.00%
1990	0	0	0.00%	0	0.00%	0	0.00%
1991	0	0	0.00%	0	0.00%	0	0.00%
1992	0	0	0.00%	0	0.00%	0	0.00%
1993	1,441	0	0.00%	0	0.00%	0	0.00%
1994	869,628	2,557	0.29%	0	0.00%	2,557	0.29%
1995	150,760	0	0.00%	0	0.00%	0	0.00%
1996	0	0	0.00%	0	0.00%	0	0.00%
1997	12,880	400	3.11%	0	0.00%	400	3.11%
1998	6,825	0	0.00%	0	0.00%	0	0.00%
1999	9,915	0	0.00%	0	0.00%	0	0.00%
2000	54,321	0	0.00%	0	0.00%	0	0.00%
2001	166,016	0	0.00%	0	0.00%	0	0.00%
2002	39,820	0	0.00%	0	0.00%	0	0.00%

Southwest Gas Corporation

System Allocable

Analysis of Experienced Salvage
1985 through 2002

Account 397 - Communication Equipment

Year	Original Cost of Retirements	Gross Salvage	%	Cost of Removal	%	Net Salvage	%
THREE YEAR ROLLING BANDS							
1983-85	0	0	0.00%	0	0.00%	0	0.00%
1984-86	0	0	0.00%	0	0.00%	0	0.00%
1985-87	0	0	0.00%	0	0.00%	0	0.00%
1986-88	5,400	0	0.00%	320	5.93%	-320	-5.93%
1987-89	6,472	0	0.00%	320	4.94%	-320	-4.94%
1988-90	6,472	0	0.00%	320	4.94%	-320	-4.94%
1989-91	1,072	0	0.00%	0	0.00%	0	0.00%
1990-92	0	0	0.00%	0	0.00%	0	0.00%
1991-93	1,441	0	0.00%	0	0.00%	0	0.00%
1992-94	871,069	2,557	0.29%	0	0.00%	2,557	0.29%
1993-95	1,021,829	2,557	0.25%	0	0.00%	2,557	0.25%
1994-96	1,020,388	2,557	0.25%	0	0.00%	2,557	0.25%
1995-97	163,640	400	0.24%	0	0.00%	400	0.24%
1996-98	19,705	400	2.03%	0	0.00%	400	2.03%
1997-99	29,620	400	1.35%	0	0.00%	400	1.35%
1998-00	71,061	0	0.00%	0	0.00%	0	0.00%
1999-01	230,252	0	0.00%	0	0.00%	0	0.00%
2000-02	260,157	0	0.00%	0	0.00%	0	0.00%
1985-02	1,318,078	2,957	0.22%	320	0.02%	2,637	0.20%

Trend Analysis (End Year) 2002

***Based Upon 3-Year Rolling Averages**

Annual Inflation	2.75%
ASL	11
Avg Ret Age	9.7
Years to ASL	1.3
Inflation Factor At 2.75% to ASL	1.04

Gross Salv. Trend Analysis*		
1983-2002	20-Year Trend	#VALUE!
1988-2002	15-Year Trend	0.64%
1993-2002	10-Year Trend	0.50%
1998-2002	5-Year Trend	-0.95%

Adjusted Salvage & C/O/R	-0.95%	0.03%	-0.97%

Southwest Gas Corporation

System Allocable

Analysis of Experienced Salvage
1985 through 2002

Account 397.20 - Telemetry Equipment

Year	Original Cost of Retirements	Gross Salvage	%	Cost of Removal	%	Net Salvage	%
1985	0	0	0.00%	0	0.00%	0	0.00%
1986	0	0	0.00%	0	0.00%	0	0.00%
1987	0	0	0.00%	0	0.00%	0	0.00%
1988	0	0	0.00%	0	0.00%	0	0.00%
1989	0	0	0.00%	0	0.00%	0	0.00%
1990	0	0	0.00%	0	0.00%	0	0.00%
1991	0	0	0.00%	0	0.00%	0	0.00%
1992	0	0	0.00%	0	0.00%	0	0.00%
1993	0	0	0.00%	0	0.00%	0	0.00%
1994	0	0	0.00%	0	0.00%	0	0.00%
1995	0	0	0.00%	0	0.00%	0	0.00%
1996	0	0	0.00%	0	0.00%	0	0.00%
1997	0	0	0.00%	0	0.00%	0	0.00%
1998	992,784	0	0.00%	0	0.00%	0	0.00%
1999	0	0	0.00%	0	0.00%	0	0.00%
2000	11,295	0	0.00%	0	0.00%	0	0.00%
2001	0	0	0.00%	0	0.00%	0	0.00%
2002	0	0	0.00%	0	0.00%	0	0.00%

Southwest Gas Corporation

System Allocable

Analysis of Experienced Salvage
1985 through 2002

Account 397.20 - Telemetry Equipment

Year	Original Cost of Retirements	Gross Salvage	%	Cost of Removal	%	Net Salvage	%
THREE YEAR ROLLING BANDS							
1983-85	0	0	0.00%	0	0.00%	0	0.00%
1984-86	0	0	0.00%	0	0.00%	0	0.00%
1985-87	0	0	0.00%	0	0.00%	0	0.00%
1986-88	0	0	0.00%	0	0.00%	0	0.00%
1987-89	0	0	0.00%	0	0.00%	0	0.00%
1988-90	0	0	0.00%	0	0.00%	0	0.00%
1989-91	0	0	0.00%	0	0.00%	0	0.00%
1990-92	0	0	0.00%	0	0.00%	0	0.00%
1991-93	0	0	0.00%	0	0.00%	0	0.00%
1992-94	0	0	0.00%	0	0.00%	0	0.00%
1993-95	0	0	0.00%	0	0.00%	0	0.00%
1994-96	0	0	0.00%	0	0.00%	0	0.00%
1995-97	0	0	0.00%	0	0.00%	0	0.00%
1996-98	992,784	0	0.00%	0	0.00%	0	0.00%
1997-99	0	0	0.00%	0	0.00%	0	0.00%
1998-00	0	0	0.00%	0	0.00%	0	0.00%
1999-01	0	0	0.00%	0	0.00%	0	0.00%
2000-02	0	0	0.00%	0	0.00%	0	0.00%
1985-02	1,004,079	0	0.00%	0	0.00%	0	0.00%

Trend Analysis (End Year) 2002

***Based Upon 3-Year Rolling Averages**

Annual Inflation	2.75%
ASL	8
Avg Ret Age	5.4
Years to ASL	2.6
Inflation Factor At 2.75% to ASL	1.07

Gross Salv. Trend Analysis*		
1983-2002	20-Year Trend	#VALUE!
1988-2002	15-Year Trend	0.00%
1993-2002	10-Year Trend	0.00%
1998-2002	5-Year Trend	0.00%

Adjusted Salvage & C/O/R	**0.00%**	**0.00%**	**0.00%**

Southwest Gas Corporation

System Allocable

Analysis of Experienced Salvage
1985 through 2002

Account 398 - Miscellaneous Equipment

Year	Original Cost of Retirements	Gross Salvage	%	Cost of Removal	%	Net Salvage	%
1985	2,424	300	12.38%	0	0.00%	300	12.38%
1986	0	0	0.00%	0	0.00%	0	0.00%
1987	0	0	0.00%	0	0.00%	0	0.00%
1988	9,319	4,000	42.92%	0	0.00%	4,000	42.92%
1989	24,476	0	0.00%	0	0.00%	0	0.00%
1990	1	0	0.00%	0	0.00%	0	0.00%
1991	10,106	405	4.01%	0	0.00%	405	4.01%
1992	349	0	0.00%	0	0.00%	0	0.00%
1993	0	0	0.00%	0	0.00%	0	0.00%
1994	0	0	0.00%	0	0.00%	0	0.00%
1995	0	0	0.00%	0	0.00%	0	0.00%
1996	346	0	0.00%	0	0.00%	0	0.00%
1997	279,655	0	0.00%	0	0.00%	0	0.00%
1998	4,113	0	0.00%	0	0.00%	0	0.00%
1999	80,058	0	0.00%	0	0.00%	0	0.00%
2000	138,338	0	0.00%	0	0.00%	0	0.00%
2001	155,842	0	0.00%	0	0.00%	0	0.00%
2002	89,844	0	0.00%	0	0.00%	0	0.00%

Southwest Gas Corporation

System Allocable

Analysis of Experienced Salvage
1985 through 2002

Account 398 - Miscellaneous Equipment

Year	Original Cost of Retirements	Gross Salvage	%	Cost of Removal	%	Net Salvage	%
THREE YEAR ROLLING BANDS							
1983-85	2,424	300	12.38%	0	0.00%	300	12.38%
1984-86	2,424	300	12.38%	0	0.00%	300	12.38%
1985-87	2,424	300	12.38%	0	0.00%	300	12.38%
1986-88	9,319	4,000	42.92%	0	0.00%	4,000	42.92%
1987-89	33,795	4,000	11.84%	0	0.00%	4,000	11.84%
1988-90	33,796	4,000	11.84%	0	0.00%	4,000	11.84%
1989-91	34,583	405	1.17%	0	0.00%	405	1.17%
1990-92	10,456	405	3.87%	0	0.00%	405	3.87%
1991-93	10,455	405	3.87%	0	0.00%	405	3.87%
1992-94	349	0	0.00%	0	0.00%	0	0.00%
1993-95	0	0	0.00%	0	0.00%	0	0.00%
1994-96	346	0	0.00%	0	0.00%	0	0.00%
1995-97	280,001	0	0.00%	0	0.00%	0	0.00%
1996-98	284,114	0	0.00%	0	0.00%	0	0.00%
1997-99	363,826	0	0.00%	0	0.00%	0	0.00%
1998-00	222,509	0	0.00%	0	0.00%	0	0.00%
1999-01	374,238	0	0.00%	0	0.00%	0	0.00%
2000-02	384,024	0	0.00%	0	0.00%	0	0.00%
1985-02	794,871	4,705	0.59%	0	0.00%	4,705	0.59%

Trend Analysis (End Year) 2002

***Based Upon 3-Year Rolling Averages**

Annual Inflation	2.75%
ASL	14
Avg Ret Age	12.5
Years to ASL	1.5
Inflation Factor At 2.75% to ASL	1.04

Gross Salv. Trend Analysis*		
1983-2002	20-Year Trend	#VALUE!
1988-2002	15-Year Trend	-7.96%
1993-2002	10-Year Trend	-0.77%
1998-2002	5-Year Trend	0.00%

Adjusted Salvage & C/O/R	**0.00%**	**0.00%**	**0.00%**

SOUTHWEST GAS CORPORATION

Docket No. G-01551A-04-0876

2004
ARIZONA
GENERAL RATE CASE

TESTIMONY

Volume III

SOUTHWEST GAS CORPORATION

ARIZONA GENERAL RATE CASE

VOLUME III

LIST OF WITNESSES

Jeffrey W. Shaw

Christina A. Palacios

Robert A. Mashas

Randi L. Aldridge

Theodore K. Wood

Frank J. Hanley

James L. Cattanach

Christy M. Berger

Steven M. Fetter

Edward B. Gieseking

A. Brooks Congdon

Vivian E. Scott

SOUTHWEST GAS CORPORATION

Docket No. G-01551A-04-0876

2004 ARIZONA GENERAL RATE CASE

REBUTTAL TESTIMONY

August 23, 2005

SOUTHWEST GAS CORPORATION

September 1, 2005

Docket Control Office
Arizona Corporation Commission
1200 West Washington
Phoenix, AZ 85007

Subject: Southwest Gas Corporation
General Rate Case; G-01551A-04-0876
Errata to Rebuttal Testimony

Enclosed please find an original and thirteen (13) copies of Southwest's Errata to Rebuttal Testimony in the above-referenced docket. An additional copy is included for date/time stamp and return in the self-addressed, stamped envelope. This filing is made in conjunction with the recently filed rebuttal testimonies on August 23, 2005, of A. Brooks Congdon and Theodore K. Wood. This filing includes: (1) missing Page 22 in the rebuttal testimony of Theodore K. Wood that was inadvertently omitted; and (2) two pages of rebuttal testimony of A. Brooks Congdon that describes Rebuttal Exhibit No. ___ (ABC-3), which was not described in Mr. Congdon's rebuttal testimony.

Should you have any questions, please do not hesitate to contact me at (702) 364-3079.

Respectfully,

Randall W. Sable

Randall W. Sable
Manager/State Regulatory Affairs

Enclosures

5241 Spring Mountain Road / Las Vegas, Nevada 89150-0002
P.O. Box 98510 / Las Vegas, Nevada 89193-8510 / (702) 876-7011
www.swgas.com

BEFORE THE

ARIZONA CORPORATION COMMISSION

IN THE MATTER OF

SOUTHWEST GAS CORPORATION

Docket No. G-01551A-04-0876

ERRATA to REBUTTAL TESTIMONY

of

Theodore K. Wood

ON BEHALF OF

SOUTHWEST GAS CORPORATION

NOTE: Please insert the following page 22 omitted from Mr. Theodore K. Wood's Rebuttal Testimony

shares are introduced into the market, earnings will likely be diluted and the price of the Company's stock will likely fall. Such a scenario would harm the integrity of existing capital and hinder the Company's ability to maximize proceeds from subsequent common stock offerings.

The Company has demonstrated a commitment to improve its capital structure by issuing approximately 15.8 million shares of common stock ($313.7 million) over the time period 1994-2004 and for the six-month period ended June 30, 2005 the company has issued 1.5 million shares of common stock ($35.6 million). Staff's recommendation for the Company to file a formal re-capitalization plan, which would require the Company to achieve a 40 percent common equity ratio or face the possibility of unfavorable regulatory treatment in the future, would send a negative signal to the stock market. The negative signal is due to the informational effect of possibly requiring the Company to choose between issuing more common stock to achieve the target or face cost of capital sanctions in its next Arizona general rate case, either of which has negative implications to the Company's stock price. The Company needs to have the flexibility to manage its capital structure, so that it can prudently choose the time, amounts, and types of capital to raise, based on capital market conditions and the circumstances of the Company. Again, the Company believes Staff's recommendation is overreaching and should be rejected.

BEFORE THE

ARIZONA CORPORATION COMMISSION

IN THE MATTER OF

SOUTHWEST GAS CORPORATION

Docket No. G-01551A-04-0876

ERRATA to REBUTTAL TESTIMONY

of

A. Brooks Congdon

ON BEHALF OF

SOUTHWEST GAS CORPORATION

NOTE: Question and Answer No. 30A, omitted from Mr. A. Brooks Congdon's Rebuttal Testimony should be inserted on page 15 between Question and Answer No. 30 and 31

Southwest Gas Corporation
Docket No. G-01551A-04-0876

BEFORE THE ARIZONA CORPORATION COMMISSION

Errata to Rebuttal Testimony
of
A. BROOKS CONGDON

Q. 1 Are you the same A. Brooks Congdon who submitted prepared direct and prepared rebuttal testimony in this Docket before the Arizona Corporation Commission (Commission or Staff) for Southwest Gas Corporation (Southwest)?

A. 1 Yes, I am.

Q. 2 Why are you filing an errata to your rebuttal testimony?

A. 2 The reason I am filing this errata is because I included Rebuttal Exhibit No.___(ABC-3) as part of my rebuttal testimony, but I inadvertently omitted from my final draft of testimony the question and answer that describes the Rebuttal Exhibit.

Q. 3 What was the question and answer that was inadvertently omitted?

A. 3 The question and answer should be inserted between Question and Answer 30 and 31, as follows:

Q. 30A Please describe the information presented in your Rebuttal Exhibit No. __(ABC-3).

A. 30A Rebuttal Exhibit No. ___(ABC-3) reflects the amount of Southwest's total proposed single-family residential margin that falls into the consumption groups I selected for

customer impact analysis. This exhibit also shows the percentage of total single-family customers in each consumption group. Calculations were made under Southwest's, Staff's, and RUCO's rate designs to illustrate the differences in margin recovery between small and large residential customers under each proposal. Rebuttal Exhibit No.___(ABC-3) demonstrates that Southwest's proposal distributes the recovery of total margin more evenly across the residential customer class than either Staff's or RUCO's proposals.

Q. 4 Does this conclude your errata to your rebuttal testimony?

A. 4 Yes, it does.

SOUTHWEST GAS CORPORATION

ARIZONA GENERAL RATE CASE
G-01551A-04-0876

REBUTTAL TESTIMONY

LIST OF WITNESSES

Steven M. Fetter

Frank J. Hanley

Theodore K. Wood

Lisa E. Moses

Christina A. Palacios

Robert M. Johnson

Randi L. Aldridge

Robert A. Mashas

William N. Moody

Marti Marek

Vivian E. Scott

A. Brooks Congdon

Edward B. Gieseking

SOUTHWEST GAS CORPORATION

Docket No. G-01551A-04-0876

2004
ARIZONA
GENERAL RATE CASE

REJOINDER TESTIMONY

September 23, 2005

SOUTHWEST GAS CORPORATION

September 23, 2005

Arizona Corporation Commission
Docket Control
1200 West Washington Street
Phoenix, AZ 85007-2996

Docket Control Supervisor:

Subject: Rejoinder Testimony
General Rate Case; G-01551A-04-0876

Attached please find an original and thirteen (13) copies of the Rejoinder Testimony for Southwest Gas Corporation (Southwest) in the above proceeding. An additional copy is included for date/time stamp and return to Southwest.

Should you have any questions, please do not hesitate to contact me at (702) 364-3079.

Respectfully submitted,

Randall W. Sable
Manager/State Regulatory Affairs

lr/Attachments

c Ernest Johnson, ACC
James Dorf, ACC
Robert Gray, ACC
Jason Gellman, ACC
Stephen Ahearn, RUCO
Scott Wakefield, RUCO
Marylee Diaz Cortez, RUCO

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SOUTHWEST GAS CORPORATION

ARIZONA GENERAL RATE CASE
G-01551A-04-0876

REJOINDER TESTIMONY

LIST OF WITNESSES

Steven M. Fetter

Frank J. Hanley

Theodore K. Wood

Lisa E. Moses

Christina A. Palacios

Randi L. Aldridge

Robert A. Mashas

William N. Moody

Marti Marek

James L. Cattanach

Vivian E. Scott

A. Brooks Congdon

Edward B. Gieseking

EXHIBIT
A-3
Admitted

Southwest Gas Corporation
Docket No. G-01551A-04-__

BEFORE THE ARIZONA CORPORATION COMMISSION

Prepared Direct Testimony
of
JEFFREY W. SHAW

Q. 1 Please state your name and business address.

A. 1 My name is Jeffrey W. Shaw. My business address is 5241 Spring Mountain Road, Las Vegas, Nevada 89150-0002.

Q. 2 By whom are you employed and in what capacity?

A. 2 I am the Chief Executive Officer of Southwest Gas Corporation (Southwest or the Company).

Q. 3 Please state your educational background and business experience.

A. 3 I graduated from the University of Utah in 1983 with a Bachelor of Science degree in accounting. After graduation, I worked for Arthur Andersen & Co. in its Dallas, Texas and Las Vegas, Nevada offices as a member of the audit division. I am a Certified Public Accountant (CPA) in the State of Nevada. I joined Southwest in May 1988 as the Director of Internal Audit. In July 1991, I was promoted to Controller and Chief Accounting Officer, and in May 1993, was named Vice President. Additionally, in late 1993, I assumed the responsibility for certain treasury functions and was named Treasurer in May 1994.

In July 2000, I was promoted to Senior Vice President/Finance and Treasurer. In addition to financial

and treasury functions, I also oversaw the Human Resources department, Corporate Purchasing and the Inventory Management function. In July 2002, I was named Senior Vice President of Gas Resources and Pricing, and was made responsible for the oversight of Gas Procurement and Dispatch, Large Customer Sales, and the Pricing and Tariffs area, including Revenue Requirements and Federal Regulatory Affairs. In July 2003, I was promoted to President and undertook responsibility for the oversight of the Company's business policies, practices and processes. In June 2004, I was promoted to my current position where I am responsible for the overall guidance and strategic direction of the Company. In July 2004, I was elected to Southwest's Board of Directors.

Q. 4 Have you previously testified before any regulatory commission?

A. 4 Yes. I have previously testified before the Arizona Corporation Commission (the Commission), the Public Utilities Commission of Nevada, the California Public Utilities Commission and the Federal Energy Regulatory Commission.

Q. 5 What is the purpose of your prepared direct testimony in this proceeding?

A. 5 I am supporting Southwest's application for necessary and appropriate increases in its general rates in Arizona. In my prepared direct testimony, I provide the overarching reasons that support Southwest's request for necessary

rate relief in its Arizona rate jurisdiction. My testimony will focus on Southwest's continued inability to earn its Commission-authorized rate of return. I will provide the Commission with several interrelated policy alternatives that could provide the Company with, at least, a fair and reasonable opportunity to realize the rate of return that will be authorized by this Commission at the conclusion of this proceeding. Specifically, I will address the necessary pricing of the Company's services, the need for a reasonable regulatory capital structure/rate of return, initiatives undertaken by Southwest to control costs and become even more productive, and the impact of rapid growth in combination with regulatory lag.

Q. 6 Other than yourself, please briefly discuss the other Southwest witnesses that will be presenting prepared direct testimony in this proceeding, and the general subject areas that they will be discussing and supporting.

A. 6 In addition to myself, Southwest is presenting eleven (11) other witnesses who provide prepared direct testimony in support of Southwest's request for increases in its general rates. Besides myself, the Southern Arizona Division Senior Vice President, Ms. Christina A. Palacios will discuss in greater detail the local initiatives undertaken to emphasize safety and customer service. She will also discuss the Company's efforts to

control and manage costs and to increase the productivity and effectiveness of Southwest's Arizona workforce. Mr. Robert A. Mashas will discuss Southwest's revenue deficiency and quantify the Company's lack of reasonable earnings in Arizona for a number of years. He will also discuss Southwest's Incremental Contribution Method (ICM) model and the expenses associated with the Transmission Integrity Management Program. Ms. Randi L. Aldridge supports the Company's cost of service, including the necessary operations and maintenance (O&M) and administrative and general (A&G) expenses, the methods employed to allocate general corporate costs, depreciation expenses, the various rate base components, and Southwest's tax expenses. Mr. Theodore K. Wood supports the reasonable and necessary overall cost of capital, provides justification for the use of a proposed hypothetical capital structure for Southwest, and provides the determination of the Company's cost of debt and preferred securities. Mr. Frank J. Hanley, President of AUS Consultants - Utility Services, determines and supports a fair and reasonable cost of common equity for Southwest. Mr. James L. Cattanach supports the Company's adjustment to normalize weather and explains and supports the historical decline in residential consumption per customer the Company continues to experience in Arizona. He also provides a price-elasticity study ordered by the Commission in Southwest's last general rate case.

Ms. Christy M. Berger supports the embedded class cost of service studies. Mr. Steven M. Fetter of REGULATION unFETTERED, discusses the recommendations of the Joint Statement of the American Gas Association, the Natural Resources Defense Council, and the American Council for an Energy-Efficient Economy (Joint Statement) that was incorporated in a National Association of Regulatory Commissioners (NARUC) resolution adopted in July 2004, the regulatory policy implications of that Joint Statement, the relationship to a proper rate design, and the positive impact that it could provide Southwest's credit ratings. Mr. A. Brooks Congdon supports adjustments made to Southwest's billing determinants (volumes), the allocation of revenue to customer classes, and various tariff provisions and revisions. Mr. Edward B. Gieseking supports Southwest's rate design proposals and the Company's proposal for a margin decoupling mechanism to track residential margin per customer and to remove Southwest's inherent disincentive to promote customer energy efficiency. Finally, Ms. Vivian E. Scott presents and supports Southwest's package of conservation and energy efficiency programs which, in conjunction with Southwest's recommended rate design and margin decoupling mechanism, will encourage customers to make efficient use of energy.

Q. 7 Why does Southwest require rate relief in its Arizona rate jurisdiction?

A. 7 As is shown in Southwest's Schedule C-1 for its Arizona rate jurisdiction filed in this general rate case, Southwest's unadjusted, earned return is woefully inadequate (5.47 percent on rate base). It does not provide the level of income or cash flow necessary to adequately sustain the natural gas distribution operations of Southwest, nor does it provide adequate support or assurances to investors or creditors from whom the Company must obtain capital to fund its significant infrastructure-related capital expenditures. Southwest has implemented several cost control measures, which have permitted it to achieve one of the best customer-to-employee ratios in the industry – a key indicator of productivity. At the same time, J.D. Power & Associates rated the Company the best utility in the West in terms of customer satisfaction in 2003.

Notwithstanding these positive factors, Southwest faces substantial cost increases related to federal regulation, including but not limited to the Sarbanes-Oxley Act of 2002 and the Pipeline Integrity Management Rule. In addition, Southwest continues to be beset with declining average residential customer usage. These factors have eroded Southwest's Arizona earnings to an extent that general rate relief is the only acceptable alternative available to the Company.

Q. 8 Has Southwest, historically, been able to earn its authorized return in Arizona?

A. 8 No, it has not. As described and quantified in Mr. Mashas' direct prepared testimony, Southwest, in the last 11 years, has realized its authorized rate of return only one time in its Arizona rate jurisdiction, and under circumstances that are not likely to recur.

Q. 9 Have you identified the factors that are the root cause behind Southwest earning below its authorized return?

A. 9 Yes. I believe there are three primary reasons that Southwest has not had a fair and reasonable opportunity to earn its Commission-authorized return, and to a large degree, they are all interrelated. First, the Commission-authorized pricing of the Company's services (rate design) fails to reflect the fact that, absent the actual cost of natural gas itself, the vast majority of the costs of the utility are fixed. Second, declining average natural gas usage by residential customers, resulting in inadequate margins, has strained Southwest's return on equity and capital structure. Third, the use of a historic test year results in nearly constant financial attrition to the Company.

Q. 10 What is the estimated impact to the Company's earnings and equity position from the chronic lower-than-authorized returns over the past 11 years?

A. 10 As noted earlier, Southwest, on an unadjusted basis, in 10 out of 11 years, has not earned its Commission-authorized return. It follows that if the return is lower than authorized, the Company's net income is also lower

than what it would have been. Based on Mr. Mashas' calculations, Southwest has foregone more than $145 million in net income in its Arizona service territories. This loss of net income was a result of many factors and was heavily influenced by actual consumption being lower than the consumption volumes used to establish rates. Southwest's analysis shows that increased appliance efficiency, newer and more stringent building codes and standards, and greater energy conservation by customers are the primary causes for the decline in consumption. Although Southwest is a firm supporter of the use of cost-effective conservation measures by its customers, as evidenced by its proposed conservation and energy efficiency programs in this proceeding, and believes energy efficiency is a laudable goal, it is imperative that the Company's margins not be degraded by additional reduced consumption. Mr. Fetter, together with other Company witnesses, discusses several interrelated proposals that hold the Company harmless from a reduction in use of natural gas by its customers, thus encouraging Southwest to continue to aggressively promote energy efficiency.

If Southwest had earned its authorized returns in those years, it would have realized at least $145 million in additional equity (retained earnings) and, concurrently, an approximately equivalent reduction in long-term debt. This, in turn, would significantly have

improved Southwest's equity ratio in its capital structure. An improved capital structure would likely lead to better credit ratings which, in turn, would benefit customers through a lower cost of capital.

I want to emphasize that the lower percentage of equity in Southwest's capital structure is substantially all related to continued lack of earnings. In fact, Southwest has issued approximately 40 percent of its total outstanding shares of common stock in the last decade. This is a clear indication of the Company's efforts to strengthen its capital structure and demonstrates that adequate earnings remains the key to actually achieving a reasonably healthy equity ratio.

Q. 11 Can you please explain how Southwest's rate design in Arizona contributed to unrealized margin and the inability to achieve authorized returns?

A. 11 As a natural gas distribution utility, Southwest must make significant investments in infrastructure to meet its explicit service obligation to customers. Customers, once connected, have the assurance of the availability of safe and reliable natural gas service 24 hours a day, seven days a week, regardless of whether they use natural gas or not. The Company's rates must be designed to ensure that the significant fixed costs <u>required</u> to assure that availability, are fully recovered by Southwest.

Q. 12 Could you further explain the dilemma the Company faces

because of its commodity-based rate design?

A. 12 Virtually everything Southwest does in the natural gas distribution portion of its business centers on assuring the availability of safe and reliable natural gas service and, accordingly, substantially all of its costs (excluding the cost of gas itself, which is recovered through the Purchased Gas Adjustment mechanism with no profit) are fixed. These fixed costs consist primarily of plant-related costs, such as return on investment, taxes, and depreciation. In addition, many of the operational costs associated with actually providing natural gas service, such as O&M expenses and A&G expenses, are essentially fixed (approximately two-thirds of those expenses are attributable to labor).

Investors provide capital to natural gas utilities (and other businesses, for that matter) with the expectation that they will earn a competitive return commensurate with the risk of the investment. Investors have many investment alternatives to choose from and they will typically provide capital to a business that has an attractive risk-return profile. A rate design, or price to customers, that recovers a large portion of the authorized return or margin through commodity-based rates provides significant additional down-side risk to investors when a utility, like Southwest, suffers from declining average customer usage.

A rate design that recovers fixed costs through

commodity-based rates can hurt both the customer and the investor. For example, when the weather is significantly colder than normal, as occurred in 1998, there is generally an over-recovery of fixed costs. Conversely, when the weather is warmer, or when usage declines due to tighter housing envelopes and more efficient appliances, there is an under-recovery of fixed costs, which has been the case for Southwest for ten of the past eleven years. A more equitably balanced solution should be sought.

Approximately 99 percent of Southwest's customers are classified as "weather-sensitive" customers (residential and small commercial). The weather-sensitive customers are responsible for contributing about 75 percent of Southwest's total margin. These customers should, and do save on their natural gas bills when they use lower volumes, irrespective of the reason. However, their "savings" should not prejudice investors from recovery of, and return on, invested capital. Equitable customer savings should only relate to the commodity volumes and the cost of the natural gas in those volumes, not the Company's authorized margin or profit. In other words, customer savings from using fewer volumes should not impair Southwest's ability to provide the availability of safe and reliable natural gas service, since that responsibility remains fixed and inviolate.

Q. 13 Has the Commission recognized this dilemma?

A. 13 Yes, to some degree. In Southwest's last two general rate

cases (Docket Nos. U-1551-96-596 and G01551A-00-0309), the Commission recognized the dilemma caused by the Company's commodity-based rate design when it authorized increases in the residential monthly basic service charge (from $5.50 prior to September 1997 to $8.00 today), and authorized a modest declining block rate structure. Southwest is appreciative of the Commission's recognition of the need to increase the monthly fixed charge and implement declining block rates to partially reflect the nature of the Company's cost structure. This enhanced rate design has been noted positively by the various rating agencies that monitor and track the Company. Unfortunately, this gradual transitional process to a more cost-based rate design is not complete, and the Company's dilemma remains. The solution to this problem is to further increase the monthly basic service charge to levels that better reflect the nature of the expenses authorized by the Commission.

Q. 14 What should be done to resolve or at least help mitigate the problem of the variability of Southwest's margin related to the vagaries of customer usage?

A. 14 The fixed costs associated with providing safe and reliable natural gas service are reviewed and scrutinized through the regulatory process in general rate case proceedings, such as this one. Once costs are approved through these proceedings, the authorized rate design should provide a fair and reasonable opportunity for

Southwest to recover those costs. Usage variability should not be a factor in the recovery of Southwest's fixed costs. If the provision of safe and reliable natural gas service is constant, the recovery of the related costs should also be constant.

Invariably, the most important decision this Commission could reach to resolve this dilemma would be to authorize the Conservation Margin Tracker (CMT) that is detailed by Southwest in the prepared direct testimony of Mr. Gieseking. The authorization of this provision would ensure the residential margin level approved in the general rate case would be collected irrespective of any volume variations. Any difference from the authorized level would be deferred and amortized over a specified future period as either a reduction of, or an addition to, customer bills. The Company has proposed a wide array of conservation programs in this proceeding that will serve to benefit customers through lower bills and benefit society through more efficient use of energy resources. However, if the conservation programs are successful, as Southwest believes they will be, the Company will be exposed to further degradation of its margin. The authorization of the CMT by the Commission will alleviate this exposure, and will serve the dual purpose of removing the inherent disincentive to the Company to encourage conservation of the resource (natural gas) and allowing Southwest the reasonable

assurance that its costs will be recovered.

In addition to authorizing the CMT, the Commission should also make appropriate and cost-based changes to the Company's current rate design. The margin component of residential rates (residential customers in Arizona comprise approximately 95 percent of the Company's customer base) is composed of two parts: a fixed monthly charge and a commodity charge. The current residential rate design in Arizona recovers only approximately 38 percent of the total margin from that customer class through the fixed charge. The remaining 62 percent of margin is recovered through the commodity charge, and subject to the vagaries associated with declining consumption. Consequently, the Commission should authorize a rate design that fairly balances fixed cost recovery and the interests of the customer in terms of energy efficiency and bill minimization, by increasing the fixed charge component of the residential rate design.

Ideally, fixed costs should be recovered through fixed monthly customer charges. This form of rate design could be done ratably or even in a tiered approach to follow seasonality. Increased monthly customer charges would reduce the volatility of customer bills and provide the utility with a more reasonable opportunity to actually earn its authorized rate of return. This proposal is more fully developed in Mr. Gieseking's

prepared direct testimony. Approval of the combination of both the CMT and an enhanced cost-based rate design, as advocated by the Company, would provide Southwest with a fair and reasonable opportunity to recover its fixed costs and actually earn its Commission-authorized return.

Q. 15 Is there a relationship between Southwest's capital structure and its Commission-authorized rate of return?

A. 15 Yes. A leveraged, or highly leveraged (high level of debt compared to equity) capital structure requires a higher overall return (primarily through the return granted on equity) than a capital structure that is less leveraged and more balanced. In essence, the more debt in the capital structure, the higher the risk, and the higher overall return that will be necessary to ensure that the return to the shareholder is commensurate with returns on investments in other businesses having corresponding risks. The Company's witnesses on the necessary hypothetical capital structure and the fair return on common equity, Mr. Wood and Mr. Hanley, respectively, provide additional detailed information concerning the relationships between capital structure and returns.

Q. 16 Are there factors which cause Southwest to have a higher risk profile compared to other local gas distribution companies?

A. 16 Yes, there are several factors that are unique to Southwest. First, most of Southwest's Arizona customers are located in one of the fastest growing regions of the

country. Southwest's rate base must, by necessity, grow at a substantial rate, to keep pace with the rapid increase in the number of customers. Since Arizona employs a historic test year, Southwest must file periodic rate cases to allow its rates to "catch up" with the significant capital expenditures the Company has already made.

Second, Southwest's present margin, as noted earlier, is primarily recovered through commodity-based rates. This exposes earnings to the punishing effects of the demonstrated declining average customer usage levels. This phenomenon of declining average customer usage levels is discussed in more detail in Mr. Cattanach's prepared direct testimony. Again, given Arizona's use of historic test year customer usage, Southwest's rates have historically been designed based on customer volumes that the Company is unlikely to realize.

Finally, due to the significant customer growth Southwest has experienced and continues to experience in Arizona, Southwest must continually construct, replace and improve its infrastructure. This requires that the Company must access the capital markets more frequently, resulting in the need to issue more debt and/or equity.

The combination of these three factors generally cause Southwest to have a higher risk profile compared to other local gas distribution companies and underscores the need for the Commission to establish a reasonable

return on equity together with a hypothetical capital structure in this proceeding.

Q. 17 Has Southwest taken steps to improve its productivity and control costs?

A. 17 Yes, Southwest most certainly has. I believe it is incumbent upon the Company to take all reasonable and necessary actions to efficiently manage its workforce and to minimize costs. Southwest, for many years, has utilized information technology enhancements to allow its existing workforce to serve more customers, without any degradation in customer service.

For example, several years ago, Southwest implemented a "Start Work from Home" program that increased the number of appointments and tasks that can be completed by service technicians and customer representatives in a given day. That process has been further enhanced with "Maps to the Field", whereby less than optimum paper maps have been replaced with up-to-date and accurate electronic maps that are available to field personnel at the touch of a button. Southwest has also installed a new materials management system that enhances the control of inventory and reduces the holding and handling costs of the many parts and materials needed to satisfactorily serve customers. Southwest has most recently implemented a state-of-the-art work management system that more accurately and efficiently schedules the operational and construction work processes from start to finish.

These technology improvements, among other process improvements, have allowed Southwest to effectively manage its workforce and increase the productivity of its employees. As I noted earlier, a key measure of workforce productivity is the ratio of customers to employees. In Southwest's 1997 Arizona general rate case, with a test year of 1996, the Company had a ratio of 507 customers to each employee. In the 2000 general rate case (test year 1999), Southwest had increased its customer-to-employee ratio to 645:1. In this general rate case, with a test year ended August 31, 2004, Southwest has improved the ratio to 745 customers to each employee. In other words, each Southwest employee is serving nearly 47 percent more customers in 2004 than they did eight years ago. All the while, Southwest has consistently achieved annual customer satisfaction levels of 92 percent or higher in Arizona. This is a phenomenal result, and a clear indication that Southwest has continued to achieve productivity gains and worked to mitigate potential cost increases for customers. In addition, local management in Arizona has undertaken a number of productivity initiatives that have further enhanced the Company's ability to provide excellent customer service at a reasonable cost. Ms. Palacios, the Senior Vice President of the Southern Arizona Division, discusses some of these local initiatives in more detail in her prepared direct testimony.

The Company has also taken advantage of lower interest rates since the last Arizona general rate case to refinance its preferred securities. Southwest refinanced $60 million of Trust Originated Preferred Securities (TOPrS) in 2003 as more fully explained in the testimony of Southwest witness Mr. Wood. That refinancing generated positive net present value savings of approximately $5.8 million and, in turn, reduced Southwest's Arizona revenue requirement in this proceeding by more than $600,000.

Q. 18 What do you believe this Commission can do to ensure that Southwest has a fair and reasonable opportunity to achieve its authorized rate of return?

A. 18 The Commission, in this general rate case, is presented with an opportunity to establish responsive regulatory policy that addresses the concerns enumerated in my testimony and those further elaborated on in the testimony of Mr. Fetter. Ratemaking treatment for Southwest must recognize that declining consumption and significant growth in a historic test year jurisdiction places enormous financial strain on the Company. The Commission's assistance in allowing Southwest a fair and reasonable opportunity to earn its authorized return should, over time, improve the Company's capital structure and provide assurance to the financial markets that this Commission is concerned about the financial health of the utilities it regulates. This is doubly

important given the Company's frequent need to access the capital markets to fund the demand in Arizona's infrastructure due to the tremendous growth.

Consequently, the Commission should implement rate designs and other margin-protection mechanisms that minimize the risk that the Company's margin is detrimentally affected by factors outside its control. The ability to actually realize the Commission-authorized margin will lead to improvements in Southwest's capital structure and will directly result in lower financing costs which will be passed through to customers. To this end, the Commission should also adopt a balanced, hypothetical capital structure for Southwest with a fair return on equity. Southwest has offered, in this proceeding, several proposals and recommendations that accomplish these objectives. I strongly implore the Commission to adopt Southwest's proposals.

Q. 19 Does this conclude your prepared direct testimony?

A. 19 Yes, it does.

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EXHIBIT
A-4
Admitted

Southwest Gas Corporation
Docket No. G-01551A-04-__

BEFORE THE ARIZONA CORPORATION COMMISSION

Prepared Direct Testimony
of
CHRISTINA A. PALACIOS

INTRODUCTION/BACKGROUND

Q. 1 Please state your name and business address.

A. 1 My name is Christina A. Palacios. My business address is 3401 East Gas Road, Tucson, Arizona 85714-1994.

Q. 2 By whom are you employed and in what capacity?

A. 2 I am Senior Vice President/Southern Arizona Division for Southwest Gas Corporation (Southwest or the Company).

Q. 3 Please state your educational background and business experience.

A. 3 I earned a bachelor's degree in Marketing and a Masters in Business Administration from the University of Utah in 1975 and 1976, respectively. Prior to beginning my career with Southwest, I held numerous and increasingly responsible positions in human resources for EIMCO, a heavy equipment manufacturer, and Armour Dial, a packaged goods company. In 1984, I joined Southwest as the Human Resources Manager in Phoenix and was subsequently promoted to Manager/Administration in 1989. In 1991, I was promoted to Manager/Customer Relations in the Southern Nevada Division. In 1994, I was promoted to Director/Operations Support at Corporate in Las Vegas. In

1995, I was promoted to Vice President/Southern Nevada Division, and in 1997, I was promoted to Vice President of the Southern Arizona Division. I was promoted to my present position in 2004.

I have been heavily involved in the southern Arizona community. In 1998, I was appointed by Governor Hull to the Arizona School Facilities Board, where I served for one year. In 2002, I received the Good Scout Award from the Catalina Council of the Boy Scouts of America. In 2003, I received the Tucson YWCA's Business Leadership Award and was just recently named Hispanic Business Woman of the Year by the Tucson Hispanic Chamber. I am currently a board member of the Greater Tucson Economic Council, the Southern Arizona Leadership Council, and the United Way of Greater Tucson. I also serve on the Arizona Board of Regents, and I am a member of the Pacific Coast Gas Association, the DM-50 (a support group for Davis-Monthan Air Force Base), and the Tucson Airport Authority.

Q. 4 What is the purpose of your prepared direct testimony in this proceeding?

A. 4 The purpose of my testimony is to provide an overview of Southwest's Arizona operations. I will address the Company's focus on safety and customer service and satisfaction, as well as Southwest's efforts to increase productivity and control costs.

. . . . .

SAFETY

Q. 5 Has the rapid housing growth in Arizona affected Southwest's safety efforts?

A. 5 Yes. During the past four years, the Company has experienced numerous incidents involving third-party damage to Southwest's facilities due in large part to rapid housing growth and the expansion of infrastructure experienced in Pima and Maricopa Counties. Southwest has responded to the increased instances of third-party damage by enhancing the training for Company emergency responders and implementing new safety and operational practices to reduce the time between the receipt of an incident report and controlling the escape of natural gas. As a consequence, Southwest has improved its average response time from 48 minutes to 39 minutes.

Q. 6 Has Southwest taken any proactive steps to reduce the number of incidents due to third-party damage?

A. 6 Yes. Southwest has undertaken substantial outreach efforts with contractors. The Company has also provided training to alert the employees of contractors to the hazards associated with line breaks. The results of these efforts are reflected in a declining number of such incidents and a decrease in the severity of the incidents. For example, in the year 2000, 1,726 line breaks were reported. In the year ended October 31, 2004, even with the record pace of growth, only a total of 1,219 lines breaks were reported.

Q. 7 What other steps has Southwest taken to address safety issues?

A. 7 In addition to internal training, Southwest has forged excellent working relationships with local "first-responders," such as fire and emergency personnel. Southwest has increased its training across-the-board for personnel outside the Company, including utilization of the Emergency Response Facility located at the Company's Tempe Operations Center. Many coordinated training sessions have been undertaken with local fire departments in this real-time, state-of-the-art facility. In an effort to promote its use by first-responders, Southwest has also showcased this facility and demonstrated its effectiveness to many members of local and state government. All of these activities have led to positive results and are evidence of Southwest's strong commitment to safety.

CUSTOMER SERVICE/SATISFACTION

Q. 8 Has Southwest been able to maintain high levels of customer satisfaction in this environment of rapid growth?

A. 8 Yes. Southwest has always prided itself on customer satisfaction. Achieving a high level of customer satisfaction continues to be a major goal for the Company's employees. Southwest has made, and will continue to make, training of its employees a top priority and to provide them with the tools necessary to increase their ability to meet customer needs and expectations.

Q. 9 Can you give any examples that demonstrate how Southwest meets or exceeds its customers' expectations?

A. 9 Yes. Southwest contracts with an independent third-party provider to survey and measure, on a quarterly basis, customer satisfaction with the gas service that Southwest is providing. Southwest has been measuring customer satisfaction since 1994. Both the Southern and Central Arizona Divisions have consistently achieved annual customer satisfaction scores of 92 percent or higher. Most recently (September 30, 2004), the customer satisfaction level in the Southern Arizona Division was 92 percent and 97 percent in the Central Arizona Division. The results of Southwest's surveys were confirmed in 2003 by the nationally-recognized quality-of-service firm, J. D. Power & Associates, which ranked Southwest as the best gas utility in the western region of the United States in terms of customer satisfaction. Although Southwest is pleased with its reputation as an outstanding service provider, Southwest is committed to maintaining and improving its customer satisfaction.

PRODUCTIVITY AND COST CONTROL

Q. 10 How does increased productivity benefit Southwest's Arizona customers?

A. 10 Southwest's customers benefit through increased efficiency and improved levels of customer service. As a result, costs and, consequently, customer bills are kept lower than they otherwise would be. This also allows

Southwest to accomplish more with less.

Q. 11 How has Southwest been able to increase productivity through information technology?

A. 11 It is clear to Southwest's management that increased productivity depends upon the high caliber and performance of its employees coupled with improvements in technology. Examples of this can be seen in the customer service system and work management system. The capability of working directly from home is one of the key benefits of having "Go Books" (portable laptops) in each vehicle in the field. In addition to eliminating the use of paper orders by automating these processes, technicians can electronically access system maps, Company Standard Practices, customer information, and meter reading data in the field. Such data access has not only reduced non-productive time due to the drive time between an employee's residence and the Operations Center, but it also has yielded a substantial benefit to *Clean Air/Trip Reduction* efforts.

Other technologies have also played a part in productivity increases, and they include: expansion of the information services network to boost internal transfer of information; use of tools such as the Global Positioning System; cell phone/direct-connect communications; and key-hole excavation techniques.

Q. 12 Has Southwest increased productivity through means other than information technology improvements?

A. 12 Yes. Logistical planning improvements have also led to the increased productivity of Southwest's employees. The Company has moved to remote storage in Arizona, whereby parts and materials are kept in various locations in the service area which service technicians can more quickly access while in the field. Southwest, in cooperation with the Arizona Blue Stake Center, has instituted Automated Line Location Requests. This greatly reduces the time needed to locate and mark Southwest's facilities and it allows Southwest to utilize its available resources where they are most needed. This has been done by organizing and staffing various distribution areas to enhance the Company's emergency response, meter reading, and scheduled maintenance activities.

Q. 13 What have been the results of Southwest's efforts to increase productivity in Arizona?

A. 13 The results have been extraordinary. On December 31, 1999, the test year ending date in Southwest's last general rate case, Southwest served approximately 748,000 Arizona customers with a staff of 1,159 employees. On August 31, 2004, the last day of the test year in this case, the customer count increased to approximately 872,000, while the employee count remained virtually flat at 1,171 employees. Stated another way, on December 31, 1999, each Southwest Arizona employee served approximately 645 customers; whereas, on August 31, 2004, each Southwest Arizona employee served approximately 745 customers. This

equates to a productivity gain of nearly 16 percent, and it was accomplished without negatively affecting customer satisfaction. If the productivity increase were converted to dollars, the enhanced productivity of Southwest's Arizona workforce has benefited customers by nearly $12 million in labor and benefits since December 31, 1999.

Q. 14 Does Arizona's tremendous growth put any strain on Southwest's resources?

A. 14 Yes. In fact, Southwest has had to expand its gas distribution system and related infrastructure dramatically. The magnitude of growth that Arizona has experienced over the past decade has presented a major challenge to the Company. Unfortunately, although the addition of more customers provides Southwest with the opportunity to sell more natural gas and to spread fixed costs across an increasing number of customers, the growth that occurs often "leap-frogs" across under-developed areas and opens up new development far from populated areas. This situation is likely to remain the case as long as the land is cheaper in the rural areas than it is in the core of the cities or existing suburbs. This type of development requires the Company to make large investments in "approach" pipelines and facilities to simply reach the location of new developments. This, in turn, strains Southwest's ability to acquire the capital needed to fund these investments.

Southwest also is faced with a related problem. In

rural areas that typically consist of agricultural development, builders are rapidly converting the tracts to high density housing. The gas distribution piping that was installed decades ago to serve farm houses, ranches and other agricultural uses becomes inadequate when replaced with thousands of new homes. This requires Southwest to make investments to reinforce the pressure and capacity of the existing piping systems to ensure that the existing and new customers in these areas have adequate capacity for the delivery of natural gas to their homes and businesses. This creates additional demand on Southwest's financial resources.

Q. 15 What steps has Southwest taken to control costs and address the strain on its financial resources?

A. 15 Southwest has made a concerted effort to reduce the costs of installing facilities in new subdivisions. Accordingly, the Company has employed several approaches to this problem, and I have included the following three examples in my testimony. First, Southwest has sought out and increased the use of joint trenching opportunities with other utilities. Second, the Company has required builders and developers to share in the cost of new infrastructure requirements. Third, Southwest has had builders and developers provide the entire trench for underground gas facilities (as well as other underground facilities), removing one of the largest costs of installing gas pipelines.

Q. 16 Does this conclude your prepared direct testimony?

A. 16 Yes, it does.

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EXHIBIT
A-5
Admitted

Southwest Gas Corporation
Docket No. G-01551A-04-0876

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Prepared Rebuttal Testimony
of
CHRISTINA A. PALACIOS

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Southwest Gas Corporation
Docket No. G-01551A-04-0876

BEFORE THE ARIZONA CORPORATION COMMISSION

Prepared Rebuttal Testimony
of
CHRISTINA A. PALACIOS

INTRODUCTION

Q. 1 Please state your name and business address.

A. 1 My name is Christina A. Palacios. My business address is 10851 North Black Canyon Highway, Phoenix, Arizona 85072-4755.

Q. 2 Did you sponsor direct testimony on behalf of Southwest Gas Corporation (Southwest) in this proceeding?

A. 2 Yes. However, subsequent to the filing of my prepared direct testimony, I have assumed the position of Senior Vice President/Central Arizona Division.

Q. 3 What is the purpose of your prepared rebuttal testimony?

A. 3 The purpose of my prepared rebuttal testimony is to rebut the Residential Utility Consumer Office's (RUCO) witness Rodney Moore's proposal to remove the total compensation of 37 Southwest employees from the revenue requirement in this proceeding.

Q. 4 Please summarize your rebuttal testimony.

A. 4 My rebuttal testimony will address the following two issues:

- RUCO's proposed removal of reasonable and necessary utility business expenditures; and

- the responsibilities and functions of the 37 Southwest employees whose compensation is proposed to be disallowed by RUCO.

RUCO'S POSITION

Q. 5 Please describe RUCO's proposed disallowance pertaining to the compensation of 37 Southwest employees.

A. 5 RUCO proposes to disallow 100 percent of these 37 employees' compensation, including wages, incentive compensation, and labor benefits which totals approximately $2.9 million.

Q. 6 Do you agree with RUCO's proposed adjustment to eliminate the compensation of these particular Southwest employees?

A. 6 No. RUCO is proposing to disallow the total compensation of 37 Southwest employees simply because RUCO has apparently concluded that those employees' sole responsibilities are related to the functional areas of marketing and/or sales. RUCO is proposing this adjustment even though Southwest has already removed nearly $600,000 from its Arizona cost of service based on previous Commission decisions concerning promotional and marketing activities.

Q. 7 Do you know if RUCO asked any discovery regarding duties and responsibilities of the 37 employees whose compensation it is proposing to disallow for purposes of cost recovery?

A. 7 According to conversations I had with Southwest's regulatory staff, RUCO did not request any job descriptions or any other information to support its

proposed disallowance. As a result, RUCO's position on this matter appears to be unsubstantiated. Southwest witness Ms. Randi L. Aldridge, in her rebuttal testimony, provides additional information on the lack of discovery related to this matter.

RESPONSIBILITIES AND FUNCTIONS OF THE 37 SOUTHWEST EMPLOYEES

Q. 8 What are the various job titles or descriptions of the 37 employees that RUCO recommended removing from the cost of service?

A. 8 RUCO recommended that the compensation for the following positions be disallowed: (a) Account Representative; (b) Account Executive; (c) Industrial Gas Engineer; (d) Sales Supervisor; (e) Large Customer Sales Supervisor; (f) Industrial Sales Supervisor; and (g) Sales Manager.

Q. 9 Can you describe the job duties and responsibilities of these 37 Southwest employees?

A. 9 Yes. These employees are responsible for monitoring the progress and maintaining oversight of the extension of gas service from the initial contact with a customer until the service line, riser, and the meter are installed on the customer's property. In most cases, individuals and developers requiring natural gas service contact Southwest for the necessary information and requirements of obtaining gas service. This group of employees also provides customers the help and assistance necessary for them to receive gas service. These positions also coordinate the necessary responses and

tasks from multiple departments within Southwest to ensure that customers have their gas service established in a timely manner. These employees' job duties and responsibilities further include, without limitation, the following:

- Advise customers on gas products and availability
- Coordinate new business processes
- Work with customers to determine technical needs and specifications
- Investigate and settle customer complaints
- Ensure satisfactory customer service
- Participate in customer business meetings as consultant/advisor
- Establish programs to educate customers
- Interpret and apply tariffs to main/service extensions
- Ensure adequate and timely coordination of services
- Negotiate contracts/special agreements
- Prepare studies and analyses
- Make presentations to trade allies or potential customers
- Keep up-to-date on government regulations impacting company products/services
- Keep abreast of technology or other changes within the industry.

Indeed, these employees are in the best position to elicit feedback from customers and the marketplace, and are essential to Southwest's business.

Q. 10 Do several of these positions also have regulatory responsibilities?

A. 10 Yes. For example, Martha Wright and Brian O'Donnell are the Sales Manager and Large Customer Sales Supervisor of the Southern Arizona and Central Arizona Divisions, respectively. Over the last several years, they have attended and participated in several workshops, hearings, and consumer comment sessions. They have represented Southwest at meetings, workshops, and hearings related to the development of policies and rules related to the Environmental Portfolio Standards, Demand Side Management programs, interconnection and design of rates related to distributed generation in Arizona, the Arizona Public Service Company general rate case, Unisource Energy's Purchased Gas Adjustor, and several other matters, just to name a few. In addition, they attend Open Meetings to provide information to the Commissioners and to monitor Commission actions related to other energy utilities in the state. Although these are not the primary duties of these positions, they are very important to both the customers and Southwest.

Q. 11 Are these positions necessary for Southwest to extend gas service to new customers?

A. 11 These positions are essential in extending gas service to new customers. As I noted in my direct testimony, Southwest's customer base in Arizona has grown from 748,000 to 872,000 customers since the last general rate

case. These positions were responsible for ensuring these 124,000 new customers were extended gas service in an efficient and effective fashion. In fast growing service areas such as Arizona, it is essential that Southwest maintain adequate and frequent contact with customers through its marketing and sales presence. Southwest, quite simply, could not provide adequate public utility service in Arizona without these positions.

Q. 12 Did the Commission address this issue in Southwest's last Arizona general rate case?

A. 12 Yes, and Southwest rebuttal witness Randi Aldridge will further discuss this fact and will explain how the inclusion of the compensation of these 37 employees is consistent with prior Commission decisions.

CONCLUSION

Q. 13 Please summarize your response to RUCO's proposed adjustment to disallow the total compensation of 37 of Southwest's employees.

A. 13 Consistent with the last general rate case, the Commission should reject RUCO's proposed adjustment. RUCO has failed to present any evidence that the compensation of these 37 Southwest employees is unreasonable. To the contrary, Southwest has presented an abundance of evidence that these employees provide necessary service for customers and their compensation is reasonable.

Q. 14 Does this conclude your prepared rebuttal testimony?

A. 14 Yes, it does.

Southwest Gas Corporation
Docket No. G-01551A-04-0876

EXHIBIT
A-6
Admitted

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Prepared Rejoinder Testimony
of
CHRISTINA A. PALACIOS

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Southwest Gas Corporation
Docket No. G-01551A-04-0876

BEFORE THE ARIZONA CORPORATION COMMISSION

Prepared Rejoinder Testimony
of
CHRISTINA A. PALACIOS

INTRODUCTION

Q. 1 Please state your name and business address.

A. 1 My name is Christina A. Palacios. My business address is 10851 North Black Canyon Highway, Phoenix, Arizona 85072-4755.

Q. 2 Are you the same Christina A. Palacios who sponsored direct, rebuttal, and supplemental rebuttal testimony on behalf of Southwest Gas Corporation (Southwest or Company) in this proceeding?

A. 2 Yes, I am.

Q. 3 What is the purpose of your prepared rejoinder testimony?

A. 3 The purpose of my prepared rejoinder testimony is to briefly address two issues: (1) RUCO's continued insistence that the Commission disallow the total compensation of 37 Southwest employees from the cost of service because some portion of their duties/ responsibilities may be related to marketing or sales; and (2) Staff's recommendation, through the rebuttal testimony of Mr. Robert Gray, that the Commission require Southwest to adopt a four-hour service window as a standard practice. My rebuttal and rejoinder testimony

may not specifically respond to each issue or argument brought forth by the respective intervening parties in their direct and surrebuttal testimony. My silence should not be taken as acceptance of any intervening party's position, but rather that my previously filed direct and rebuttal testimony adequately supports the Company's position.

RUCO'S PROPOSED DISALLOWANCE OF 37 EMPLOYEES

Q. 4 Does RUCO continue to recommend, in its surrebuttal testimony, that the Commission disallow the salaries and other compensation of 37 Southwest employees because some of their duties and responsibilities may be related to marketing and sales?

A. 4 Yes. Please refer to Company witness Randi L. Aldridge's rejoinder testimony wherein she discusses RUCO's reliance on information that is five to 15 years old, and that is outside the record of this proceeding.

Q. 5 Would Southwest be able to continue to provide the current level of service to new customers if the 37 employment positions were eliminated?

A. 5 No. As I explained in my rebuttal testimony, and as was explicitly stated by the Commission in Southwest's last rate case decision in Arizona, these employees are critical to extending gas service to new customers. If Southwest were to lose these 37 employees, it is predictable with reasonable certainty that Southwest would experience significant difficulties in extending

service to new customers in Arizona and, at the same time, continue to maintain the current high level of customer satisfaction.

STAFF'S FOUR-HOUR SERVICE WINDOW

Q. 6 How did the issue of the four-hour service window arise?

A. 6 In the direct testimony of Staff witness Bob Gray, he stated that the Consumer Services section of the Commission had received a number of "contacts" expressing concern that Southwest asked these customers to be available at the service location for most or all of a day to receive service from a Southwest service technician. He goes on to recommend that Southwest consider adoption of a four-hour service window as a standard practice.

Q. 7 Did Southwest address Mr. Gray's concern in its rebuttal testimony?

A. 7 Yes. In my supplemental rebuttal testimony, dated September 8, 2005, I explained that Southwest's practice was to provide a customer appointment window of four hours upon customer request. I also noted that the concerns of the Commission's Consumer Services section regarding customer contacts expressing dissatisfaction with this practice had not been communicated to Southwest. When I became aware of this issue through Mr. Gray's testimony, I ensured that Southwest's customer service representatives were reminded of Southwest's current practice and it was reiterated to them that each

and every customer that requested or needed an appointment window of four hours or less would be provided one.

Q. 8 How did Staff respond to Southwest's supplemental rebuttal testimony on this issue?

A. 8 Instead of recognizing that Southwest already provides an equivalent service to what Mr. Gray is requesting, Mr. Gray now recommends the Commission order Southwest to provide a four-hour service window to each and every customer as a standard practice. Southwest respectfully disagrees with Staff's position on this issue, and Southwest does not believe this service is necessary at the present time. In fact, my direct testimony demonstrates Southwest's superior customer service.

Q. 9 Would adopting a standard practice of offering each and every customer a four-hour service window have an impact on Southwest?

A. 9 Yes, it could have a significant impact. Southwest's Arizona service territories are located in one of the fastest growing areas in the United States. Southwest strives to provide superior service to both new and existing customers in an efficient and effective fashion. Southwest's workforce levels are based on its existing practice of providing appointment windows of four hours or less to only those customers requesting and needing them. Currently, approximately 10 to 15 percent of Southwest's customers requesting service establishment,

which requires entry into their premises, request service appointments of four hours or less. This equates to Southwest providing several hundred service appointments of four-hours or less in any given month. Considering Southwest has nearly 900,000 customers in Arizona, and adds more than 3,000 customers a month, on average, Southwest would likely have to increase its workforce to provide each and every customer, regardless of need, a four-hour service window.

Q. 10 Does Southwest offer its customers various service options?

A. 10 Yes. Southwest currently offers several service options to its customers, including, a two-hour, four-hour, and eight-hour window for service based on the customer's requests. In addition, Southwest offers a "one hour ahead" service call option, in which Southwest phones the customer and lets them know that they will be at their premises in the next hour. Southwest also allows customers to make other arrangements that accommodate each customer's specific needs. For instance, if Southwest requires access inside the customer's premise, Southwest will suggest that if the owner/tenant would prefer not to wait for the technician, the owner can leave a key with a neighbor, under a doormat, or in some other location so Southwest can access the premise when the customer is not present. To my knowledge, Southwest's customers have found these service options acceptable.

Q. 11 Is there a fundamental difference between an electric utility service appointment and a gas utility service appointment?

A. 11 Yes. Unlike a gas utility, an electric utility can establish or provide other services without anyone being home, as access to the inside of the residence/business is not usually necessary. However, to ensure the safety of the customer, Southwest requires access to the inside of the customer's premise to test appliances and to check and light pilots.

Q. 12 If the Commission were to mandate that Southwest institute a standard practice of a four-hour window for each service appointment, would Southwest be able to do so without changes to its existing workforce and other procedures?

A. 12 No, I don't believe so. Southwest has established a workforce based on its existing needs and practices in Arizona. To move to a four-hour window for every service appointment would likely require additional staff, significant restructuring of existing work practices, and the replacement of or major modification to Southwest's existing Customer Appointment System (CAS) software. This would not be cost-free to Southwest and would increase the cost of service to Arizona customers, which is not reflected in the application in this proceeding. In addition, due to safety reasons, Southwest cannot guarantee customers a four-hour service window, as

service technicians must give their highest priority to emergency situations, such as, line breaks and gas leaks.

CONCLUSION

Q. 13 Do you have any other comments on Staff's recommendation to provide a four-hour service window and RUCO's recommendation to disallow 37 Southwest employees?

A. 13 Yes, I do. On the one hand, RUCO is recommending that the Commission disallow 37 employees whose primary job function is to ensure service to new customers. On the other hand, Staff is recommending that Southwest provide an additional mandatory service to new and existing customers. In essence, RUCO proposes that Southwest's cost of service be reduced by taking out the compensation pertaining to 37 employees, and Staff recommends that Southwest be required to offer new services that would require an increase in Southwest's workforce, the costs of which are not reflected in the cost of service presented in this proceeding. Both recommendations should be rejected by the Commission.

Q. 14 Does this conclude your prepared rejoinder testimony?

A. 14 Yes, it does.

EXHIBIT
A-7
Admitted

TESTIMONY OF STEVEN M. FETTER
PRESIDENT, REGULATION UnFETTERED
ON BEHALF OF SOUTHWEST GAS CORPORATION
DOCKET NO. G-01551A-04-____ BEFORE THE
ARIZONA CORPORATION COMMISSION

I. INTRODUCTION AND BACKGROUND

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Steven M. Fetter, and my business address is P.O. Box 475, Rumson, New Jersey 07760.

Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?

A. I am President of REGULATION UnFETTERED, an energy advisory firm I started in early April 2002.

Q. PLEASE BRIEFLY DESCRIBE YOUR ROLE AS PRESIDENT OF REGULATION UnFETTERED.

A. As President of REGULATION UnFETTERED I use my financial, regulatory, legislative and legal expertise to aid the deliberations of regulators, legislative bodies, and the courts, and to assist them in evaluating regulatory issues. My clients include electric and gas utilities, state public utility commissions, state consumer advocates, a non-utility energy supplier, international financial services and consulting firms, and investors.

Q. PLEASE BRIEFLY DESCRIBE YOUR EDUCATIONAL BACKGROUND AND YOUR RELEVANT WORK HISTORY PRIOR TO STARTING REGULATION UnFETTERED.

1 A. In 1974 I graduated with high honors from the University of Michigan with an
2 A.B. in Communications, and in 1979 I graduated from the University of
3 Michigan Law School with a J.D.

4 Prior to starting Regulation UnFettered, I was employed by Fitch, Inc.
5 ("Fitch"), a credit rating agency based in New York and London. Fitch is the
6 third largest full service credit rating agency in the United States and the largest
7 European rating agency. It is also one of four Nationally Recognized Statistical
8 Rating Organizations recognized by the U.S. Securities and Exchange
9 Commission, and is also recognized by the U.S. Department of Labor, state bank
10 and thrift regulators, and the National Association of Insurance Commissioners.
11 Fitch performs credit ratings of corporate obligations, asset-backed transactions,
12 and government and municipal debt. I started with Fitch in October of 1993 as
13 the Senior Vice President and Director of Regulatory and Government Affairs. I
14 subsequently served as a Group Head and Managing Director of the Global Power
15 Group within Fitch. In that role, I served as group manager of the combined 18-
16 person New York and Chicago Utility Team and was also responsible for
17 interpreting the impact of regulatory and legislative developments on utility credit
18 ratings. Shortly after I left Fitch to start Regulation UnFettered, Fitch retained me
19 as a consultant.

20 Prior to joining Fitch, I was employed by the Michigan Public Service
21 Commission ("MPSC"). In October of 1987 I was appointed as a Commissioner
22 to the three-member MPSC by Democratic Governor James Blanchard. In
23 January of 1991, I was promoted to Chairman by incoming Republican Governor

1 John Engler, who reappointed me in July of 1993. During my tenure as
2 Chairman, the MPSC eliminated the agency's case backlog for the first time in 23
3 years.

4 Prior to my employment with the MPSC, I was employed by the U.S.
5 Department of Labor in Washington, D.C. from August 1985 until October 1987.
6 While employed by the U.S. Department of Labor I served as an executive
7 assistant to the Deputy Under Secretary at the U.S. Department of Labor in
8 Washington, D.C. and later was Acting Associate Deputy Under Secretary of
9 Labor. From January 1983 until August 1985, I was legal counsel within the
10 Michigan Senate and later was appointed Senate Majority General Counsel. From
11 March 1982 through January 1983, I served as assistant legal counsel to Michigan
12 Governor William Milliken. Prior to March 1982, I was employed as an appellate
13 litigation attorney for the National Labor Relations Board in Washington, D.C.

14 Please refer to my curriculum vitae, attached hereto as Exhibit
15 No. ___(SMF-1), for a list of additional qualifications and relevant experience.

16 **Q. HOW DOES YOUR EXPERIENCE RELATE TO YOUR TESTIMONY IN**
17 **THIS PROCEEDING?**

18 A. My experience while at Fitch has given me solid insight into the importance of a
19 regulator's role in both setting rates and also determining appropriate terms and
20 conditions of service. These are the factors that enter into the process of utility
21 credit analysis and formulation of individual company credit ratings. It goes
22 without saying that a company's credit ratings have a significant impact as to

1 whether a utility will be able to raise capital on a timely basis and upon favorable
2 terms.

3 Also, during my six years at the MPSC, in addition to authorizing one of
4 the earliest gas transportation programs in the U.S., my colleagues and I sought
5 ways to encourage conservation and other demand-side programs among utility
6 customers. While we were able to offer the state's regulated gas and/or electric
7 utilities commitments that their expenditures for such programs would be
8 recoverable, we never succeeded in removing the financial disincentives for
9 utilities to aggressively promote conservation and energy efficiency. For this
10 reason, the Michigan commissioners believed that it was inappropriate to require
11 the utilities under our jurisdiction to work against their own interests by
12 mandating conservation gains. However, as I discuss later in my testimony, a
13 forward-thinking concept has emerged within the gas industry to address this
14 dilemma.

15 **Q. HAVE YOU PREVIOUSLY SPONSORED TESTIMONY BEFORE**
16 **REGULATORY OR LEGISLATIVE BODIES?**

17 A. Yes. Since 1990, I have testified on numerous occasions before the U.S. Senate,
18 the U.S. House of Representatives, and various state legislative and regulatory
19 bodies on the subjects of credit risk within the utility sector, electric utility
20 restructuring, utility securitization bonds, and nuclear energy.

21 **II. <u>SUMMARY</u>**

22 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS**
23 **PROCEEDING?**

A. The purpose of my testimony is to offer my opinion, based upon my prior experience as a state utility regulator and with a credit rating agency, as to what comprises fair and economically prudent regulation within today's diverse U.S. gas distribution industry. My testimony focuses on a forward-thinking concept that seeks to decouple core revenues from the Company's sales volumes, thus allowing conservation gains to be made without compromising the interests of Southwest Gas Corporation's ("Southwest" or "Company") equity and debt investors. This new concept in rate design, which has been endorsed in a landmark agreement among environmental, gas industry, and regulatory leadership -- and is currently being utilized in other jurisdictions -- holds out promise for a break from past regulatory policies in a way that strikes a fair balance between customer and shareholder interests. Remembering the challenges I faced as a regulator to achieve such a "win-win result" years ago, I strongly urge the Arizona Corporation Commission ("Commission") to give serious consideration to this innovative program and authorize Southwest to undertake its implementation.

I then focus on the fact that, with gas prices escalating, many gas distribution companies are facing margin deterioration from growing efficiency of customer usage at the same time that they are having to invest substantial amounts of funds in capital infrastructure programs to ensure reliability of service and meet growing demand. With such a significant need for funds in a time of tightening margins, I explain why I believe that utilities, operating within today's more challenging financial environment, and their regulatory authorities should seek to

1 minimize the regulatory uncertainties that could affect a utility's financial profile,
2 its credit ratings, and thus its access to capital on favorable terms. I then relate
3 these factors to the current credit ratings and capital market access of Southwest
4 and offer cautions about how they could be affected by the final decision of the
5 Commission in this proceeding. In particular, I address Southwest's current credit
6 ratings which are at or near the bottom of the investment-grade category. I firmly
7 believe that such status places the Company in a very difficult situation under
8 current industry circumstances, because it chills the interests of investors in
9 committing funds to the Company and results in increased cost of debt and equity
10 capital, which translates into higher rates for consumers.

11 **III. <u>CONSERVATION MARGIN TRACKER</u>**

12 **Q. YOU REFERRED TO A LANDMARK AGREEMENT AMONG**
13 **ENVIRONMENTALISTS, THE GAS INDUSTRY AND REGULATORS.**
14 **PLEASE EXPLAIN WHAT OCCURRED?**

15 A. In July 2004, the American Gas Association (AGA) and the Natural Resources
16 Defense Council (NRDC) issued a Joint Statement that attempted to deal with
17 what they described as "The Energy Efficiency Problem: Regulated Natural Gas
18 Utilities are Penalized for Aggressively Promoting Energy Efficiency."

19 **Q. WHAT SOLUTION DID THE TWO GROUPS PROPOSE?**

20 A. The AGA and the NRDC, two groups that I cannot remember ever sharing views
21 on a major natural gas issue, stated the problem and proceeded to offer a solution:

22 When customers use less natural gas, utility profitability almost
23 always suffers, because recovery of fixed costs is reduced in
24 proportion to the reduction in sales. Thus, conservation may
25 prevent the utility from recovering its authorized fixed costs and

earning its state-allowed rate of return. In this important respect, traditional utility rate practices fail to align the interests of utility shareholders with those of utility customers and society as a whole. This need not be the case. Public utility commissions should consider utility rate proposals and other innovative programs that reward utilities for encouraging conservation and managing customer bills to avoid certain negative impacts associated with colder-than-normal weather. There are a number of ways to do this, and NRDC and AGA join in supporting mechanisms that use modest automatic rate true-ups to ensure that a utility's opportunity to recover authorized fixed costs is not held hostage to fluctuations in retail gas sales.[1]

Q. YOU ALSO STATED THAT REGULATORS HAVE ENDORSED THIS CONCEPT. PLEASE EXPLAIN?

A. Yes. The NRDC and the AGA, with the added support of the American Council for an Energy-Efficient Economy ("ACEEE"), forwarded the Joint Statement on to the National Association of Regulatory Utility Commissioners ("NARUC") for consideration at the NARUC Summer Committee Meetings held in July 2004. At that meeting, the NARUC Board of Directors passed a resolution encouraging state commissions to review and consider the recommendations contained in the Joint Statement.[2]

Thereafter, Stan Wise, President of NARUC and a Georgia PSC Commissioner, endorsed these ideas, stating:

> Recovering fixed costs through fixed fees removes the utility's need to meet an expected sales volume in order to recover its costs. This means that the utility can promote energy conservation without worrying that it is undermining its ability to survive.[3]

[1] Joint Statement of the American Gas Association and the Natural Resources Defense Council, July 2004, a copy of which is attached hereto as Exhibit No. ___(SMF-2) and incorporated by reference herein.
[2] Resolution on Gas and Electric Energy Efficiency, NARUC Board of Directors, Salt Lake City, Utah, July 14, 2004 a copy of which is attached hereto as Exhibit No. ___(SMF-3) and incorporated by reference herein.
[3] "Striking the Right Balance," American Gas Magazine, October 2004.

1 **Q. HAVE OTHER STATE PUBLIC UTILITY COMMISSIONS DECOUPLED**
2 **THE RECOVERY OF AUTHORIZED MARGIN FROM SALES?**
3 A. Yes. There are at least three states that I am currently aware of that employ a
4 decoupling mechanism. The Oregon Public Utility Commission has approved a
5 conservation tariff to break the link between a natural gas utility's sales and its
6 profitability, so that the utility can assist its customers with energy efficiency
7 without conflict. The conservation tariff seeks to do that by using modest
8 periodic rate adjustments to decouple recovery of the utility's authorized fixed
9 costs from unexpected fluctuations in retail sales.[4] The California Public Utilities
10 Commission has authorized margin tracking mechanisms to balance actual margin
11 revenues with authorized levels for all of the state's natural gas utilities. In
12 addition, the Public Service Commission of Maryland approved a mechanism to
13 decouple the recovery of authorized margin from gas sales for Baltimore Gas &
14 Electric Company.[5]
15 Moreover, in light of the recent agreement among environmental, gas
16 industry, and regulatory leadership, this Commission has an opportunity to
17 examine and respond to NARUC's recent suggestion that state commissions
18 consider mechanisms that decouple sales levels from the natural gas utility's core
19 revenues, thus aligning the interests of utility shareholders, customers, and society
20 as a whole. As such, by authorizing Southwest to implement its proposed

[4] See Stipulation Adopting Northwest Natural Gas Company Application for Public Purpose Funding and Distribution Margin Normalization, Oregon PUC Order No. 02-634, September 12, 2003.
[5] See Order No. 74047 in Case No. 8780 in which the Public Service Commission of Maryland approved the implementation of the "Monthly Revenue Adjustment" for Baltimore Gas & Electric Co.

1 conservation margin tracker (CMT), this Commission will become a leader in
2 natural gas utility regulation.

3 **Q. PLEASE EXPLAIN THE FRAMEWORK OF THE DECOUPLING**
4 **MECHANISM THAT SOUTHWEST HAS PROPOSED?**

5 A. I will leave the technical explanation of the mechanism to the testimony of
6 Southwest witness Edward B. Gieseking, but will say that, basically, this
7 mechanism will compensate the Company for any under-recovery due to loss of
8 margin caused by impacts such as conservation gains or impacts that are beyond
9 the control of the Company, such as weather aberrations. I note that the CMT
10 protects customer interests as well. The mechanism will also track those types of
11 financial impacts in the Company's favor and provide for a refund for any over-
12 recovery that results from those factors.

13 **Q. WHY DO YOU BELIEVE THAT SUCH A TRACKER WILL BENEFIT**
14 **SOUTHWEST AND SOUTHWEST'S CUSTOMERS?**

15 A. I believe that authorizing Southwest to implement the CMT will benefit
16 Southwest and Southwest's customers as follows: (1) by removing Southwest's
17 inherent disincentive to promote conservation and energy efficiency; (2) by
18 improving Southwest's financial condition over the long run; (3) by aligning the
19 interests of customers and shareholders; (4) by promoting good public policy; and
20 (5) by strengthening Southwest's credit rating.

21 **Q. HOW DOES THE TRACKER REMOVE SOUTHWEST'S INHERENT**
22 **DISINCENTIVE OF PROMOTING CONSERVATION AND ENERGY**
23 **EFFICIENCY?**

1 A. Under traditional ratemaking, a substantial portion of a local distribution
2 company's ("LDC") profit margin is tied to the volume of gas that the company
3 delivers. The tracker breaks the connection between reduced usage due to
4 conservation and energy efficiency, as well as weather, and an LDC's profit
5 margin. I note, however, that Southwest's earnings would continue to be
6 dependent upon Southwest's ability to efficiently manage its operations, including
7 controlling its expenditures.

8 **Q. HOW WILL THE IMPLEMENTATION OF THE TRACKER IMPROVE**
9 **SOUTHWEST'S FINANCIAL CONDITION?**

10 A. During the past several years, Southwest's return on equity has been well below
11 authorized levels due in large part to decreasing average residential usage and a
12 rate design heavily dependent on volumetric sales. The tracker would eliminate
13 negative financial harm from the effect of volumetric pricing and declining usage
14 levels.

15 **Q. HOW DOES THE TRACKER ALIGN THE INTERESTS OF**
16 **CUSTOMERS AND SHAREHOLDERS?**

17 A. The CMT is a symmetrical mechanism. I have described how it stabilizes
18 Company revenues when there is a shortfall. It is important to note that the
19 tracker would also operate to trim actual margins if usage were to exceed
20 forecasted levels, as a result of colder than normal weather, for example. Thus,
21 both investors in the Company and customers would experience margin results
22 tied to authorized levels, with less volatile revenue swings.

1 **Q. WHY DO YOU BELIEVE THAT IMPLEMENTING A CONSERVATION**
2 **MARGIN TRACKER MECHANISM PROMOTES GOOD PUBLIC**
3 **POLICY?**
4 A. I believe that the CMT is a major step in attempting to promote conservation and
5 energy efficiency by decoupling sales from revenues. This mechanism has broad-
6 based support and similar mechanisms are currently being utilized in other
7 relatively nearby jurisdictions. More importantly, it does so in a way that
8 encourages conservation gains, both those driven by customer initiative as well as
9 those where the Company can offer ideas for, or assistance with, promoting
10 greater efficiency in gas usage. This wide spectrum of expertise committed to
11 energy efficiency serves both the financial interests of customers and shareholders
12 as well as the broader national goal of energy independence.
13 **Q. DO YOU BELIEVE THAT IMPLEMENTATION OF THE**
14 **CONSERVATION MARGIN TRACKER WILL STRENGTHEN**
15 **SOUTHWEST'S CREDIT RATING?**
16 A. Yes I do. Southwest's cash flow and earnings have been subject to volatility and
17 weakness over the past decade. To the extent that these negative factors were the
18 result of margin loss due to efficiency gains or warmer than normal weather, the
19 tracker will operate to stabilize margin recovery at levels authorized by the
20 Commission. For this reason, the presence of a tracker will reduce a significant
21 amount of the uncertainty that is the bane of all investors. I believe adoption of
22 Southwest's proposed tracker would take a large and appropriate step toward
23 allowing Southwest to begin to strengthen its weak credit profile. Indeed, I

strongly believe that the Commission's adoption of this innovative mechanism that has garnered widespread and diverse support would lead the financial community to view Southwest as trending in a positive direction.

IV. UTILITY CREDIT RATING ANALYSIS

Q. PLEASE DESCRIBE THE CREDIT RATING PROCESS?

A. Credit ratings reflect a credit rating agency's independent judgment of the general creditworthiness of an obligor or the creditworthiness of a specific debt instrument. Determinations are made through a committee process involving individuals with knowledge of the company, industry and regulatory environment. Rating designations of both Fitch and Standard & Poor's ("S&P") have 'BBB-' as the lowest investment-grade rating and 'BB+' as the highest non-investment-grade rating. In comparison, Moody's Investors Service's ("Moody's") rating designations are 'Baa3' and 'Ba1', respectively.

Corporate credit ratings analysis considers both qualitative and quantitative factors to assess the financial and business risks of fixed-income issuers. A rating is an indication of an issuer's ability to service its debt, both principal and interest, on a timely basis. It also, at times, incorporates some consideration of ultimate recovery of investment in case of default or insolvency.

Prior to the evolution to competition within both the gas and electric sectors, the traditional credit rating process focused almost exclusively on quantitative factors. Since the early 1990s, however, all three rating agencies have elevated qualitative factors to almost equal status, with regulatory environment leading the way in significance. These qualitative factors enter into

1 a credit rating agency's analysis and determination of the appropriate credit rating
2 to be assigned to a specific utility.

3 **Q. CAN YOU SHARE YOUR THOUGHTS ON THE IMPORTANCE OF**
4 **"REGULATION" WITHIN THE CREDIT RATING PROCESS?**

5 A. Yes. Regulation is a key factor in assessing the credit profile of a utility because
6 a state public utility commission determines rate levels (recoverable expenses
7 including depreciation and operations and maintenance, gas cost recovery, and
8 return on investment) and the terms and conditions of service.

9 While restructuring plans within the electric industry have drawn a
10 majority of the financial community's recent attention due to the California and
11 Enron debacles, the universe of natural gas distribution utilities presents differing
12 operating conditions and diverse financial profiles as well. Thus review of a LDC
13 for purposes of assigning credit ratings includes an assessment of the business
14 risks the company faces within its particular jurisdiction, with regulatory support
15 perhaps the most important factor.

16 The evolving competitive structures from state-to-state affect utility
17 investment decisions because, before major energy investors will be willing to put
18 forward substantial sums of money, they will want to gain comfort that regulators
19 understand the economic requirements and the financial and operational risks of
20 an evolving industry and that their decision-making will be fair and will have a
21 significant degree of predictability.

22 For these reasons, rating agencies look for the consistent application of
23 sound economic regulatory principles by the commissions. If a regulatory body

1 were to encourage a company to make investments based upon an expectation of
2 the opportunity to earn a reasonable return and/or appropriate recovery of funds
3 expended, and then did not apply regulatory principles in a manner consistent
4 with such expectations, investor interest in providing funds to such a utility would
5 decline, debt ratings would likely suffer, and the utility's cost of capital would
6 increase.

7 **Q. WHAT CREDIT RATINGS DOES SOUTHWEST CURRENTLY HOLD?**

8 A. S&P's current corporate credit rating and senior unsecured ratings for Southwest
9 are "BBB-", the lowest investment-grade rating. S&P rates the Company's
10 preferred stock at "BB." All of the S&P ratings have a Stable outlook. Moody's
11 senior unsecured credit ratings for Southwest are "Baa2", one notch above the
12 lowest investment-grade level. Moody's rating for preferred stock is at "Baa3."
13 Moody's has a Negative outlook on the Southwest ratings. Fitch's senior
14 unsecured ratings for Southwest are at "BBB" level with preferred stock rated at
15 "BBB-". Fitch's ratings outlook is Stable.

16 The ratings designations for Southwest equate to low to very low quality
17 investment-grade debt, with S&P's ratings on the threshold of going below
18 investment grade. As I will discuss, this is a precarious position for any regulated
19 electric or gas utility operating in the more uncertain industry environment we are
20 experiencing today, since one misstep or unforeseen negative occurrence could
21 push the utility down into below-investment-grade status.

22 **Q. IN YOUR OPINION, WILL SOUTHWEST'S CUSTOMERS BENEFIT IF**
23 **SOUTHWEST'S DEBT IS RATED AT A HIGHER LEVEL THAN THE**

1 **LOW TO VERY LOW QUALITY INVESTMENT-GRADE STATUS THAT**
2 **SOUTHWEST CURRENTLY POSSESSES?**
3 A. Yes. In the current U.S. investor-owned utility industry environment, within
4 which downgrades have overwhelmed the number of upgrades during the past
5 four years,[6] I believe Southwest is in a very difficult position, with little margin of
6 error for negative events which might occur, often through no fault of its own. At
7 a utility rated at (or above) the "BBB+" level, one to two notches higher than
8 Southwest, customers benefit because their utility is able to raise debt capital
9 when needed to fund infrastructure requirements necessary to meet growth in
10 customer demand easier than a lower credit quality utility, and can refinance
11 maturing debt on more reasonable terms. This is especially true when volatility in
12 the energy/utility sector (like has been experienced during the past few years) has
13 tightened up liquidity within the debt market.
14 Moreover, the ability to access the debt market on favorable terms even
15 when poor market conditions exist is important because if an LDC needs to
16 expand or upgrade its distribution infrastructure to maintain system reliability or
17 be responsive to growth demand, debt funding is an advantageous source of
18 capital as it is typically more economical than equity financing. As ratings trend
19 down to the lowest-quality investment-grade level of "BBB-", the utility
20 industry's current unsettled state neutralizes many of the benefits I have described
21 above.

[6] For example, in 2000, S&P downgraded 65 utility holding companies and subsidiaries, versus 20 upgrades. The trend continued in 2001 with 81 downgrades and 29 upgrades, and in 2002 with 182 and 15, respectively. In 2003, the numbers ran 139 downgrades to 8 upgrades. (See S&P Research: U.S. Utilities'

1 **Q. WHAT ARE SOME OF THE CONSEQUENCES OF SOUTHWEST'S**
2 **CREDIT RATING FALLING BELOW INVESTMENT-GRADE**
3 **QUALITY?**
4 A. There would be a marked change in the investor profile for Southwest. Major
5 utility investors such as insurance companies and pension funds operate under
6 legal restrictions that severely limit their ability to invest in below investment-
7 grade debt instruments, or "junk bonds." Mutual funds could also be affected
8 based upon what a particular fund has communicated to investors as to its
9 investment profile. Moreover, if Southwest were given a "junk bond" rating, the
10 Company would likely have to post bond or put up cash as collateral in various
11 contracts (such as for gas supply) or to meet certain regulatory commitments.
12 This, of course, would come at a time when access to Southwest's existing credit
13 facilities likely would be limited by the financial institutions previously providing
14 the assistance. Finally, if Southwest were given below investment-grade status, it
15 would be severely limited in its ability to access the commercial paper (short-term
16 debt) market, if it could access it at all. Commercial paper is a key source of
17 funding for utilities, most of which have revenues that vary substantially
18 depending upon the time of year, and loss of access to that market can severely
19 impair financial liquidity.
20 **Q. IS IT EASY FOR A COMPANY THAT HAS BEEN DOWNGRADED TO**
21 **REGAIN ITS PRIOR CREDIT RATING?**

Ratings Decline Continued in 2003, but Pace Slows, January 29, 2004.) I note that 2004 has begun to show a settling down of the prior negative movement for utility credit quality.

1 A. No, not at all. It is important to emphasize that within this more volatile
2 investment climate, it is far easier for a utility's ratings to slip down due to a
3 financial "ding" than for that same utility to regain its earlier status once the
4 deficiency has been remedied. For that reason, I do not believe that any
5 weakening of Southwest's credit profile could be easily remedied. My advice to
6 utility companies, investors and regulators alike is that nothing should be taken
7 for granted in the current investing environment.

8 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

9 A. Yes.

Exhibit No.___(SMF-1)

STEVEN M. FETTER

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Education University of Michigan Law School, J.D. 1979
Bar Memberships: U.S. Supreme Court, New York, Michigan
University of Michigan, A.B. (Communications) 1974

April 2002 – Present
President – REGULATION UNFETTERED – Rumson, NJ

Founder of advisory firm providing regulatory, legislative, financial, legal and strategic planning advisory services for the energy and telecommunications sectors; federal and state testimony; credit rating advisory services; negotiation, arbitration and mediation services; and skills training in ethics, negotiation, and management efficiency.

- Service on Boards of Directors of: CH Energy Group (Chairman, Audit Committee; Member, Governance and Nominating, Compensation, and Executive Committees), National Regulatory Research Institute (at Ohio State University), Keystone Energy Board, and Regulatory Information Technology Consortium; Member, Wall Street Utility Group and American Public Power Association; Participant, Keystone Center Dialogue on Financial Trading and Energy Markets.

October 1993 – April 2002
Group Head and Managing Director; Senior Director -- Global Power Group, Fitch IBCA Duff & Phelps -- New York/Chicago

Manager of 18-employee ($15 million revenue) group responsible for credit research and rating of fixed income securities of U.S. and foreign electric and natural gas companies and project finance.

- Led an effort to restructure the global power group that in three years time resulted in 75% new personnel and over 100% increase in revenues, transforming a group operating at a substantial deficit into a team-oriented profit center through a combination of revenue growth and expense reduction.

- Achieved national recognition as a speaker and commentator evaluating the effects of regulatory developments on the financial condition of the utility sector and individual companies; Cited by Institutional Investor (9/97) as one of top utility analysts at rating agencies; Frequently quoted in national newspapers and trade publications including The New York Times, The Wall Street Journal, International Herald Tribune, Los Angeles Times, Atlanta Journal-Constitution, Forbes and Energy Daily; Featured speaker at conferences sponsored by Edison Electric Institute, Nuclear Energy Institute, American Gas Assn., Natural Gas Supply Assn., National Assn. of Regulatory Utility Commissioners (NARUC), Canadian Electricity Assn.; Frequent

invitations to testify before U.S. Senate (on C-Span) and House of Representatives, and state legislatures and utility commissions.

- Participant, Keystone Center Dialogue on Regional Transmission Organizations; Member, International Advisory Council, Eisenhower Fellowships; Author, "A Rating Agency's Perspective on Regulatory Reform," book chapter published by Public Utilities Reports, Summer 1995; Advisory Committee, Public Utilities Fortnightly.

March 1994 – April 2002
Consultant -- NYNEX -- New York, Ameritech -- Chicago, Weatherwise USA -- Pittsburgh

Provided testimony before the Federal Communications Commission and state public utility commissions; Formulated and taught specialized ethics and negotiation skills training program for employees in positions of a sensitive nature due to responsibilities involving interface with government officials, marketing, sales or purchasing; Developed amendments to NYNEX Code of Business Conduct.

October 1987 - October 1993
Chairman; Commissioner -- Michigan Public Service Commission -- Lansing

Administrator of $15-million agency responsible for regulating Michigan's public utilities, telecommunications services, and intrastate trucking, and establishing an effective state energy policy; Appointed by Democratic Governor James Blanchard; Promoted to Chairman by Republican Governor John Engler (1991) and reappointed (1993).

- Initiated case-handling guideline that eliminated agency backlog for first time in 23 years while reorganizing to downsize agency from 240 employees to 205 and eliminate top tier of management; MPSC received national recognition for fashioning incentive plans in all regulated industries based on performance, service quality, and infrastructure improvement.

- Closely involved in formulation and passage of regulatory reform law (Michigan Telecommunications Act of 1991) that has served as a model for other states; Rejuvenated dormant twelve-year effort and successfully lobbied the Michigan Legislature to exempt the Commission from the Open Meetings Act, a controversial step that shifted power from the career staff to the three commissioners.

- Elected Chairman of the Board of the National Regulatory Research Institute (at Ohio State University); Adjunct Professor of Legislation, American University's Washington College of Law and Thomas M. Cooley Law School; Member of NARUC Executive, Gas, and International Relations Committees, Steering Committee of U.S. Environmental Protection Agency/State of Michigan Relative Risk Analysis Project, and Federal Energy Regulatory Commission Task Force on Natural Gas Deliverability; Eisenhower Exchange Fellow to Japan and NARUC Fellow to the Kennedy School of Government; Ethics Lecturer for NARUC.

August 1985 - October 1987

Acting Associate Deputy Under Secretary of Labor; Executive Assistant to the Deputy Under Secretary -- U.S. Department of Labor -- Washington DC

Member of three-person management team directing the activities of 60-employee agency responsible for promoting use of labor-management cooperation programs. Supervised a legal team in a study of the effects of U.S. labor laws on labor-management cooperation that has received national recognition and been frequently cited in law reviews (U.S. Labor Law and the Future of Labor-Management Cooperation, w/S. Schlossberg, 1986).

January 1983 - August 1985
Senate Majority General Counsel; Chief Republican Counsel -- Michigan Senate -- Lansing

Legal Advisor to the Majority Republican Caucus and Secretary of the Senate; Created and directed 7-employee Office of Majority General Counsel; Counsel, Senate Rules and Ethics Committees; Appointed to the Michigan Criminal Justice Commission, Ann Arbor Human Rights Commission and Washtenaw County Consumer Mediation Committee.

March 1982 - January 1983
Assistant Legal Counsel -- Michigan Governor William Milliken -- Lansing

Legal and Labor Advisor (member of collective bargaining team); Director, Extradition and Clemency; Appointed to Michigan Supreme Court Sentencing Guidelines Committee, Prison Overcrowding Project, Coordination of Law Enforcement Services Task Force.

October 1979 - March 1982
Appellate Litigation Attorney -- National Labor Relations Board -- Washington DC

Other Significant Speeches and Publications

- Climate Change and the Electric Power Sector: What Role for the Global Financial Community (during Fourth Session of UN Framework Convention on Climate Change Conference of Parties, Buenos Aires, Argentina, November 3, 1998)(unpublished)
- Regulation UnFettered: The Fray By the Bay, Revisited (National Regulatory Research Institute Quarterly Bulletin, December 1997)
- The Feds Can Lead...By Getting Out of the Way (Public Utilities Fortnightly, June 1, 1996)
- Ethical Considerations Within Utility Regulation, w/M. Cummins (National Regulatory Research Institute Quarterly Bulletin, December 1993)
- Legal Challenges to Employee Participation Programs (American Bar Association, Atlanta, Georgia, August 1991) (unpublished)
- Proprietary Information, Confidentiality, and Regulation's Continuing Information Needs: A State Commissioner's Perspective (Washington Legal Foundation, July 1990)

Exhibit No.___(SMF-2)

Joint Statement of the American Gas Association and the Natural Resources Defense Council

Submitted to the National Association of Regulatory Utility Commissioners
July 2004

The American Gas Association (AGA) and the Natural Resources Defense Council (NRDC) recognize the many benefits of using clean-burning natural gas efficiently to provide high quality energy services in all sectors of the economy. This statement identifies ways to promote both economic and environmental progress by removing barriers to natural gas distribution companies' investments in urgently needed and cost-effective resources and infrastructure.

NRDC and AGA agree on the importance of state Public Utility Commissions' consideration of innovative programs that encourage increased total energy efficiency and conservation in ways that will align the interests of state regulators, natural gas utility company customers, utility shareholders, and other stakeholders. Cost-effective opportunities abound to improve the efficiency of buildings and equipment in ways that promote the interests of both individual customers and entire utility systems, while improving environmental quality. For example, when energy supply and delivery systems are under stress, even relatively modest reductions in use can yield significant additional cost savings for all customers by relieving strong upward pressures on short-term prices.

NRDC and AGA also encourage state Commissions to support gas distribution company efforts to manage volatility in energy prices and reduce volatility risks for customers.

The Energy Efficiency Problem: Regulated Natural Gas Utilities are Penalized for Aggressively Promoting Energy Efficiency

Local natural gas distribution companies (gas utilities) have very high fixed costs. These fixed costs include the costs of maintaining system safety and reliability throughout the year, staffing customer service telephone lines 24 hours a day and doing what it takes each day of the year to ensure the safe and reliable delivery of natural gas to homes, schools, hospitals, retailers, factories and other customers.

Natural gas utilities typically purchase natural gas on behalf of their customers, and pass through the cost without markup. This means that natural gas utilities do not profit from their acquisitions of natural gas to serve customer needs. The profit

(authorized level of rate of return) comes from the rates utilities charge for transporting the natural gas to customers' homes and businesses.

The vast majority of the non-commodity costs of running a gas distribution utility are fixed and do not vary significantly from month to month. However, traditional utility rates do not reflect this reality. Traditional utility rates are designed to capture most of approved revenue requirements for fixed costs through volumetric retail sales of natural gas, so that a utility can recover these costs fully only if its customers consume a certain minimum amount of natural gas (these amounts are normally calculated in rate cases and generally are based on what customers consumed in the past). Thus, many states' rate structures offer – quite unintentionally – a significant financial disincentive for natural gas utilities to aggressively encourage their customers to use less natural gas, such as by providing financial incentives and education to promote energy-efficiency and conservation techniques.

When customers use less natural gas, utility profitability almost always suffers, because recovery of fixed costs is reduced in proportion to the reduction in sales. Thus, conservation may prevent the utility from recovering its authorized fixed costs and earning its state-allowed rate of return. In this important respect, traditional utility rate practices fail to align the interests of utility shareholders with those of utility customers and society as a whole. This need not be the case. Public utility commissions should consider utility rate proposals and other innovative programs that reward utilities for encouraging conservation and managing customer bills to avoid certain negative impacts associated with colder-than-normal weather. There are a number of ways to do this, and NRDC and AGA join in supporting mechanisms that use modest automatic rate true-ups to ensure that a utility's opportunity to recover authorized fixed costs is not held hostage to fluctuations in retail gas sales.[1] We also support performance-based incentives designed to allow utilities to share in independently verified savings associated with cost-effective energy efficiency programs.

Many states' rate structures also place utilities at risk for variations in customer usage based on variations in weather from a normal pattern. This variation can be both positive and negative. Utilities' allowed rate of return is premised on the expectation that weather will be normal, on average, and that customer use of gas

[1]For example, in 2003 the Oregon Public Utility Commission approved a "conservation tariff" for Northwest Natural Gas Company (NW Natural) "to break the link between an energy utility's sales and its profitability, so that the utility can assist its customers with energy efficiency without conflict." The conservation tariff seeks to do that by using modest periodic rate adjustments to "decouple" recovery of the utility's authorized fixed costs from unexpected fluctuations in retail sales. *See* Oregon PUC Order No. 02-634, *Stipulation Adopting Northwest Natural Gas Company Application for Public Purpose Funding and Distribution Margin Normalization* (Sept. 12, 2003). In California, PG&E and other gas utilities have a long tradition of investment in energy efficiency services, including those targeting low-income households, and the PUC is now considering further expansion of these investments along with the creation of performance-based incentives tied to verified net savings. California also pioneered the use of modest periodic true-ups in rates to break the linkage between utilities' financial health and their retail gas sales, and has now restored this policy in the aftermath of an ill-fated industry restructuring experiment. Thus, in March 2004, Southwest Gas Company received an order that authorizes it to establish a margin tracker that will balance actual margin revenues to authorized levels.

will maintain a predictable pattern going forward. Proposals by utilities to decouple revenues from both conservation-induced usage changes and variations in weather from normal have sometimes been characterized as attempts to reduce utilities' risk of earning their authorized return. The result of these rate reforms, in this regulatory view, should be a lowered authorized return. But reducing authorized returns would penalize utilities for socially beneficial advocacy and action, including efforts to create mechanisms that minimize the volatility of customer bills.

Our shared objective is to give utilities real incentives to encourage conservation and energy efficiency. With properly designed programs, the benefits could be significant and widespread:

- Customers could save money by using less natural gas;
- Reduced overall use will help push down short-term prices at times when markets are under stress, reducing costs for all customers (whether or not they participate in the utility programs);
- Utilities would recover their costs and have a fair opportunity to earn their allowed return;
- State policies to encourage economic development could be enhanced by increased energy efficiency and lower business energy costs;
- State PUCs would be able to support larger state policy objectives as well as programs that reflect the public's desire to use energy efficiently and wisely.

In today's climate of rapidly changing natural gas prices, such reforms make good sense for consumers, shareholders, state governments, and the environment.

Natural Gas Consumers, Price Volatility and Resource Portfolio Management. Another area of concern shared by NRDC and AGA is the impact of natural gas price volatility on natural gas consumers, which can be exacerbated by limited diversification of utilities' resource portfolios. Today many of the nation's natural gas utilities find themselves relying on short-term markets for most of their gas needs, with either the encouragement or the acquiescence of their regulators. During much of the 1990's this approach was typically advantageous to consumers, as the market price of natural gas was generally low and did not fluctuate dramatically. As wholesale natural gas prices have risen since 2000 and become more volatile, however, many utilities and commissions are reconsidering this emphasis on short-term market purchases.

While purchasing practices based on short-term supply contracts may offer consumers relatively low-cost natural gas, those consumers are also exposed to more volatile prices and natural gas bills that may rise and fall unpredictably. Public Utility Commissions should favorably consider gas distribution company proposals to manage volatility, such as through hedging, fixed-price contracts of various durations, energy-efficiency improvements in customers' buildings and equipment, and other measures designed to provide greater certainty about both supply adequacy and price stability. Achieving these goals will sometimes require paying a premium over prevailing spot market prices. Like diversified investment portfolios that are designed to mitigate risk, prudent hedging plans should be encouraged as a way to help stabilize gas prices and ensure long-term access to affordable natural gas services.

Resolution on Gas and Electric Energy Efficiency

WHEREAS, The National Association of Regulatory Utility Commissioners (NARUC), at its July 2003 Summer Meetings, adopted a *Resolution on State Commission Responses to the Natural Gas Supply Situation* that encouraged State and Federal regulatory commissions to review and reconsider the level of support and incentives for existing gas and electric utility programs designed to promote and aggressively implement cost-effective conservation, energy efficiency, weatherization, and demand response in both gas and electricity markets; *and*

WHEREAS, The National Petroleum Council (NPC), in its September 25, 2003 report on *Balancing Natural Gas Policy – Fueling the Demands of a Growing Economy,* found that greater energy efficiency and conservation are vital near-term and long-term mechanisms for moderating price levels and reducing volatility and recommended all sectors of the economy work toward improving demand flexibility and efficiency; *and*

WHEREAS, The NPC, in its report, identified key elements of the effort to maintain and continue improvements in the efficient use of electricity and natural gas, including (but not limited to:

(i) enhanced and expanded public education programs for energy conservation, efficiency, and weatherization,

(ii) DOE identification of best practices utilized by States for low-income weatherization programs and to encourage nation-wide adoption of these practices,

(iii) a review and upgrade of the energy efficiency standards for buildings and appliances (to reflect current technology and relevant life-cycle cost analyses) to ensure these standards remain valid under potentially higher energy prices

(iv) promote the use of high-efficiency consumer products including advanced building materials, Energy Star appliances, energy "smart" metering and information control devices

(v) on-peak electricity conservation to minimize the use of gas-fired electric generating plants,

(vi) the use of combined-cycle gas-fired electric generating units instead of less-efficient gas-fired boilers, and

(vii) clear natural gas and power price signals; and

(viii) remove regulatory and rate structure incentives to inefficient use of natural gas and electricity; and

WHEREAS, The NARUC, at its November 2003 annual convention, adopted a *Resolution Adopting Natural Gas Information "Toolkit"* which encouraged the NARUC Natural Gas Task Force, to review (among other things) the findings and recommendations in the NPC report that have regulatory implications for State commissions for improving and promoting energy efficiency and conservation initiatives, including consumer outreach and education, review of regulatory throughput incentives; *and*

WHEREAS, The American Council for an Energy-Efficient Economy ("ACEEE"), in its December 2003 report on *Responding to the Natural Gas Crisis: America's Best Natural Gas Energy Efficiency Programs*, (i) identified States and utilities with programs that many would consider best practice or model programs for all types of natural gas customers and all principal natural gas end-use technologies, and (ii) found that these programs are concentrated in relatively few States and regions and could be expanded in other parts of the country to great benefit; *and*

WHEREAS, the National Resources Defense Council (NRDC), the American Gas Association (AGA) and the ACEEE have recently adopted a Joint Statement noting that traditional rate structures often act as disincentives for natural gas utilities to aggressively encourage their customers to use less gas. Therefore, the NRDC, AGA, and the ACEEE have urged public utility commissions to align the interests of consumers, utility shareholders, and society as a whole by encouraging conservation. Among the mechanisms supported by these groups are the use of automatic rate true-ups to ensure that a utility's opportunity to recover authorized fixed costs is not held hostage to fluctuations in retail gas sales; *now therefore be it*

RESOLVED, That the Board of Directors of the National Association of Regulatory Utility Commissioners (NARUC), convened in its 2004 Summer Meetings in Salt Lake City, Utah, encourages State commissions and other policy makers to support the expansion of natural gas energy efficiency programs and electric energy efficiency programs, including those designed to promote consumer education, weatherization, and the use of high-efficiency appliances, where economic, and to address regulatory incentives to address inefficient use of gas and electricity; *and be it further*

RESOLVED, That the Board of Directors of the NARUC, encourages State and Federal policy makers to: (i) review and upgrade the energy efficiency standards for buildings and appliances, where economic, to ensure these standards remain valid under potentially higher energy prices, and (ii) promote the use of high-efficiency consumer products, where economic, including advanced building materials, Energy Star appliances, and energy "smart" metering and information control devices; *and be it further*

RESOLVED, That Board of Directors of NARUC encourages State Commissions to review and consider the recommendations contained in the enclosed *Joint Statement of the American Gas Association, the Natural Resources Defense Council, and the American Council for an Energy-Efficient Economy; and be it further*

RESOLVED, That the Board of Directors of the NARUC recognizes that the best approach towards promoting gas energy efficiency programs and electric energy efficiency programs for any single utility, State or region may likely depend on local issues, preferences and conditions.

Sponsored by the NARUC Natural Gas Task Force, Committee on Gas, Committee on Consumer Affairs, Committee on Electricity, and Committee on Energy Resources and the Environment
Adopted by the NARUC Board of Directors July 14, 2004

EXHIBIT
A-8
Admitted

Southwest Gas Corporation
Docket No. G-01551A-04-0876

Table of Contents
of
Rebuttal Testimony
of
STEVEN M. FETTER

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REBUTTAL TESTIMONY OF STEVEN M. FETTER
PRESIDENT, REGULATION UnFETTERED
ON BEHALF OF SOUTHWEST GAS CORPORATION
DOCKET NO. G-01551A-04-0876 BEFORE THE
ARIZONA CORPORATION COMMISSION

INTRODUCTION/BACKGROUND

Q. 1 Please state your name and business address.

A. 1 My name is Steven M. Fetter, and my business address is P.O. Box 475, Rumson, New Jersey 07760.

Q. 2 By whom are you employed and in what capacity?

A. 2 I am President of REGULATION UnFETTERED, an energy advisory firm I started in early April 2002.

Q. 3 Does this rebuttal testimony follow upon earlier direct testimony that you filed in this proceeding?

A. 3 Yes it does.

Q. 4 What is the purpose of this rebuttal testimony?

A. 4 In this rebuttal testimony, I respond to positions taken by Arizona Corporation Commission ("Commission") Staff and intervenors that I believe, if adopted by the Commission, will maintain Southwest Gas Corporation ("Southwest" or "Company") at its current inadequate level of financial health. Specifically, I find fault with the outright rejection by Commission Staff and virtually all intervenors of Southwest's effort to structure a mechanism to provide recovery of revenues the Company has lost and will continue to lose due to

customer conservation, called a conservation margin tracker ("CMT"). I further dispute the positions taken by Staff and intervenors in opposition to additional rate design modifications proposed by Southwest, either in concert with the CMT or by themselves, to help the utility achieve financial returns consistent with Commission-authorized levels. In fact, Staff, RUCO and SWEEP/NRDC not only reject Southwest's proposed margin-protection mechanism and alternative rate design proposals, but each of them advances rate design proposals that would exacerbate the Company's problems by placing an even greater amount of Commission-authorized revenue at risk for recovery (as explained in the rebuttal testimony of Company witnesses Edward Gieseking and Brooks Congdon). I conclude that if the Commission were to reject the CMT and maintain the status quo with regard to other aspects of Southwest's current rate design, the Company will continue to function with a weak financial profile, one or two notches away from the below-investment grade threshold, and this status will negatively affect Southwest's access to the capital markets to the detriment of both customers and investors.

RECENT DEVELOPMENTS

Q. 5 In your direct testimony, you discussed the "meeting of the minds" that occurred between the American Gas Association (AGA) and the Natural Resources Defense

Council (NRDC) on the issue of decoupling core revenues from the impact of conservation on sales volumes. Those two groups overcame their traditionally adversarial relationship to reach an understanding on the issue that has also received the endorsement of the National Association of Regulatory Utility Commissioners ("NARUC"). Have there been any other developments at the national level with regard to this issue?

A. 5 Yes there have been two major developments since I filed my direct testimony. First, the recently-enacted National Energy Policy Act of 2005 requires the U.S. Secretary of Energy, in consultation with state utility regulators and state energy policy officials, to conduct a study of policies that promote cost-effective programs to reduce energy consumption. Significantly, the law directs the Energy Secretary to consider methods of "removing disincentives for utilities to implement energy efficiency programs."[1] This is precisely what Southwest is attempting to do both with the proposed CMT as well as with its other alternative rate design modifications

Q. 6 And the second development?

A. 6 In addition to the AGA, NRDC, and state regulatory and energy officials, certainly another key interested stakeholder is the financial community. In June 2005, Moody's, one of the three major global credit rating

1 The National Energy Policy Act of 2005, Sec. 139: Energy Efficient Electric and Natural Gas Utilities Study, August 8, 2005.

agencies, published a report (Rebuttal Exhibit No. (SMF-1)) on the subject of conservation margin mechanisms in which it built upon the earlier efforts of the AGA, NRDC and NARUC and explained how ratemaking mechanisms intended to provide gas LDCs with recovery for revenues lost to conservation resulted in utilities with stronger financial profiles.[2]

Q. 7 Did the Moody's analysis track the thinking that went into the earlier agreement between the AGA, NRDC and NARUC?

A. 7 Yes it did. Moody's echoed the earlier statements of those groups by noting that:

> Conservation is an important part in balancing the national gas supply and demand equation but under traditional regulatory frameworks in many states, few gas utilities have the incentive to actively encourage gas conservation and promote education in gas usage efficiencies among their customers.

However, Moody's noted that, in its own survey of 34 gas LDCs, it found that 18 companies could quantify losses in customer volume consumption due to conservation, but that only four of the 18 had ratemaking mechanisms in place to recover those lost margins.

Q. 8 Did Moody's see a solution for the problem?

A. 8 In a way. The rating agency was encouraged that more LDCs were considering applying for such mechanisms or

2 Moody's Special Comment: "Impact of Conservation on Gas Margins and Financial Stability in The Gas LDC Sector," June 2005.

other appropriate rate design changes, but that:

> Whatever the reasons, it is clear that in some states the factor of conservation is fully understood and accepted into the gas utility rate-setting regime while in others the educational process is slower and more difficult due to historical differences between the utility on the one hand vs. public advocates and utility commission staff on the other, often viewing each other as traditional adversaries operating in a zero-sum environment.

Moody's concluded that a concerted effort is needed, such as serious consideration of the Southwest proposal by the Commission in this proceeding, because:

> ...the utilities that have established the appropriate ratemaking mechanisms in place first are usually the ones that fare the best in terms of financial earnings stability and credit strength, [but that such] status [has] been consciously achieved in cooperation with their regulators rather than being merely fortuitous or coincidental.

Q. 9 Based upon your experience as a state utility regulator and head of the utility ratings practice at a major credit rating agency, do you agree with Moody's assessment of the situation?

A. 9 Yes I do, totally. In my direct testimony, I explained in detail Southwest's weak credit profile and its pressing need to improve its status to be able to access the capital markets upon reasonable terms so as to be able to meet its operational responsibilities to its customer base on a timely basis. I endorsed the

Company's proposed CMT as a key first step the Commission could take to allow the Company to begin to arrest its margin erosion and move toward the authorized return on equity ("ROE") that will be determined in this proceeding, a status I note that the Company has not experienced since **1998**. To increase the likelihood of achieving such a fair and positive result, the Company supplemented its proposed CMT with a range of rate design modifications which would increase the likelihood that the ROE that is determined in this case will be both Southwest's authorized *as well as actual* ROE going forward. Unfortunately, the Commission Staff and intervenors, in addition to objecting to the proposed CMT, also found fault with these alternative proposals, while failing to propose any other remedies.

SOUTHWEST'S CMT AND RATE DESIGN PROPOSALS

Q. 10 Is this opposition to the CMT and other rate design modifications at odds with the Staff's and other intervenors' goal of encouraging additional conservation efforts by the Company?

A. 10 Yes. Virtually all parties to this proceeding opposed the CMT -- the Arizona Utility Investors Association was alone in not opposing the CMT and SWEEP/NRDC argued that the CMT or similar mechanisms should receive further consideration by the Commission, either within a formal proceeding or a less formal collaborative effort

involving interested stakeholders. While I view delay of approval of the CMT in order to undertake further study as an inadequate step in view of the difficult financial circumstances Southwest faces (as described in my direct testimony), I view such an action as preferable to outright rejection of the concept.

At the same time, I find it troubling that SWEEP/NRDC, Staff and RUCO have asked the Commission to order Southwest to increase its financial commitment to conservation programs, albeit with recovery of such expenditures, when the true harm to the Company will come in the form of lost revenues as a result of those programs. With steady, declining average residential usage already occurring for a variety of reasons discussed in Southwest's direct case, an additional decline due to successful energy efficiency and conservation efforts could dramatically aggravate the problem. It was this problem that the CMT (as well as other rate design changes) sought to remedy, and a Commission decision to defer commencement of the CMT for further study should certainly not be accompanied by a mandate that Southwest increase its funding for such programs.

Q. 11 You allude to other rate design proposals that could assist Southwest in improving its margin recovery and increase the likelihood that the Company can achieve its authorized ROE that were opposed by Staff and other

parties. Can you discuss those steps?

A. 11 Putting aside the CMT, Southwest looked for margin relief from a combination of two alternatives: 1) increasing pricing on the initial block of gas consumed to allow more stable recovery of fixed costs; and 2) increasing basic service charges to achieve that same objective. These alternatives would have the effect of levelizing rate recovery across peak and non-peak periods during the course of a calendar year and would minimize the customer impact of enhanced fixed cost recovery. These proposals either were opposed by the Staff or intervenors, or received support at much lower levels than as proposed by Southwest. Notwithstanding this opposition, I strongly encourage the Commission to consider the potential benefits associated with the decoupling mechanism proposed by Southwest in its direct case as well as give thought to a rate design structure that does not rely significantly on the recovery of Southwest's *fixed costs* using commodity-based rates

Q. 12 Do you believe that the interests of Southwest and its customers are aligned when it comes to designing rates in a manner that minimizes the risk of volatility for both customers and investors?

A. 12 Yes I do. All other factors remaining constant, to the extent that a rate structure designed to recover fixed costs is dependent upon factors outside the control of the Company, there is a risk of either over-recovery or

under-recovery of the revenues authorized by the Commission.

EFFECT ON SOUTHWEST'S FINANCIAL PROFILE

Q. 13 In general, what are the likely benefits that Southwest and its customers would enjoy if the Commission were to take steps to minimize revenue volatility?

A. 13 I would expect that Southwest's overall financial profile would improve, including a better balanced equity ratio and stronger credit ratings, two factors that would improve the Company's ability to access the debt and equity capital markets on a timely basis and upon reasonable terms. Such access translates into better financing terms which result in lower rates for customers.

Q. 14 Within the SWEEP/NRDC testimony, two questions were asked: 1) who should bear responsibility for weather variations and associated weather risk; and 2) who should bear the risks of variations in economic growth from forecasted levels and overall demographic and energy usage trends?

A. 14 I am a little confused by the "risk" references, but I will try to answer the questions as I understand them.

With regard to weather variations, in the absence of a weather normalization adjustment mechanism, both the Company and customers bear weather risk - depending upon how the weather plays out each year, sometimes the

Company makes out better and customers worse, and vice versa. The proposed CMT is based on weather normalized usage and, as a result, would eliminate this weather risk for both sides. By ensuring that Southwest receives the margin for each customer as measured by the Commission within this rate case, the CMT would act as a natural hedge, providing compensation to the party financially harmed by unusual weather patterns, whether it be consumers or the Company.

With regard to economic growth and usage trends, as with the time between rate cases for any utility, the Company will still make capital expenditures to address customer growth and these amounts will not be factored into rates as rate base until the next rate case. Similarly, under a CMT, the Company would receive for each of its customers the margin per customer that was calculated in the last rate case. Of course, if circumstances were to lead either of these situations to diverge far from the norm set by the Commission, consumers or the Company would be free to petition the Commission to initiate a new rate case to reset rates and terms and conditions of service.

Q. 15 In view of the Staff and intervenor opposition to fundamental rate design changes, how do you view Southwest's prospects in the absence of a CMT or significantly-modified rate design?

A. 15 I believe that with higher gas prices virtually assuring

some degree of conservation on the part of most customers, the Company will continue to face declining average residential usage and will have great difficulty in achieving its authorized return on equity for the foreseeable future. If the Commission decides that the CMT should not be adopted; that basic service charges are sufficient at current levels or with only slight enhancement; and that pricing for the initial block of customer gas consumption is appropriate at or near existing levels, I believe that Southwest's financial profile will continue to deteriorate to the detriment of both consumers and investors

Q. 16 Does this conclude your testimony?

A. 16 Yes.

Special Comment

Rebuttal Testimony
Exhibit No.___(SMF-1)
Pages 1 - 9

June 2005

[redacted]

New York
Edward Tan 1.212.553.1653
Mihoko Manabe
John Diaz

Impact of Conservation on Gas Margins and Financial Stability in The Gas LDC Sector

Summary Opinion

- Moody's surveyed its 34 gas LDCs (local distribution companies) as to the impact of customer conservation on their volumes of consumption and gross margins and found that 18 could quantify the loss in per customer volume consumption.
- Only four of the 18 LDCs had ratemaking mechanisms in place to recover on a regular basis the lost margins due to conservation.
- Upon closer examination of certain gas utilities, it appears that customer gas consumption patterns are more responsive to changes in gas prices (price elasticity) than to any other single factor.
- Conservation is an important part in balancing the national gas supply and demand equation but under traditional regulatory frameworks in many states, few gas utilities have the incentive to actively encourage gas conservation and promote education in gas usage efficiencies among their customers.
- With the likelihood that gas prices will remain high and volatile, conservation is expected to become a more formidable force in influencing gas consumption in the residential and commercial customer segments going forward.
- Utility commissioners in various states differ as to their approach in allowing their gas utilities to recover lost margins on account of consumption variations resulting from conservation. Those commissions with the more supportive regulatory frameworks, tend to allow mechanisms for recoveries of revenues lost to conservation and have utilities with stronger financial profiles.
- More LDCs are becoming aware of the conservation factor and the impact that this has on their customers' gas usage and the utilities' profitability, and are considering applying for the appropriate rate design changes.
- Moody's believes that having utility rate designs that compensate the gas LDCs for margin losses caused by variations in gas consumption due to conservation as with variations due to weather, would serve to stabilize the utility's credit metrics and credit ratings. Utilities having these ratemaking mechanisms also tend to carry "A" credit ratings.

Moody's Investors Service
Global Credit Research

Introduction

The rising impact of conservation in determining customer gas consumption levels has been more insidious than other more noticeable variables, such as those caused by weather (see Moody's October 2002 Special Comment titled *Negative Rating Trend For Local Gas Distribution Companies: Impact of Diversification And Warm Weather*). It is curious however, how some state utility commissions recognized the potential impact of customer conservation on gas utility gross margins much earlier than other states, and made special provisions in their regulatory framework to accommodate for this variable. Perhaps some states are more attuned to the benefits of environmental conservation, have better regulatory support from their utility commissions or their customers are more cognizant of the need for compensating their utilities for their fixed costs. Whatever the reasons, it is clear that in some states the factor of conservation is fully understood and accepted into the gas utility rate-setting regime while in others the educational process is slower and more difficult due to historical differences between the utility on the one hand vs. public advocates and utility commission staff on the other, often viewing each other as traditional adversaries operating in a *zero-sum* environment.

What is noteworthy, is that with the growing awareness that natural gas supplies are becoming increasingly limited and that gas prices have been increasing in price and volatility in recent years, more LDCs are searching for reference points which might serve to yield them potential solutions to their problems of variable, and oftentimes, unpredictable customer consumption. If a utility's state commission is not sympathetic to the issue, the utility could draw examples from neighboring state commissions or reach across the country to other states, where the recognition of conservation and its impact on ratemaking mechanisms could have some relevant practical experiences that might be applicable to the utility's own regulatory jurisdiction. This is what appears to be happening as more gas LDCs confront a common issue that is only now rising to the level of national awareness.

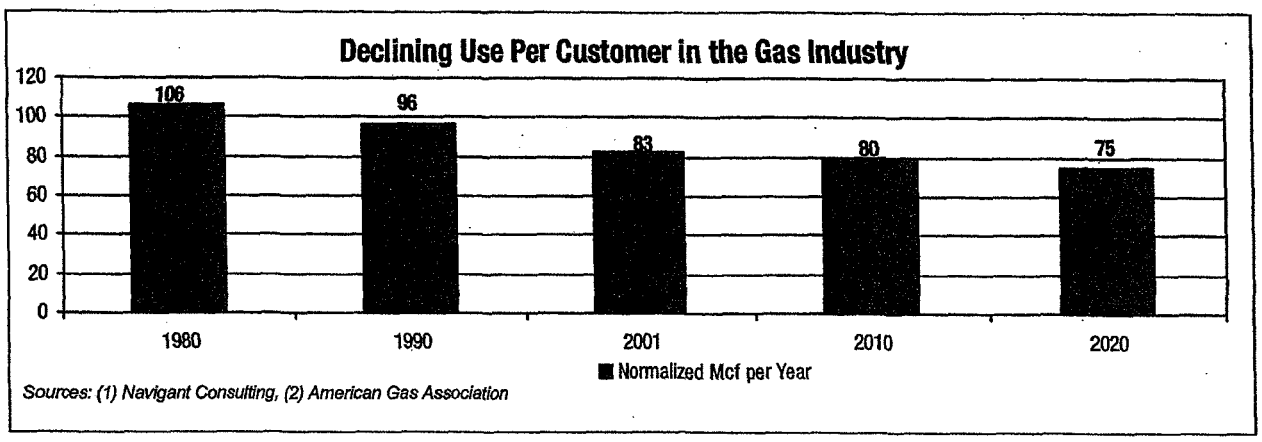
Also, as more LDCs and utility commissioners speak with one another, a greater appreciation for some of the forces affecting this segment of the energy industry develops and rate designs or the mechanisms for dealing with common issues become more accepted and might eventually become the norm. It is interesting to observe that an element of *cross-pollination* appears to be taking place where companies have become more willing to share their ideas and experiences with one another and state commissioners through the National Association of Regulatory Utility Commissioners (NARUC) are becoming more open to new approaches in dealing with their own regulatory issues in a land dominated by a *patch-work* of 50 independent state regulations. Nevertheless, the utilities that have established the appropriate ratemaking mechanisms in place first are usually the ones that fare the best in terms of financial earnings stability and credit strength, a status that appears to have been consciously achieved in cooperation with their regulators rather than being merely fortuitous or coincidental.

Conservation and Traditional Utility Rate Structures

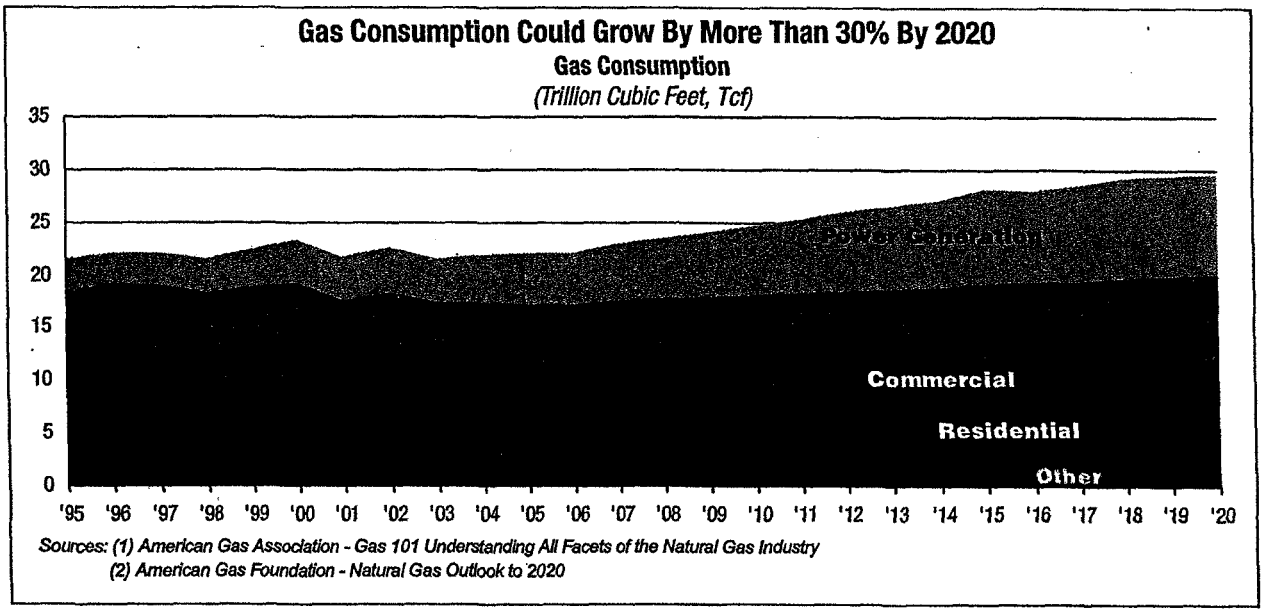
Moody's defines "conservation" as any technical advancement that improves home heating or the gas appliance efficiencies as well as the curtailment of consumption on account of high gas commodity prices. With this in mind, we surveyed our portfolio of 34 gas LDCs to inquire as to the possible impact that conservation might have on their customer gas consumption (primarily residential, as they comprise the largest class of firm customers for most LDCs compared with commercial or industrial customers, with the latter often subject to interruptible service) and the effect on their gas margins. Of the 34 LDCs, 18 were able to quantify the effect on their gas volumes and all 18 showed varying declining amounts and percentages in per customer consumption. However, only four had ratemaking mechanisms in place to recover these lost margins. The declines in per customer volumetric gas consumption ranged from 6% to 22% over a ten year period depending on the individual state. Interestingly, declines occurred whether LDCs were urban or rural[1], slow growing or rapidly growing.

The trend of declining use per customer in the gas industry also appears to be supported by a study done by the American Gas Association (AGA) released in September of 2004, as depicted in the following graph. This study suggests that the declining consumption trend is likely to continue for several more years, although our research indicates that some companies are more affected than others.

1. *Moody's defines urban as any city or town that is served by the LDC's main gas line in a contiguous flow of proximity for 100,000 or more customers. Any number less is considered rural.*



Interestingly enough, in his keynote address in January 2005, Laurence M. Downes, Chairman of the American Gas Association, stated that continued energy efficiency is an important factor in helping balance the limited accessible supply of natural gas in the United States along with the rise in gas demand on the part of electric power generators, industrial and commercial users and the need for increased housing in the country.[2]



However, in the July 2004 Joint Statement made by the AGA and the National Resources Defense Council (NRDC), a nationally recognized environmental group based in San Francisco, admission is made to a fundamental flaw in the way gas utility rates are traditionally structured in many states: namely, that the high fixed costs of operating a gas distribution system are only fully recovered when customers consume the gas volumes upon which their traditional rates are designed. If there is little or no consumption, the LDC is unable to recover its costs. Under this scenario, gas companies have no desire to encourage energy conservation or promote gas efficiency education among consumers. This conflict is stated more succinctly by Jon Stoltz, Senior Vice President of Regulatory and Gas Supply at Cascade Natural Gas Corporation in Seattle, Washington, when he said, "Our financial responsibilities and corporate citizenship responsibilities are at odds. The utility is forced to choose between conservation and profitability."[3]

One solution proposed by the Joint Statement of the AGA and the NRDC requested the National Association of Regulatory Utility Commissioners to consider and support any mechanism that uses automatic rate true-ups to ensure

2. *Investment Outlook for the Natural Gas Industry* presented by Laurence M. Downes before the New York Society of Security Analysts, January 27, 2005, slide 7, "Continued Energy Efficiency Is Important."
3. "Decoupling Through A Payment Stabilization Mechanism," White Paper by John Stoltz, April 21, 2005, p.1

that a utility's recovery of authorized fixed costs are not dependent on variations in gas sales. These ratemaking mechanisms are sometimes referred to as "decoupling," "conservation tariffs" or "conservation margin trackers."

We should note that this conservation problem is particular to the gas and not the electric power industry sector, where average kilowatt-hour of usage per customer has been generally rising over time. This may necessitate some careful explanations with regulators as they attempt to understand some of the differences between the gas and the electric power sectors.

In an attempt to better appreciate some of the decoupling mechanisms currently in use, Moody's considered three examples of how gas utilities were dealing with the impact of conservation. The first example is that of Southwest Gas Corporation (Baa2 senior unsecured, negative outlook) based in Las Vegas, Nevada; the second, Northwest Natural Gas Company (A3 senior unsecured, stable outlook) based in Portland, Oregon; the third, Southern California Gas Company (A2 senior unsecured, stable outlook) based in Los Angeles, California.

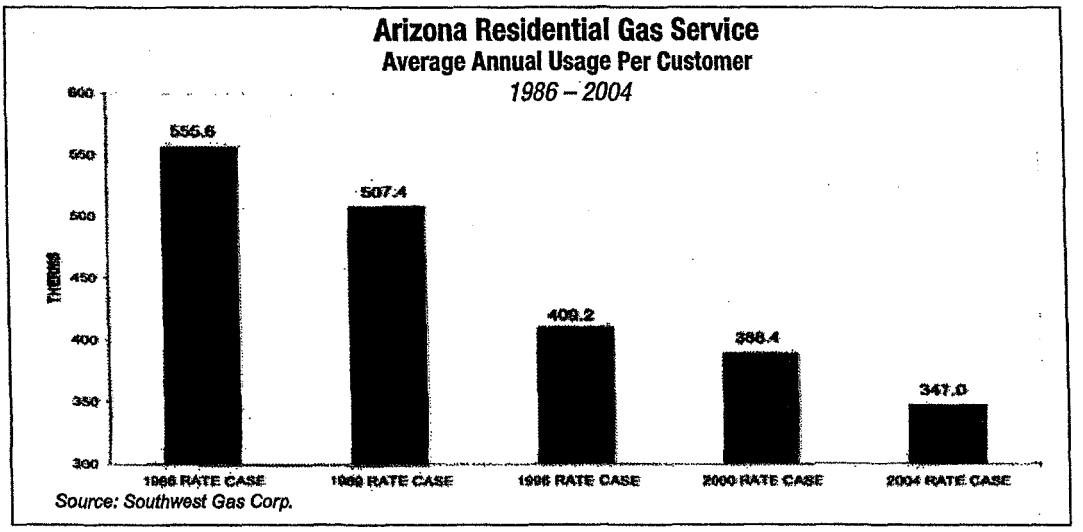
Southwest Gas Corporation

In February of 2004, Moody's changed the outlook on Southwest Gas Corporation to "negative" from "stable." The company was already one of the fastest growing LDCs in the country with a customer base expanding at the rate of 5.4%p.a. According to their CEO, Jeffrey W. Shaw, the company was growing at the equivalent rate of one gas LDC each year. This rapid growth has resulted in regulatory lag, as capital expenditure cost recoveries could not keep up with up-front growth expenditures and led to increased financial leverage.

In addition, the company had announced that 2003 earnings were lower on account of warmer than normal weather for two consecutive years with 2003 being one of the warmest in over 100 years. All these factors impacted the company at a time when it had no conservation margin trackers or weather normalization mechanisms in place. Subsequently, it was able to gain a conservation margin tracker in California, but this only covered about 10% of its service territory, leaving the remaining 90% of gas margins exposed to variable gas consumption.

In December of 2004, Southwest Gas decided to file a new rate case in Arizona which accounts for about 55% of its gas margins. In this rate case, a new rate design was introduced in Arizona for the first time in the form of a conservation margin tracker that would capture declining gas volumes on account of both conservation and weather variables when compared against a baseline consumption level.

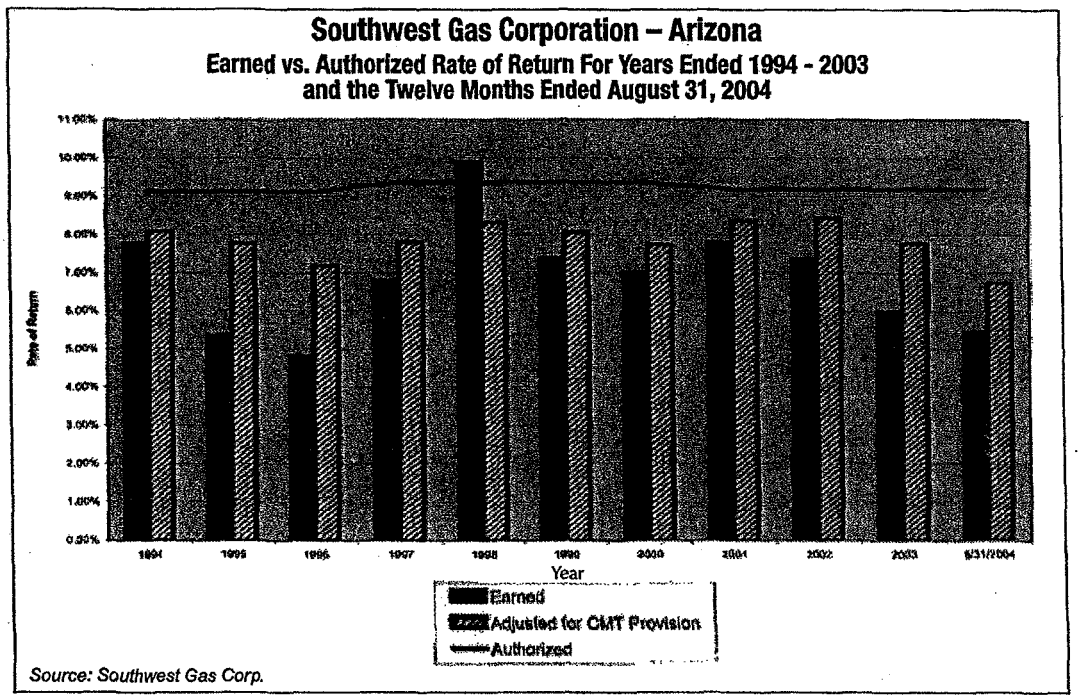
The mechanics of this rate design appear to be straightforward. The company first establishes a revenue requirement that would cover all costs of systems operation (excluding gas commodity costs), and then it apportions this number among the residential class of customers by dividing by the total volume of gas sold to each residential customer. As new customers are added onto the gas distribution system, they also help absorb the costs of operation.



Source: Southwest Gas Corp.

The first graph for Southwest Gas shows a steady 37.5% decline in annual per customer usage of gas over 18 years, or 2.1% p.a., with the consumption data weather-normalized. What is noteworthy is that despite the rapid growth in customer base in Arizona (Phoenix being one of the fastest growing cities in the country), per customer consumption is still falling.

The second graph for Southwest Gas demonstrates an inability to earn its authorized rate of return in Arizona (as depicted by the solid bars), which lie below the approximately 9% authorized overall rates of return (depicted by the horizontal line near the top), equivalent to an 11% return on equity. The gap is closed somewhat by the addition of a new conservation margin tracker (CMT) as proposed by the company in its new rate case for Arizona, but even then it falls short of earning the full authorized rate of return, a shortfall that needs to be met by other means such as exercising tighter standards when considering new expansions into more remote desert areas of the state. The spike in realized earnings in 1998 represents an unusual year when winter weather was 27% colder than normal, a windfall which the company is willing to forgo in exchange for more stable earnings over time.



Source: Southwest Gas Corp.

In its Arizona rate filing, Southwest Gas also anticipates the support of the Southwest Energy Efficiency Project (SWEEP), a regional environmental group promoting energy efficiency in the southwestern states including in Arizona. Environmental groups such as SWEEP add an independent voice in support of energy conservation and they seem to acknowledge the need for gas utilities to obtain a fair rate of return on their investments in order to accomplish their environmental objectives.

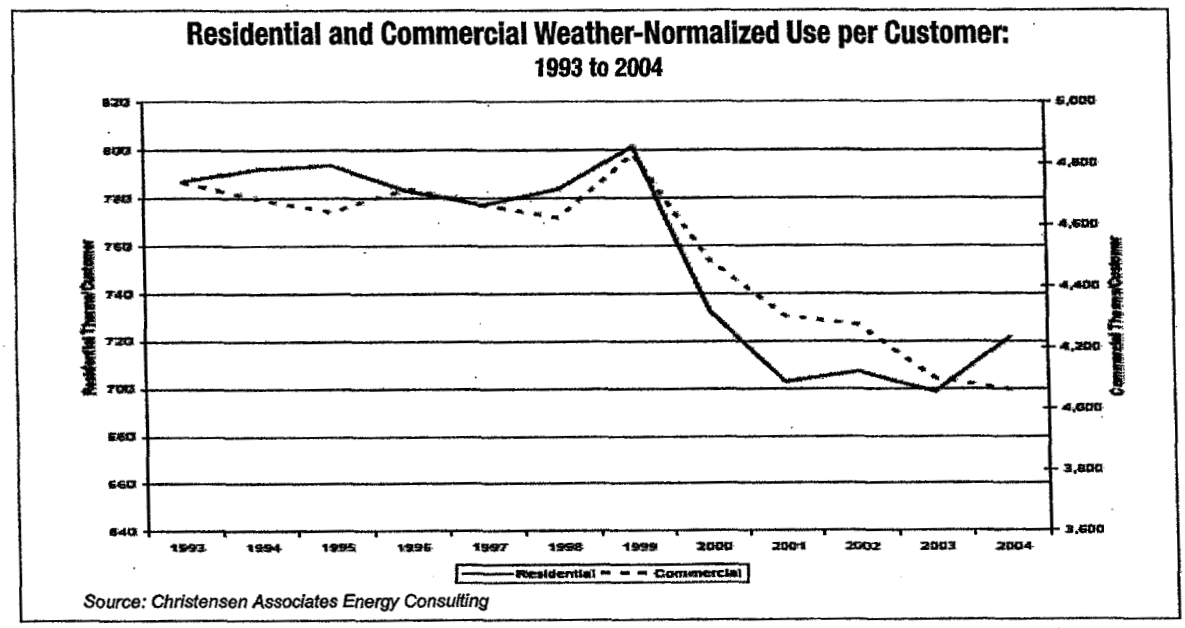
Northwest Natural Gas Company

Northwest Natural had applied for a full decoupling mechanism covering both conservation and weather factors but only obtained a conservation tariff or Distribution Margin Normalization (DMN) from the Oregon Public Utility Commission (PUC) in 2002. Its conservation tariff was granted for a limited period of three years and expires in September of 2005. In 2003, the company applied for and obtained a separate five-year weather normalization clause that operates independently of the DMN. As a condition for its DMN renewal, Northwest Natural was required to have an independent study done to determine the relative success of the rate design, and this task fell upon Christensen Associates Energy Consulting, from whom we obtained certain charts for this report.

The DMN has two essential components, 1) a price elasticity adjustment to a predetermined baseline of consumption and 2) a deferral account that captures 90% of the month-to-month deviations between actual and expected volumes. The deferred amounts are treated as adjustments to be refunded or collected in the following year.

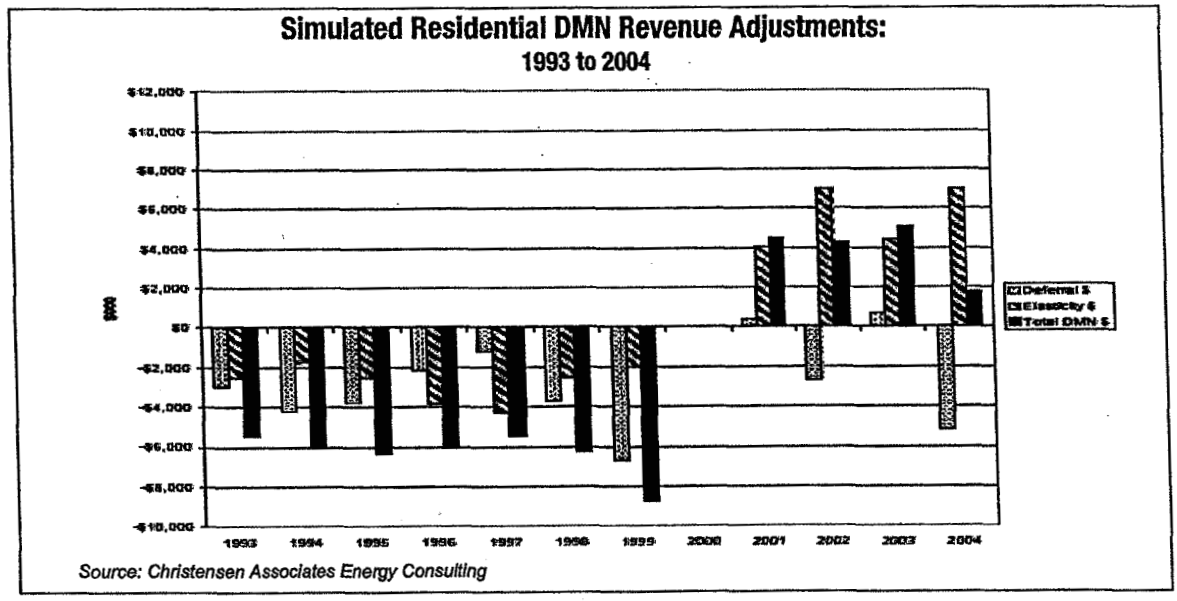
The result is that Northwest Natural's conservation tariff was able to realize an additional $3.5 million in 2003 gross margins and another $1 million in 2004 gross margins. The company also received the endorsement of the NRDC in its rate design application, which served as an independent advocate for the rate design mechanism in support for its conservation tariff application.

In the first chart for Northwest Natural, we note that both residential and commercial usage per customer were fairly constant over the 1990's when they take a sudden and sharp decline in 1999 through 2001, following a much publicized rise in natural gas prices. The slight recovery in late 2003 on the part of residential customers is due to a temporary period of declining gas prices. This chart demonstrates how in the case of Northwest Natural, customer usage is inversely correlated with changes in gas prices.



Source: Christensen Associates Energy Consulting

The second chart for Northwest Natural shows a simulated run using 2000 as a base year for the DMN, with bars above the "zero" line representing collections made by the company for conservation adjustments and bars falling below the "zero" line representing amounts to be refunded to customers. Focusing on the right side of the graph during the years when the DMN was in effect, we note that the price elasticity component represented by the cross-hatch bars are a more significant factor in the adjustment mechanism than the gray-shaded bars representing the deferral component of the DMN.



Source: Christensen Associates Energy Consulting

Southern California Gas Company

SoCal Gas is by far the largest pure gas LDC in our portfolio of 34. It also operates in a state that has one of the most progressive and supportive gas utility regulatory frameworks in the country. For example, unlike most states, California allows the use of monthly purchase gas adjustments (PGA) using short-term forecasted gas prices. When considering utility rate applications from its gas utilities, it applies a 12 month forward test period for cost recoveries, thereby helping to reduce regulatory lag. Finally, it has for many years supported the use of 100% gas balancing accounts, whereby gas LDCs are able to recover in gross margins what they lose on account of weather, conservation or other variables affecting customer use of natural gas.

In January of each year, SoCalGas sets out to recover all costs allowed by the California PUC during that year, plus any under collections or over collections of revenues from the previous year.

The total revenue requirement is divided by the forecast of sales by customer class during the year. Actual revenues are tracked against authorized revenues in balancing accounts during the year. At the end of the year, the under or over collection of revenues due to conservation, weather variation, or other conditions are then added to the subsequent year's revenue requirement to set new rates for the following year. The result is that gas sales variations do not affect net profitability of the utility.

A sample schedule of SocalGas' balancing accounts for the year 2004 appears in the table below. Note that the company finds itself with an undercollection status for 2004 of about $42 million in the lower right bottom column. This sum requires a 3% increase in system total rates for 2005.

SoCal Gas Present and Proposed Regulatory Account Balances (M$)

Account Name	1/01/04 Amortization			Proposed 01/01/05 Amortization			Proposed Change		
	Core	Noncore	Total System	Core	Noncore	Total System	Core	Noncore	Total System
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1. Affiliate Transfer Fee Memorandum Account (ATFA)	(47)	(4)	(53)	0	0	0	47	4	53
2. Alon/Golets Tracking Account (AGTA)	0	25	25	0	107	107	0	84	84
3. Brokerage Fee Account (BFA)	0	5	5	0	131	131	0	126	126
4. Catastrophic Event Memorandum Account (Northridge)	(1)	(0)	(1)	0	0	0	0	0	1
5. Core Fixed Cost Account (CFCA) [2]	(70,929)	0	(70,929)	(58,069)	0	(58,069)	12,860	0	12,860
6. Economic Practicality Shortfall Memorandum Account (EPSMA)	0	(13)	(13)	0	187	187	0	199	199
7. El Paso Settlement Proceeds Memo Acct (EPSPMA)	0	0	0	(218)	0	(218)	(218)	0	(218)
8. El Paso Turned-Back Capacity Bal Acct (EPTCBA)	4,311	7,374	11,686	6,869	14,808	14,908	1,558	3,476	5,614
9. Enhanced Oil Recovery Account (EORA)	7,362	771	8,133	9,185	913	9,922	1,442	147	1,589
10. Hazardous Substance Cost-Recovery Account (HSCRA)	4,291	7,661	11,952	4,689	8,267	12,977	398	607	945
11. Interstate Transition Cost Surcharge Account (ITCSA)	0	(13,446)	(13,446)	0	18,667	18,667	0	32,102	32,102
12. Intervenor Award Memorandum Account (IAMA)	88	257	345	12	21	32	(76)	(137)	(213)
13. Montebello True-Up Tracking Account (MTTA)	18,984	7,852	26,836	0	0	0	(18,984)	(7,852)	(26,836)
14. Natural Gas Vehicle Account (NGVA)	(714)	(979)	(1,693)	(2,026)	(2,776)	(4,802)	(1,312)	(1,798)	(3,109)
15. Noncore Fixed Cost Account (NFCA)	0	17,607	17,607	0	16,621	16,621	0	(986)	(986)
16. Noncore Fixed Costs Tracking Account (CCSI subaccount)	0	(7)	(7)	0	(95)	(95)	0	(88)	(88)
17. Noncore Fixed Costs Tracking Account (MFO subaccount)	0	(1)	(1)	0	0	0	0	1	1
18. Noncore Storage Balancing Account (NSBA)	208	208	416	102	183	285	(106)	(25)	(131)
19. PETCO/PEPCO Transition Cost Account (PPTCA)	(217)	(389)	(606)	(516)	(929)	(1,447)	(301)	(540)	(841)
20. Post-Retirement Benefits Other Than Pensions (PBOPS)	(20,416)	(2,559)	(22,969)	(10)	(1)	(11)	20,406	2,558	22,964
21. Research, Development & Demonstration Expense Account (RDDEA)	(0)	(0)	(0)	0	0	0	0	0	0
22. Research Royalty Memorandum Account (RRMA)	(22)	(3)	(24)	(44)	(5)	(49)	(22)	(2)	(25)
23. Self-Generation Program Balancing Account (SGPBA)	6,847	12,368	19,015	4,375	7,847	12,222	(2,472)	(4,521)	(6,793)
24. Wheeler Ridge Firm Access Charge Memorandum Account (WRFACMA)	(3,842)	(383)	(4,446)	(895)	(107)	(962)	2,947	276	3,484
25. Balancing Account Subtotal	[illegible]	35,517	(14,292)	(56,987)	41,884	25,097	15,422	6,367	41,389

Notes:

1. Balances shown include franchise fees and uncollectibles expenses.

2. Includes the Baseline Memorandum Account (BMA)

Source: Southern California Gas Company

The advantage of this procedure is that it is automatic and tends to work like "clockwork." In the absence of protest, after 40 days of presenting its annual Advising Letter of the status of its balancing accounts to the California Public Utility Commission, the adjusted rates go into effect. SoCalGas has been successfully using this methodology for margin recovery for over 20 years.

Another LDC that has a similar balancing account mechanism in place for gas system cost recovery is Alabama Gas Corporation (Alagasco, A1 senior unsecured, stable outlook). Alagasco's "rate stabilization and equalization" enables the utility to earn each year within a band of its allowed rates of return in the range of 13% return on equity. This formulaic approach that has been in place in Alabama for over 20 years is just only now being adopted in states such as South Carolina.

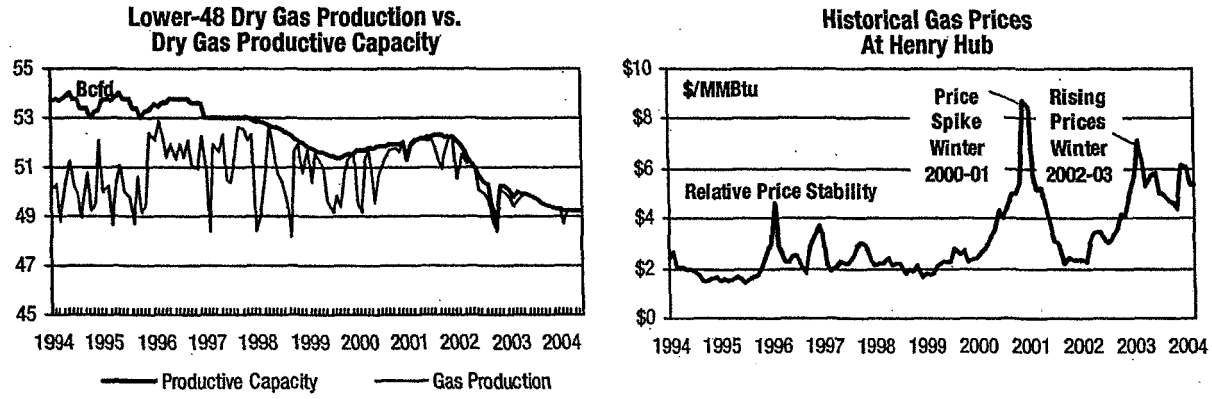
Conclusion

While declining per customer usage of gas has been occurring for many years in many parts of the country, only a handful of the 34 LDCs in our gas portfolio have ratemaking mechanisms in place to recover the utility's fixed costs on a consistent and comprehensive basis. These companies also tend to carry "A" credit ratings.

In reviewing our three examples, we observe that these mechanisms were achieved through careful coordination with interveners and with the support of environmental groups.

We expect that the decline in per customer gas usage at the residential and commercial level is a national phenomenon that is likely to persist as gas becomes more expensive and demand outstrips available supply. The charts below from the AGA and the Energy and Environmental Analysis suggests that beginning in late 1999 gas prices have become decidedly more volatile and show a generally rising trend. As noted in the case of Northwest Natural, customers are more likely to curtail their gas usage under conditions of rising gas prices.

Tightening Demand And Supply Curves = Price Volatility



Sources: (1) American Gas Association -Gas 101 Understanding All Facets of the Natural Gas Industry, (2) Energy and Environmental Analysis (EEA)

In coming months, we anticipate that more gas LDCs will be applying for these decoupling mechanisms either as stand-alone conservation tariffs as done by NWNatural or as part of an overall balancing account approach as done by SoCalGas, taking both conservation and weather factors into consideration. Companies that have announced their intention or are in the process of applying for these new ratemaking mechanisms include Cascade Natural Gas in Washington State, Piedmont Natural Gas in North Carolina and Washington Gas Light in their Maryland jurisdiction.

Finally, Moody's believes that having utility rate designs that compensate the gas LDCs for margins lost on account of variations in conservation as with variations in weather, would serve to stabilize a utility's credit metrics and credit ratings.

Special Acknowledgements

Moody's would like to extend special thanks to Southwest Gas Corporation, Northwest Natural Company, Southern California Gas Company, Alabama Gas Corporation, Cascade Natural Gas Corporation, Piedmont Natural Gas Company, Washington Gas Light Company and many other gas companies that have gone unmentioned in this study for sharing their findings, experience and materials that enabled our completion of this special comment. We would also like to thank the American Gas Association, Navigant Consulting, Christensen Associates Energy Consulting, American Gas Foundation, Energy and Environmental Analysis for allowing the use of their materials, which have been of great assistance in helping illustrate the commentary.

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Southwest Gas Corporation
Docket No. G-01551A-04-0876

EXHIBIT
A-9
Admitted

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of
Prepared Rejoinder Testimony
of
STEVEN M. FETTER
PRESIDENT, REGULATION UnFETTERED
ON BEHALF OF SOUTHWEST GAS CORPORATION

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BEFORE THE
ARIZONA CORPORATION COMMISSION

REJOINDER TESTIMONY
OF
STEVEN M. FETTER
PRESIDENT, REGULATION UnFETTERED
ON BEHALF OF SOUTHWEST GAS CORPORATION

INTRODUCTION

Q. 1 PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. 1 My name is Steven M. Fetter, and my business address is P.O. Box 475, Rumson, New Jersey 07760.

Q. 2 BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?

A. 2 I am President of REGULATION UnFETTERED, an energy advisory firm I started in April 2002.

Q. 3 DOES THIS REJOINDER TESTIMONY FOLLOW UPON EARLIER DIRECT AND REBUTTAL TESTIMONY THAT YOU FILED IN THIS PROCEEDING?

A. 3 Yes it does.

Q. 4 WHAT IS THE PURPOSE OF THIS REJOINDER TESTIMONY?

A. 4 In this rejoinder testimony, I respond to arguments made in surrebuttal testimony by SWEEP/NRDC witness Schlegel and Arizona Corporation Commission Utilities Division Staff ("Staff") witness Musgrove that I believe, if adopted by the Arizona Corporation Commission ("Commission"), will maintain Southwest Gas Corporation ("Southwest" or "Company") at its current inadequate level of

financial health. I also respond to Staff witness Gray's interesting argument that a resolution concerning "conservation margin tracker-like" mechanisms that was adopted by the Board of Directors of the National Association of Regulatory Utility Commissioners ("NARUC"), an organization comprised of utility commissions from the fifty states and the District of Columbia, was merely a "neutral" statement exhibiting no support for such mechanisms.

SWEEP/NRDC ISSUE RESPONSE

Q. 5 WHAT POSITIONS FROM SWEEP/NRDC CAUSE CONCERN IN YOUR MIND?

A. 5 I find fault with Mr. Schlegel calling for Commission adoption of an increase in the funding of DSM programs for Southwest customers, while opposing all means of improving (and ultimately stabilizing) Southwest's financial health going forward. The positions of Mr. Schlegel that undercut this goal include:

1) Rejection of Southwest's effort to structure a mechanism to provide recovery of revenues the Company has lost and will continue to lose due to customer conservation, called a conservation margin tracker ("CMT"). (I note that SWEEP/NRDC do support further study of the concept, but I believe that the financially-injurious effects that would accompany such increased levels of DSM should be dealt with upfront, and thus should not be implemented until such a mechanism is approved and in place.)

2) Opposition to Southwest's proposal for higher fixed charges to provide the Company an improved opportunity to recover its prudently-incurred costs

of providing reliable service to its customers, regardless of variations in customer usage that are not within the control of the Company.

3) Support for RUCO's proposal for a flat or one-tier rate structure which would serve to reduce Southwest's ability to recover its prudently-incurred fixed costs.

Q. 6 WHAT DO YOU BELIEVE WOULD BE THE RESULT IF THE COMMISSION WERE TO ADOPT THE INTERVENING PARTY'S RATE DESIGN RECOMMENDATIONS?

A. 6 Adoption of the intervening party's rate design proposals would exacerbate the Company's problems by placing an even greater amount of Commission-authorized revenue at risk for recovery, and decreasing the likelihood that Southwest would be able to achieve financial returns consistent with Commission-authorized levels. Under such circumstances, I would expect that the Company would continue to function with a weak financial profile, one or two notches away from the below-investment grade threshold, and this status would negatively affect Southwest's access to the capital markets to the detriment of both customers and investors. What would make it even worse than Southwest's current situation is that the financial community will have seen that the Commission had the opportunity to remedy the situation and chose not to do so.

Q. 7 IS THERE ANYTHING IN MR. SCHLEGEL'S SURREBUTTAL WITH WHICH YOU AGREE?

A. Actually there is. Mr. Schlegel states:

> "SWEEP/NRDC strongly recommend that the financial disincentive to natural gas utility support of energy efficiency be addressed in Arizona in a timely manner. We believe this will be necessary if Arizona wants to fully tap the potential for its lowest cost natural gas resource – cost-effective energy efficiency improvements."

I agree with that statement; I just differ with SWEEP/NRDC in that I believe that "timely manner" should mean that the financial issues should be addressed before the Commission orders additional steps with regard to DSM that would further degrade Southwest's standing within the financial community.

Q. 8 DO YOU ALSO AGREE WITH MR. SCHLEGEL'S ASSERTION THAT THE JOINT STATEMENT IN NO WAY SUPPORTS INCREASES IN FIXED CUSTOMER CHARGES AS A MEANS TO ELIMINATE FINANCIAL DISINCENTIVES FOR PROMOTING CONSERVATION AND ENERGY EFFICIENCY?

A. 8 No, I am afraid I have to break with Mr. Schlegel on this point. Mr. Schlegel focuses on language from the Joint Statement that explicitly supports CMT-like mechanisms, but ignores the more general language that precedes that point:

> When customers use less natural gas, utility profitability almost always suffers, because recovery of fixed costs is reduced in proportion to the reduction in sales. Thus, conservation may prevent the utility from recovering its authorized fixed costs and earning its state-allowed rate of return. In this important respect, traditional utility rate practices fail to align the interests of utility shareholders with those of utility customers and society as a whole. This need not be the case. **Public utility commissions should consider utility rate proposals and other innovative programs that reward utilities for encouraging conservation and managing customer bills to avoid certain negative impacts associated with colder-than-normal weather.** *(Emphasis supplied.)*

The fact that the Joint Statement then goes on to describe one type of innovative program ("mechanisms that use modest automatic rate true-ups to ensure that a utility's opportunity to recover authorized fixed costs is not held hostage to fluctuations in retail gas sales") does not negate the fact that the Joint Statement clearly states as highlighted above that public utility commissions should consider "utility rate proposals **and** other innovative programs." *(Emphasis supplied.)* As such, utility rate proposals, separate from innovative programs, may include proposals that increase the basic service charge. The language in the Joint Statement does not state that public utility commissions should only consider "utility rate proposals **comprised** of innovative programs," language that would have validated Mr. Schlegel's interpretation.

STAFF ISSUE RESPONSE

Q. 9 YOU ALSO INDICATE THAT YOU HAVE DIFFERENCES WITH STAFF WITNESS MUSGROVE?

A. 9 I do. I believe he has taken words from my direct testimony out of context, which creates a false impression of what my testimony means.

Q. 10 HOW SO?

A. 10 Perhaps the best way to indicate what Mr. Musgrove is attempting to do is to cite his quotes from my direct testimony and then show the passage in proper context:

Mr. Musgrove quotes me as follows:

> "My testimony focuses on a forward-thinking concept that seeks to decouple core revenues from the Company's sales..."

and then, in his words,

> "Mr. Fetter also said that the implementation of the proposed CMT by the Commission would make the Commission a leader in natural gas utility regulation."

Mr. Musgrove concludes from these quotations that I was sponsoring an "experimental concept."

Q. 11 WERE YOU SPONSORING AN "EXPERIMENTAL" CONCEPT?

A. 11 No, I was not, and I think the quotations Mr. Musgrove points to when read in context lead to a very different conclusion (the words he pulled out of context are italicized; my emphasis is noted in bold):

> "*My testimony focuses on a forward-thinking concept that seeks to decouple core revenues from the Company's sales* volumes, thus allowing conservation gains to be made without compromising the interests of Southwest Gas Corporation's ("Southwest" or "Company") equity and debt investors. This new concept in rate design, which has been endorsed in a landmark agreement among environmental, gas industry, and regulatory leadership – **and is currently being utilized in other jurisdictions** – holds out promise for a break from past regulatory policies in a way that strikes a fair balance between customer and shareholder interests."

and

> "Moreover, in light of the recent agreement among environmental, gas industry, and regulatory leadership, **this Commission has an opportunity to examine and respond to NARUC's recent suggestion that state commissions consider mechanisms that decouple sales levels from the natural gas utility's core revenues, thus aligning the interests of utility shareholders, customers, and society as a whole.** As such, by authorizing Southwest to implement its proposed conservation margin tracker (CMT), this Commission will become *a leader in natural gas utility regulation.*

Q. 12 SO, IN YOUR EYES, THE CMT IS NOT AN "EXPERIMENTAL" CONCEPT?

A. 12 Not at all. With such wide-ranging interest group support **and** utilization in other jurisdictions for several years (California, Oregon, and Maryland), I do not view a conservation margin tracker mechanism as "experimental" in nature. What is even

more puzzling is that in Mr. Musgrove's own testimony he offers evidence that the conservation margin tracker mechanism is not an experimental concept. On page 6, lines 12-14 of Mr. Musgrove's Surrebuttal Testimony, he refers to a telephone conversation with the Office of Ratepayer Advocates regarding Southwest's request for a similar type mechanism in the state of California, wherein he concluded that: "The consensus was that Southwest was simply asking for approval of a tariff provision that was similar in nature to other fixed-cost adjustment mechanism already in place for the major gas distribution companies doing business in California."

Q. 13 FINALLY, CAN YOU SHARE YOUR THOUGHTS ON MR. GRAY'S INTERPRETATION OF THE EVENTS SURROUNDING NARUC'S ADOPTION OF THE RESOLUTION THAT REFERS TO CMT-LIKE MECHANISMS?

A. 13 Yes, I can. Mr. Gray objects to my use of the word "endorsement" with regard to the NARUC resolution, claiming instead that NARUC's action was merely a "neutral" statement exhibiting no support for such mechanisms. I believe that the word "endorsement" comes closer to describing the NARUC action than does Mr. Gray's interpretation.

Like Mr. Gray, I have attended many NARUC national meetings, so I appreciate how difficult it is to get any issue reviewed and considered by the extremely diverse constituencies that make up NARUC. Most issues never succeed at even getting onto a NARUC committee agenda, much less receive the support of a full committee. In this case, the NARUC website indicates that the

1 NARUC Gas and Electric Energy Efficiency Resolution that Mr. Gray refers to
2 was approved by the Gas Committee, the Electricity Committee, the Energy
3 Resources and the Environment Committee, and the Consumer Affairs
4 Committee, followed by review, consideration and adoption by the NARUC
5 Board of Directors. The relevant language of the resolution states that "the Board
6 of Directors of NARUC **encourages** State Commissions to review and consider
7 the recommendations contained in the enclosed Joint Statement of the American
8 Gas Association, the Natural Resources Defense Council, and the American
9 Council for an Energy-Efficient Economy." *(Emphasis supplied.)* In view of what
10 it took for that "encouragement" language to get where it did, I continue to
11 believe that the NARUC action was more than merely a neutral statement
12 exhibiting no support for such mechanisms.
13 Q. 14 DOES THIS CONCLUDE YOUR PREPARED REJOINDER TESTIMONY?
14 A. 14 Yes, it does.

EXHIBIT
A-10
Admitted

Southwest Gas Corporation
Docket No. G-01551A-04-__

BEFORE THE ARIZONA CORPORATION COMMISSION

Prepared Direct Testimony
of
CHRISTY M. BERGER

Q. 1 Please state your name and business address.

A. 1 My name is Christy M. Berger. My business address is 5241 Spring Mountain Road, Las Vegas, Nevada 89150-0002.

Q. 2 By whom are you employed and in what capacity?

A. 2 I am employed by Southwest Gas Corporation (Southwest) in the Pricing and Tariffs department as Senior Specialist/ Pricing and Tariffs.

Q. 3 Please state your educational background and business experience.

A. 3 I received a Bachelor of Science degree in Accounting from the University of Nevada, Las Vegas in 1994. In September 1994, I began my employment with Southwest as a Corporate Accountant in the Gas and Regulatory Accounting department and was subsequently promoted to Analyst/Gas and Regulatory Accounting in December 1996. My primary responsibilities included accounting and billing with respect to Southwest's large transportation customers, as well as calculation and accounting entries for gas costs in Southwest's various rate jurisdictions.

In February 1998, I started on a 15-month training program in Southwest's Pricing and State Regulatory Affairs departments. During this program, I spent six

months in the Pricing and Tariffs department, six months in the Revenue Requirements department, and three months in the State Regulatory Affairs department. In May 1999, I was permanently assigned to Pricing and Tariffs. In January 2001, I was promoted to Specialist/Pricing and Tariffs, and in July 2003, I was promoted to my current position of Senior Specialist/Pricing and Tariffs.

Q. 4 Briefly state the nature of your present responsibilities and duties with Southwest.

A. 4 I report to the Director/Pricing and Tariffs. My primary responsibilities include the development of Class Cost of Service Studies (CCOSS), as well as other rate case related duties and various pricing and tariff analyses.

Q. 5 Have you previously testified before any regulatory commission?

A. 5 No, this is the first time.

Q. 6 Briefly describe the purpose of your prepared direct testimony in this proceeding.

A. 6 I am sponsoring Southwest's CCOSS at present and proposed rates. I have prepared one study using Southwest's present rate schedules and another using Southwest's proposed rate schedules. The results of the two studies are shown in the CCOSS summaries.

Q. 7 Please describe the CCOSS summaries included in this filing.

A. 7 There are four schedules that summarize the results of the CCOSS at present and proposed rate schedules.

Schedule G-1A, Sheet 1, illustrates the rate of return on investment at current rates for the present rate schedules. The next schedule, as shown on Schedule G-1B, Sheet 1, illustrates the rate of return at present rates and proposed rate schedules. The summary shown in Workpaper G-2B, Sheet 1, illustrates the margin required for each proposed rate schedule to achieve the system average rate of return on investment. Finally, Schedule G-2B, Sheet 1 shows the results of the CCOSS using proposed rate schedules and proposed rates.

Q. 8 What is the purpose of preparing a Class Cost of Service Study?

A. 8 The purpose of preparing a CCOSS is to determine the cost of providing service to each rate class. It provides a tool to evaluate return on investment, or profitability, on service to each customer class. The CCOSS determines the rate base and operating costs, including taxes and tax adjustments, associated with each class of service. Subtracting operating costs from revenues by class of service yields net income by class of service. Net income divided by rate base produces the rate of return for each rate class.

Q. 9 How is the Class Cost of Service Study used?

A. 9 The CCOSS is used as a basis or starting point for the determination of customer class margin responsibility and rate design, which is discussed more fully in the testimonies of Southwest witnesses Edward B. Gieseking and

A. Brooks Congdon.

Q. 10 Please describe the process of developing the CCOSS.

A. 10 Common costs are allocated among the customer classes through the process of functionalization, classification and allocation of the costs to provide service.

Q. 11 What is meant by cost functionalization?

A. 11 Functionalization is the process of analyzing and assigning investments in plant and expenses to the appropriate operating function. The functions are production, storage, transmission, distribution, and customer accounting. Since Southwest has no production, storage, or transmission plant in Arizona, the functions are limited to distribution and customer accounting. Southwest's functionalization procedure follows the Federal Energy Regulatory Commission's uniform system of accounts.

Q. 12 What is meant by cost classification?

A. 12 Cost classification assesses the relationship between the cost and what causes the investment in plant or expense to occur. This process assigns cost to either demand-, customer-, or commodity-related components.

Demand-related costs are not directly impacted by the total number of customers served. They are more specifically related to the peak requirement of the system as a whole.

Costs that are customer-related increase based on an increase in the number of customers served. Items such

as customer accounting, meters, and meter reading are all impacted by the number of customers served, but these items are not sensitive to the amount of gas customers consume.

The commodity cost is the cost of gas. Gas costs are impacted by the amount of gas delivered to Southwest's system. However, the amount of gas delivered does not necessarily have a direct relationship to the number of customers served or the overall capacity of the system.

Q. 13 What is meant by cost allocation?

A. 13 Cost allocation uses "allocation factors," which are ratios that are used to distribute classified costs to each rate class. Demand-related allocations are based upon relative customer class demands. Customer-related allocations are based upon the number of customers served and are weighted to recognize variations in providing service, such as meter and service costs, meter reading, and billing expenses. Finally, commodity-related allocations are based upon relative annual customer class consumption.

Q. 14 How are negotiated rate customers treated in the CCOSS?

A. 14 The revenue from customers who receive service from Southwest at negotiated rates is credited back to the other rate classes according to each customer class margin. These customers are provided service at market-based contract specific rates. These negotiated

rate contracts are for specified contract terms and are reviewed and approved by the Commission.

Q. 15 Is Southwest using the same methodology it used to prepare the CCOSS in the previous general rate case filing?

A. 15 Yes. Southwest has prepared the CCOSS at present and proposed rates utilizing the same methodology that was used in the previous general rate case filing, Docket No. G-01551A-00-0127. However, Southwest has incorporated minor changes suggested by intervenors, which include modifying the allocation of other operating revenues. Specifically, late payment charges and service establishment charges are based on the classes that pay the charges instead of allocating them based on total revenue. In addition, expenses related to large customer sales have been allocated to customer classes that are directly serviced by that department.

Q. 16 Does this conclude your prepared direct testimony?

A. 16 Yes, it does.

EXHIBIT
A-11
Admitted

Southwest Gas Corporation
Docket No. G-01551A-04-__

BEFORE THE ARIZONA CORPORATION COMMISSION

Prepared Direct Testimony
of
JAMES L. CATTANACH

Q. 1 Please state your name and business address.

A. 1 My name is James L. Cattanach. My business address is 5241 Spring Mountain Road, Las Vegas, Nevada 89150-0002.

Q. 2 By whom are you employed and in what capacity?

A. 2 I am employed by Southwest Gas Corporation (Southwest or the Company) as Manager/Demand Planning.

Q. 3 Please state your educational background and business experience.

A. 3 I graduated from Utah State University, Logan, Utah, with a Bachelor of Science degree in Economics in 1983. Thereafter in 1990, I graduated from the University of Nevada, Las Vegas with a Master of Arts degree in Economics.

In 1984, I joined Southwest as a Load Research Analyst in the Rate Department. In September 1985, I was promoted to the position of Economist in the Resource Planning Department. In November 1993, I was promoted to Senior Economist in the Revenue Requirements and Resource Planning Department. In August 2002, I was promoted to Supervisor in the Systems Planning Department. In July 2003, I was promoted to my current position as Manager/Demand Planning in the Systems Planning Department.

Since 1989, I have held the position of Adjunct Lecturer in the College of Business, Department of Economics, at the University of Nevada, Las Vegas. I currently teach an Applied Regression Analysis and Forecasting course each Fall and Spring Semester. I have previously taught courses in Business Statistics, Microeconomics, and Macroeconomics.

In addition to receiving my formal degrees in the study of Economics, I have attended seminars related to both public utility ratemaking and load forecasting. I am a member of the International Association for Energy Economics, National Association of Business Economics, National Association of Forensic Economics, Institute of Business Forecasting, and Southern Nevada Population Projection and Estimation Committee. I am also a contributing panel member of the Western Blue Chip Economic Forecast published by the Bank One Economic Outlook Center, W.P. Carey College of Business, Arizona State University. Between 1997 and 2000, I was an advising member of the Energy Economics Project Advisors Group, at The Gas Research Institute.

Q. 4 Briefly state the nature of your present responsibilities and duties with Southwest.

A. 4 I report to the Director/Systems Planning. I am responsible for the development of weather normalized billing determinants for rate cases, the development of short- and long-range demand forecasts for rate cases and

systems planning, analysis and monitoring of the regional economy in each of Southwest's rate jurisdictions, assorted load research activities, and the ongoing review of weather normalization procedures and heating degree days.

Q. 5 Have you previously testified before any regulatory commission?

A. 5 Yes. I have testified before the Arizona Corporation Commission (Commission), the Public Utilities Commission of Nevada, the California Public Utilities Commission, and the Federal Energy Regulatory Commission.

Q. 6 Briefly describe the purpose of your prepared direct testimony in this proceeding.

A. 6 I am sponsoring testimony that provides an analytical perspective on historical declines in residential consumption per customer that have been experienced in the Arizona rate jurisdiction.

I am presenting testimony in support of Southwest's weather normalization adjustment of the volumes for the test period, which is presented in Schedule H-2, Sheet 14, column (d). I am also sponsoring an estimate of the residential price elasticity of demand for natural gas that Southwest has econometrically derived for the Arizona rate jurisdiction in compliance with Decision No. 64172.

. . . . .

. . . . .

DECLINING RESIDENTIAL CONSUMPTION PER CUSTOMER

Q. 7 Could you provide a historical perspective on the trend in residential consumption per customer in the Arizona rate jurisdiction?

A. 7 Yes. In Southwest's Arizona rate jurisdiction, residential consumption per customer has followed a significant downward trend over the last 19 years. The dramatic decline in residential consumption per customer experienced historically in Arizona is revealed by examining the trend in weather normalized residential consumption per customer utilized in Arizona rate case proceedings between 1986 and 2004. The rate case consumption per customer histories reflects rate cases where the former southern Arizona and central Arizona rate jurisdictions had coinciding test years prior to the consolidating rate case in 1996.

In the Arizona rate jurisdiction, weather normalized residential consumption per customer has declined from 555.6 therms in the 1986 rate cases (Docket Nos. U-1551-86-300 and U-1551-86-301) to 347.0 therms in the current rate case. This is a decline of **208.6 therms or 37.5 percent** between 1986 and the 2004 rate case. In fact, residential consumption per customer dropped **41.4 therms or 10.7 percent** since Southwest's last rate proceeding (Docket No. G-01551A-00-0309) in 2000. The decline in residential consumption per customer utilized in Southwest's rate proceedings in Arizona between 1986 and 2004 is graphically

presented in Exhibit No.___(JLC-1).

Q. 8 Have you performed any other analyses to assess the downward trend in residential consumption per customer?

A. 8 Yes. Southwest also examined the historical trend in residential baseload consumption per customer. This was accomplished by examining residential consumption per customer for the month of August associated with each test year included in the historical rate case comparison. The zero heating degree days recorded during August for each test year in Tucson and Phoenix make August a useful month to analyze the historical trend in baseload consumption. Between the 1986 rate cases and the 2004 rate case, August consumption per customer has declined from 16.4 therms to 10.0 therms. This is a decline of **6.4 therms or 39.0 percent** between 1986 and 2004. The significant downward trend in August consumption per customer is graphically depicted in attached Exhibit No.___(JLC-2). This analysis suggests that declining residential consumption per customer is pervasive and associated with both space heating (seasonal) and baseload consumption.

Q. 9 What are the primary reasons that weather normalized residential consumption per customer utilized in rate cases has been declining over the last 19 years?

A. 9 Although there are a multiplicity of contributing factors, the improved efficiency gains of natural gas space- and water-heating appliances, improved home energy

efficiency, and dramatic customer growth are the primary reasons that weather-normalized residential consumption per customer has declined significantly.

Q. 10 How have improved appliance and dwelling efficiencies and dramatic customer growth contributed to the decline in overall residential consumption per customer?

A. 10 The improved appliance and dwelling efficiencies and accelerated customer growth in Arizona have two important implications related to declining residential consumption per customer. First, the significant improvements in both appliance and dwelling efficiencies have resulted in lower natural gas consumption for new residential customers. The improved efficiencies are primarily the result of federal legislation and local building codes that have been enacted over the years. In turn, the combination of lower natural gas consumption for new customers and the significant customer growth experienced by Southwest in recent years has resulted in a significant decline in overall residential consumption per customer.

Second, the downward trend in overall residential consumption per customer is not just related to new customer growth. It would be a reasonable expectation that each year a certain number of existing customers would be replacing older appliances with new appliances, which would be relatively more efficient. Additionally, it would be reasonable to expect that a certain number of

existing customers would be adopting energy conservation practices to improve the thermal integrity of their dwellings. The combined appliance turnover and dwelling conservation effects would be expected to reduce natural gas consumption for existing customers and, in turn, contribute to lower overall residential consumption per customer.

To summarize, the improved energy efficiencies of natural gas appliances and dwellings have implications for both new customer additions and existing customers. That is, the downward decline in overall residential consumption per customer is related to both new customer growth and the existing customer base. Since Southwest has experienced robust residential customer growth in Arizona in recent years, the decline in overall residential consumption per customer has been significant in the Arizona rate jurisdiction.

Q. 11 What other factors have contributed to the downward decline in residential consumption per customer in Arizona?

A. 11 Other plausible factors contributing to the decline in residential consumption per customer include the increased utilization of set-back thermostats, changes in the characteristics of the housing stock, demographic factors, behavioral factors, and economic variables such as the price of natural gas.

Q. 12 Is the significant downward trend in residential

consumption per customer unique to Southwest's Arizona rate jurisdiction?

A. 12 No. Southwest has also experienced significant declines in residential consumption per customer in its Nevada and California rate jurisdictions. In addition, the American Gas Association has performed studies that identify the national phenomenon of declining residential natural gas consumption per customer.

Q. 13 Do you have any expectations regarding when this dramatic decline in residential consumption per customer will possibly slowdown or stop in the Arizona rate jurisdiction?

A. 13 Unfortunately, no. However, reasonable conjecture would conclude a significant likelihood exists that the downward trend in residential consumption per customer will continue for the foreseeable future. My expectation is that continued robust customer growth that Southwest is expected to experience, combined with continued emphasis on energy conservation, will exert downward pressure on future residential natural gas consumption per customer in Arizona. Furthermore, Southwest is proposing a number of new and expanded energy efficiency programs which will have the effect of lowering residential consumption per customer. Southwest witness Vivian E. Scott discusses the current and future energy efficiency programs in Arizona that Southwest is proposing in this rate case.

Q. 14 Please summarize the results of the analyses of declining residential consumption per customer in the Arizona rate jurisdiction.

A. 14 Yes. With apologies for stating the obvious, the evidence is unambiguous regarding the significant historical decline in residential consumption per customer that Southwest has experienced in its Arizona service territories. Examination of both annual residential consumption per customer and August consumption per customer utilized in previous rate cases in Arizona indicate a significant downward trend in consumption.

RESIDENTIAL PRICE ELASTICITY OF DEMAND

Q. 15 Why is Southwest providing an estimated residential price elasticity of demand for natural gas for the Arizona rate jurisdiction?

A. 15 Pursuant to Decision No. 64172 issued by the Commission in Southwest's last general rate case, Southwest was directed to file a price elasticity study with its next general rate case.

Q. 16 Could you briefly explain what is meant by price elasticity of demand?

A. 16 Price elasticity of demand is a quantitative measure of the responsiveness or sensitivity of quantity demanded to a change in price. It is defined as the percent change in quantity demanded divided by the percent change in price. The price elasticity of demand is always negative, since the First Law of Demand states that "As price increases,

quantity demanded decreases, ceteris paribus." An estimated price elasticity between 0 and -1 is classified as inelastic demand, or demand that is relatively insensitive to price changes. Conversely, an estimated price elasticity less than -1 is classified as elastic demand, or demand that is relatively sensitive to price changes. For example, a price elasticity of demand equal to -.20 (inelastic) indicates that when price increases by one percent, quantity demanded would decrease by two-tenths of one percent, holding all other variables constant. Stated differently, when demand is inelastic, the decline in quantity demanded is proportionally less than the proportionate increase in price.

Typically goods and services that are essential to living and have few substitutes have inelastic demand. Residential natural gas demand is generally considered inelastic, based on both theoretical and pragmatic considerations. Other factors that typically influence the magnitude of the price elasticity of demand include the importance of the commodity in consumer's budgets and the time horizon to which demand pertains.

Q. 17 What is the estimated residential price elasticity of demand for natural gas that Southwest has empirically quantified?

A. 17 The econometric research conducted by Southwest suggests the residential price elasticity of natural gas in Arizona is relatively inelastic and approximately equal

to -.31 and statistically significant. Therefore, a sustained 10 percent increase in the real price of natural gas would result in residential consumption per customer declining 3.1 percent, holding all other variables constant. The results compare favorably to a review of the published literature. A research paper titled "*The Residential Price Elasticity of Demand for Natural Gas in Arizona: An Econometric Analysis*" written by James Cattanach and Frank Maglietti for this general rate case details the methodology and empirical results related to estimating the residential price elasticity, and is attached as Exhibit No.___(JLC-3).

WEATHER NORMALIZATION ADJUSTMENT

Q. 18 Please explain the purpose of the weather normalization adjustment.

A. 18 Weather normalization adjustments were performed for the purpose of providing an accurate depiction of monthly test period volumes under typical weather conditions. To the extent that weather for the test period deviates from normal (average) weather conditions, heat-sensitive consumption per customer should be adjusted to provide an accurate representation of monthly test period volumes under normal weather conditions.

For the test period, actual billing cycle heating degree days were approximately 1.9 percent colder than normal in Tucson, and approximately 2.8 percent warmer than normal in Phoenix. As a result of these deviations

from normal weather, adjustments to test period volumes were computed to reflect anticipated volumes under normal weather conditions.

Weather normalization adjustments were completed for the residential rate schedule, low income residential rate schedule, special residential rate schedule, the master metered apartment, small commercial and large commercial classes within the general service rate schedules, the master metered mobile home park rate schedule, armed forces rate schedule, and weather-sensitive residential and small and large commercial customers whose volumes are aggregated under a single transportation service agreement.

Q. 19 What heating degree day normal did Southwest utilize to weather normalize the heat-sensitive volumes for the test period?

A. 19 Southwest utilized ten-year averages (120 months ended August 2004) of heating degree days to represent normal weather conditions.

Q. 20 Is the use of ten-year average heating degree days to weather normalize the heat-sensitive volumes consistent with Southwest's prior practices for general rate cases in Arizona?

A. 20 Yes. Southwest has consistently utilized ten-year average heating degree days to weather normalize test period volumes in every general rate case filed in Arizona since 1986 (U-1551-86-300, U-1551-86-301, U-1551-89-102, U-1551-89-103,

U-1551-90-322, U-1551-92-253, U-1551-93-272, U-1551-96-596, G-01551A-00-0309).

Q. 21 Please explain Southwest's procedure for calculating the weather normalization adjustments.

A. 21 Southwest utilized regression analysis to quantify the relationships between actual monthly consumption per customer and weighted heating degree days for each heat-sensitive customer class. The monthly consumption per heating degree day factors (regression coefficients) quantified in the regression analyses were then applied to monthly weighted heating degree day deviations from normal, to quantify the corresponding adjustments to consumption per customer.

Q. 22 What were the impacts of the weather normalizations upon test period volumes?

A. 22 The net result of the weather normalization adjustments was a decrease in test year volumes of 566,341 therms for the Arizona rate jurisdiction, as shown in Schedule H-2, Sheet 14, line 22, column (d).

Q. 23 Does this conclude your prepared direct testimony?

A. 23 Yes, it does.

ARIZONA
RESIDENTIAL GAS SERVICE (G-5)
RATE CASE CONSUMPTION PER CUSTOMER
1986 - 2004

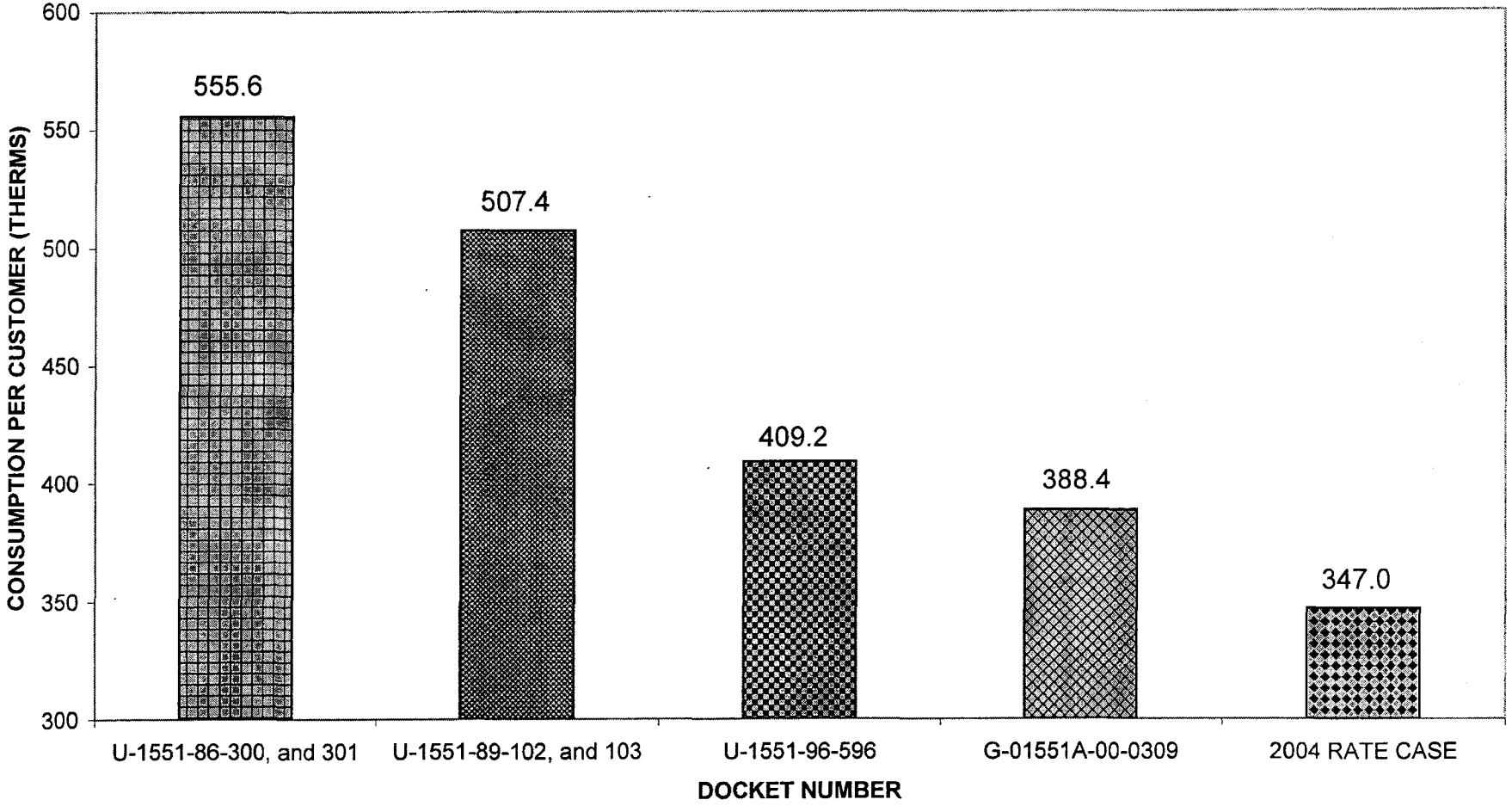

Exhibit No. ___(JLC-1)
Sheet 1 of 1

ARIZONA
RESIDENTIAL GAS SERVICE (G-5)
AUGUST CONSUMPTION PER CUSTOMER
1986 - 2004

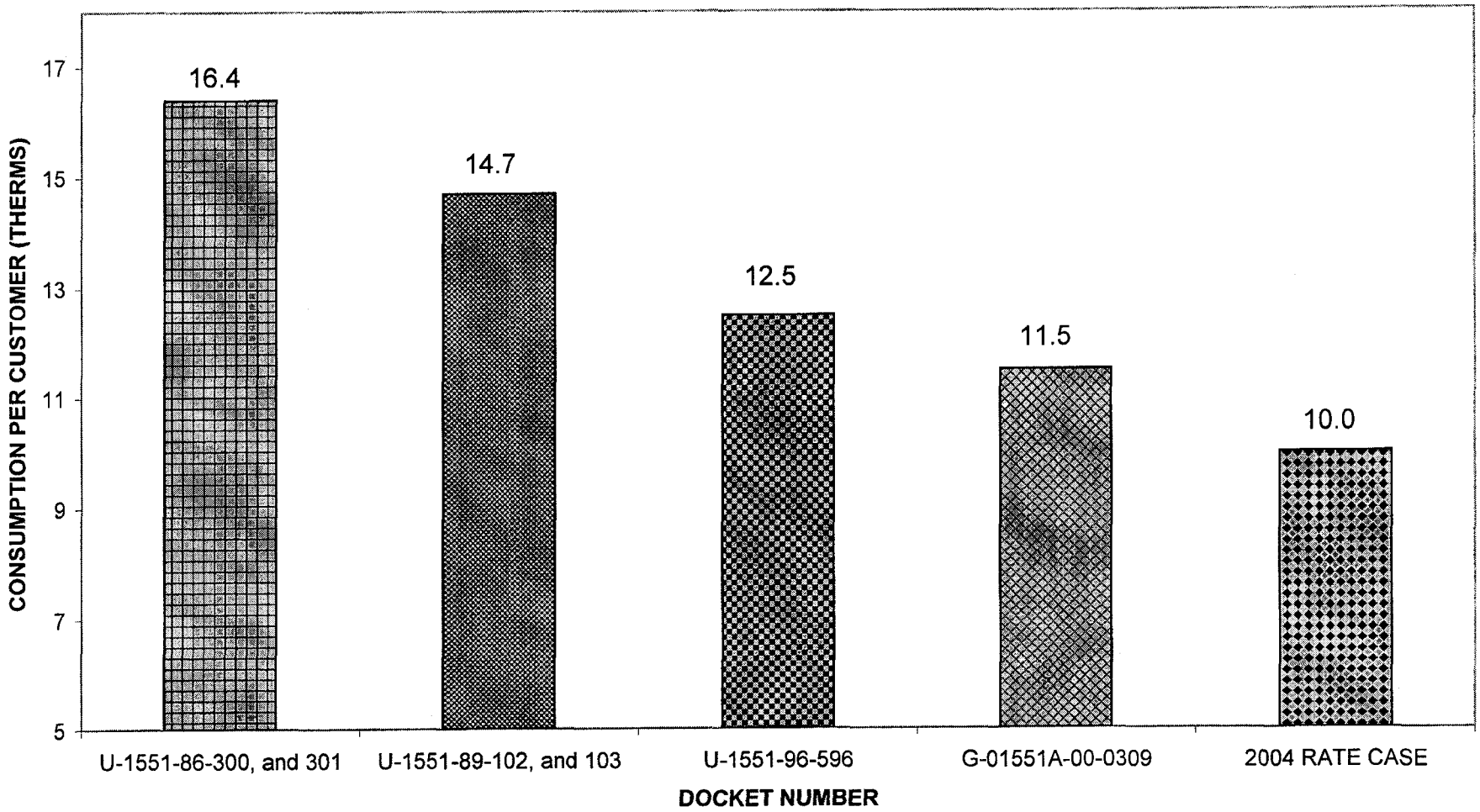

Exhibit No. __(JLC-2)
Sheet 1 of 1

Exhibit No._____(JLC-3)

THE RESIDENTIAL PRICE ELASTICITY OF DEMAND FOR NATURAL GAS IN ARIZONA:

AN ECONOMETRIC ANALYSIS

Jamie Cattanach
Demand Planning

Frank Maglietti
Pricing and Tariffs

Southwest Gas Corporation

November 2004

1. Introduction

This paper presents the salient features and results of the residential price elasticity study conducted by Southwest Gas Corporation (Southwest) for the Arizona rate jurisdiction. Pursuant to Decision No. 64172, issued by the Arizona Corporation Commission (the Commission), Southwest was directed to file a price elasticity study with its next general rate case.

The central hypothesis tested in this paper is that a statistically significant inverse relationship exists between the demand for and price of residential natural gas in the Arizona rate jurisdiction. Utilizing econometric techniques, a reduced-form multiple regression model is specified with residential consumption per customer as the dependent variable. The explanatory variables specified in the model include the real residential price of natural gas, heating degree days (hdds), base conservation variables, and monthly summer dummy variables. The results confirm the hypothesis that a statistically significant negative relationship exists (although not highly sensitive) between residential consumption and price. The empirical results also show that heating degree days, base conservation, and monthly summer dummy variables are important determinants explaining the pattern and trend of residential natural gas consumption.

The remainder of this paper is organized as follows. Section 2 provides a primer on the microeconomic concept of price elasticity of demand. In Section 3, a brief review of the empirical literature is presented. Section 4 discusses the data utilized in the econometric analyses. Section 5 outlines the analytical modeling framework utilized to econometrically estimate the price elasticity of demand. In Section 6 both the estimated multiple regression equation and residential price elasticity are presented. Finally in Section 7, the paper is summarized and concluded.

2. Price Elasticity of Demand

Price elasticity of demand is a quantitative measure of the responsiveness or sensitivity of quantity demanded to a change in price. The British economist Alfred Marshall (1842-1924) pioneered the mathematical techniques related to measuring the sensitivity of consumer demand to price and are presented in his treatise, the "Principles of Economics" (1920). The price elasticity of demand (E) is mathematically defined as

$$E = \frac{\%\Delta Q}{\%\Delta P} = \frac{\text{Percentage change in quantity demanded}}{\text{Percentage change in price}}$$

The price elasticity is always negative, since the First Law of Demand states "As price increases, quantity demanded decreases, *ceteris paribus*." The price elasticity is calculated for movements along a given demand curve as price changes and all other factors affecting quantity demanded are held constant. An estimated price elasticity

between 0 and -1 is classified as inelastic, or demand that is relatively insensitive to price changes. Conversely, an estimated price elasticity of demand less than -1 is classified as elastic demand, or demand that is relatively sensitive to price changes. An elasticity equal to -1 is considered unitary elastic. For example, a price elasticity equal to -.20 (inelastic) indicates that when price increases by one percent, quantity demanded decreases by two-tenths of one percent, holding all other variables constant. Stated differently, when demand is inelastic, the decline in quantity demanded is proportionally less than the proportionate increase in price.

Three factors typically determine the magnitude of the price elasticity of demand for goods and services. They are 1) availability of substitutes, 2) the proportion of income spent on the good or service, and 3) length of time. Goods and services that are essential to living and have few substitutes have inelastic demand. Demand tends to be relatively inelastic for goods and services that account for only a small portion of consumer's total expenditures. The demand for a good or service is typically more elastic in the long run versus the short run. In the long run, consumers have more opportunities to adjust to changes in prices. Residential natural gas demand, as is the case with most utility services, is generally considered relatively inelastic, based on both these theoretical and pragmatic considerations.

3. Literature Review

A general consensus has emerged in the literature on the residential price elasticity of demand for natural gas: the price elasticity is relatively inelastic. Several surveys of the literature related to energy price elasticity studies have been conducted. Bohi (1981) established that the price elasticity of residential natural gas demand is statistically significant, but small in absolute magnitude. A review of the summary included in Bohi's study indicates short-run price elasticity estimates that range from -.15 to -.50, with the average elasticity equal to approximately -.3143. Later Bohi and Zimmerman (1984) reported a consensus residential price elasticity estimate of -.20 in the short run to -.30 in the long run. In addition, a conclusion was made that residential natural gas demand appears to respond to price to the same extent as electricity in the short run, but is significantly less elastic in the long run.

Al-Sahlawi (1989) conducted a survey of elasticity studies that concluded the residential price elasticity for natural gas is inelastic in the short run. The short-run price elasticity varied between -.053 to -.95. Neri (1990) conducted a survey of residential price elasticity estimates that included those from the existing published literature and estimates developed by local natural gas distribution companies. The results of the survey indicate price elasticity of demand estimates varying between -.14 to -.48, with the bulk of the estimates around -.30. In the Mountain and Pacific region, price elasticities varied between -.17 and -.31. Neri concluded that overall, residential gas demand has been shown to be relatively price inelastic.

4. The Data

The data utilized to estimate the multiple regression equation consisted of monthly aggregated data for the Tucson and Phoenix operating districts for the period January 1989 through August 2004. Monthly consumption per customer was developed using sales and customer information obtained from Southwest's billing records. Figure 1 of Appendix A shows the precipitous decline in residential consumption per customer between 1989 and 2004 (12-months ended August 2004). Over this period, residential consumption per customer (non-weather normalized) declined over 115 therms or 24.9 percent.

The nominal price of natural gas is defined as the tail block tariff rate (as applicable) for Southwest's Residential Gas Service (G-5) rate schedule and was obtained from Southwest's superceded tariff sheets. The tail block tariff rate is referred to as the marginal price of natural gas. The monthly Consumer Price Index – All Urban (Bureau of Labor Statistics) was used to deflate the nominal residential price of natural gas into real natural gas prices. The real price of residential natural gas was calculated by dividing the nominal price by the consumer price index and multiplying by 100. Figure 2 depicts the real residential price (12-month average) for the period 1989 through 2004. As indicated, the real residential price of natural gas generally trended downward between 1989 and 1997. Since 1998, real residential natural gas prices have been moving upwards.

Monthly cycle-billed heating degree days were developed using daily maximum and minimum temperature data from the National Oceanic and Atmospheric Administration. A heating degree day represents the number of degrees Fahrenheit the average temperature for a day falls below a base temperature of 65 degrees Fahrenheit. Monthly cycle-billed heating degree days were developed to synchronize the billed deliveries for a particular month with related heating degree days. For example, billing for the residential rate schedule is spread across the month based on 21 cycles, with each cycle including approximately 30 days of consumption. In this case, recorded residential consumption in a month actually reflects consumption which occurred in the current calendar month as well as the prior calendar month. The monthly cycle-billed heating degree days calculated for each month reflect this phenomenon. Figure 3 plots annual cycle-billed heating degree days for the years 1989 through 2004. Over this period, heating degree days are relatively stationary.

Monthly customers were utilized in conjunction with time-trend variables to develop seasonal base conservation variables. Figure 4 plots year-end customers for the years 1989 through 2003. As depicted, an acceleration of customer growth commenced in 1994 and has continued through the present.

5. Modeling Framework

The general form of the residential demand equation is as follows:

$$Q = f(HDD, PRICE, BCONW, BCONS, DUM) + e \quad (1)$$

where Q is the monthly residential consumption per customer, HDD is monthly cycle-billed heating degree days, PRICE is the monthly real residential price of natural gas, BCONW and BCONS represent base conservation in winter and summer respectively, DUM represents monthly dummy variables for the summer months, and e is a random error term.

Monthly heating degree day (cycle-billed basis) variables were developed based on the tenet that not only is consumption per customer strongly sensitive to heating degree days, but the sensitivity varies between months in the heating season. The monthly heating degree day variables were constructed by interacting heating degree days with monthly dummy variables. For example, the January heating degree day variable includes cycle-billed heating degree days for each January in the sample range and zero for all other months. Heating degree day variables for other months were constructed in a similar manner. The specification of monthly heating degree day variables allows for the quantification of the varying sensitivities. The expected sign on each heating degree day coefficient is positive since colder weather translates into increased residential natural gas consumption during the winter months.

The real residential price of natural gas was modeled using a polynomial distributed lag (PDL) specification. Modeling the effects of price as a polynomial distributed lag accounts for the impact of lagged prices on demand and facilitates to the development of a parsimonious regression equation. This specification reflects the fact that the influence of price changes on consumption is not simply contemporaneous, but affects consumption over a period of time. In addition, the PDL price formulation recognizes that a consumer's response to price changes is typically gradual and the relative importance of price responsiveness varies across months included in the lag structure. In the econometric modeling of time- series data such as residential consumption per customer, the noncontemporaneous or lagged relationship between a dependent variable and an explanatory variable such as price is a tenable assumption. The PDL price structure is a more realistic variation of specifying price as a moving average (e.g., 36 month) function. A moving average specification implicitly assumes the relative importance of all past price changes in the lag structure are the same. Figure 5 depicts a 36-month average of real residential natural gas prices for the period 1989 through 2004. As indicated, real prices trended downwards between 1989 and 1997. Since 1998, prices have trended upwards, although the 36-month average has leveled off in the most recent years. As outlined in the price elasticity primer presented in Section 2, a negative relationship would be expected between residential natural gas consumption and price. Hence, the expected

sign on the regression price coefficient should be negative.

Winter and summer base conservation variables were included in the regression model to capture the long-term decline in residential natural gas consumption per customer not directly induced by price changes. This would include the improved appliance and dwelling efficiencies that have occurred over time. The improved efficiencies are primarily the result of federal legislation and local building codes that have been enacted over the years. This is sometimes referred to by researchers modeling energy consumption as "autonomous energy efficiency improvements." Since a specific base conservation variable is not available, a proxy variable was developed to represent the autonomous or base conservation that has occurred over time. Time-trend variables weighted by customer growth were constructed to represent proxy variables for base conservation. Separate base conservation variables were developed for the summer and winter months to capture the decline in baseload and space heating consumption, respectively. While the residential price variable included in the regression equation is intended to capture movements along a demand curve, the base conservation variables capture the inward shift in the demand curve. Figure 6 illustrates the theoretical difference between a movement along the demand curve (P1 to P2 or vice versa) and a shift in the demand curve (D1 to D2 or vice versa). The inclusion of base conservation in the model ensures an important contributing factor to the decline in residential consumption per customer is included as variables in the equation. This in turn will minimize the likelihood of omitted variable bias in the regression coefficients. Since energy conservation practices lower residential natural gas consumption, *ceteris paribus*, the *a priori* expectation is a negative sign on the base conservation regression coefficients.

Monthly dummy variables were included in the regression equation to account for varying consumption per customer across months where heating degree days did not have a significant impact on residential consumption per customer. Since it would be expected that summer (June – October) consumption would be lower than winter (November – May) consumption, the *a priori* expectation would be a negative sign on the estimated regression coefficients for the summer month dummy variables.

The residential demand equation (1) is assumed to take a double logarithmic (double-log) functional form as follows:

$$\begin{aligned} LNQ = {} & \alpha+\beta HDD_{jan}+\beta HDD_{feb}+\beta HDD_{mar}+\beta HDD_{apr} \\ & +\beta HDD_{may}+\beta DUM_{jun}+\beta DUM_{jul}+\beta DUM_{aug}+\beta DUM_{sep}+\beta DUM_{oct} \\ & +\beta HDD_{nov}+\beta HDD_{dec}+\beta LNBCONW+\beta LNBCONS+\beta LNPRICE + e \end{aligned}$$

where α is the intercept and the β's are the regression coefficients quantifying the exogenous effects on residential natural gas consumption. The double-log specification is appropriate since the primary purpose of the regression equation is to estimate the residential price elasticity of demand. With the use of the double-log specification, the

estimated regression coefficient for the price variable measures the constant price elasticity of demand. The use of the double-log functional form is standard practice in the econometric estimation of price elasticities.

6. Empirical Results

The empirical results for the estimated regression equation are presented in Table 1 of Appendix A. The estimated regression equation exhibits excellent statistical characteristics in terms of summary diagnostic regression statistics such as the Rsquare, Durbin-Watson Statistic, Root Mean Square Error, and F-Statistic. Overall, the estimated equation reveals a very good "statistical fit" of the data as evidenced by an Rsquare of .9864. The Rsquare of .9864 indicates that over 98 percent of the variation in residential consumption per customer over the historical sample range is attributable to the explanatory variables included in the regression equation. The estimated regression coefficients all conform to *a priori* theoretical expectations and are statistically significant at an alpha=.05 (probability of a Type 1 error) when conducting one-tailed hypothesis tests ($\beta>0$ or $\beta<0$). The estimated regression equation included a first-order autoregressive term to correct for autocorrelation of the regression residuals.

The estimated coefficient for the price and the aggregated coefficients for the lagged prices are negative, as expected *a priori*, and statistically significant. A number of different lag lengths for the price variable were examined during the modeling process. An equation specification that included modeling the price effects as a 36-month lag structure was optimal. The PDL was specified as a first-order (linear) polynomial with a far constraint. The highly statistically significant estimated regression coefficients on all the lagged price variables validate the distributed lag effects underlying the equation specification. Examination of the estimated lagged price coefficients associated with the polynomial distributed lag specification indicate the residential price elasticity of demand varies between -.18 in the short term (12-month lag) to -.31 in the long term (36-month lag). These elasticity results suggest that residential demand for natural gas in Arizona is relatively price inelastic. In the long term, a sustained one percent increase in the real residential price of natural gas would result in consumption per customer declining three-tenths of one percent, holding all other variables constant. Therefore, the residential demand for natural gas does respond to price changes in an inverse fashion, but the response is relatively insensitive. The empirical results seem plausible and conform to both economic theory and the results of other empirical price elasticity studies.

The monthly heating degree day coefficients were all positive and statistically significant. The estimated regression coefficients for the monthly summer dummy variables were negative and statistically significant. Both the summer and winter base conservation regression coefficients were negative and statistically significant. The importance of the base conservation variables is not surprising given that between 1989 and 1997, consumption per customer declined significantly, even though real prices were declining

during this period. This confirms both theoretical and intuitive expectations that autonomous energy efficiency improvements are an important contributing factor in the historical decline in residential consumption per customer. These results corroborate a number of studies conducted by the American Gas Association (2000, 2003) that concluded improved appliance and dwelling efficiencies are important factors contributing to the historical declines in residential consumption per customer.

7. Concluding Remarks

This study estimated a multiple regression equation using data between January 1989 and August 2004. The estimated equation exhibits strong statistical results, reflects "Best Practice" econometric methods, and adheres to the principle of Occam's Razor. The results suggest the residential price elasticity of demand for natural gas in Arizona is relatively inelastic and equal to approximately -.31 in the longer term. Therefore, residential consumption is relatively insensitive to changes in the price of natural gas. The estimated price elasticity results compare favorably to the estimates in the published literature. The study also found statistical evidence that base conservation has shifted the residential demand curve for natural gas inward. The results also demonstrated that heating degree days and summer dummy variables are important determinants explaining the variation in residential consumption per customer.

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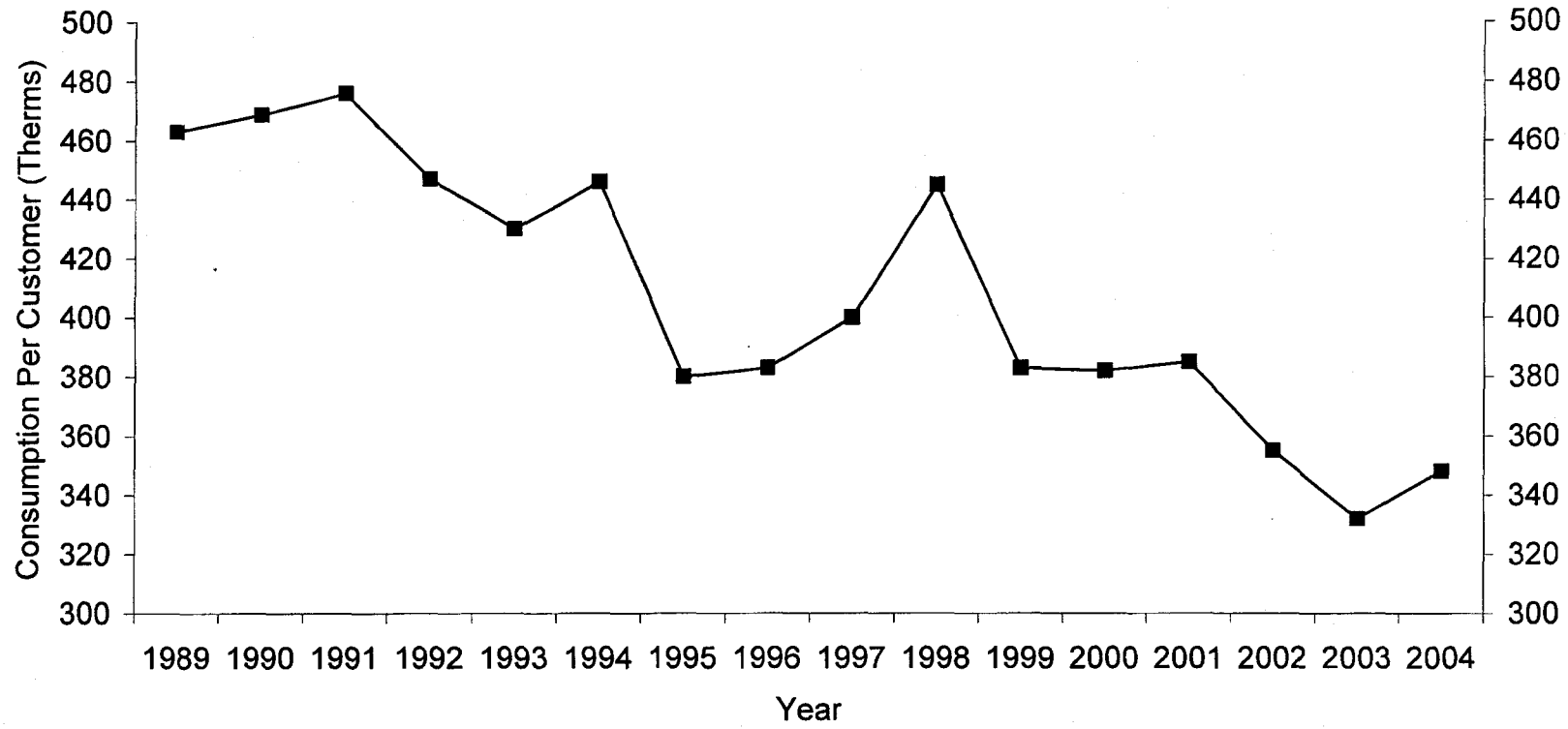
APPENDIX A

FIGURE 1

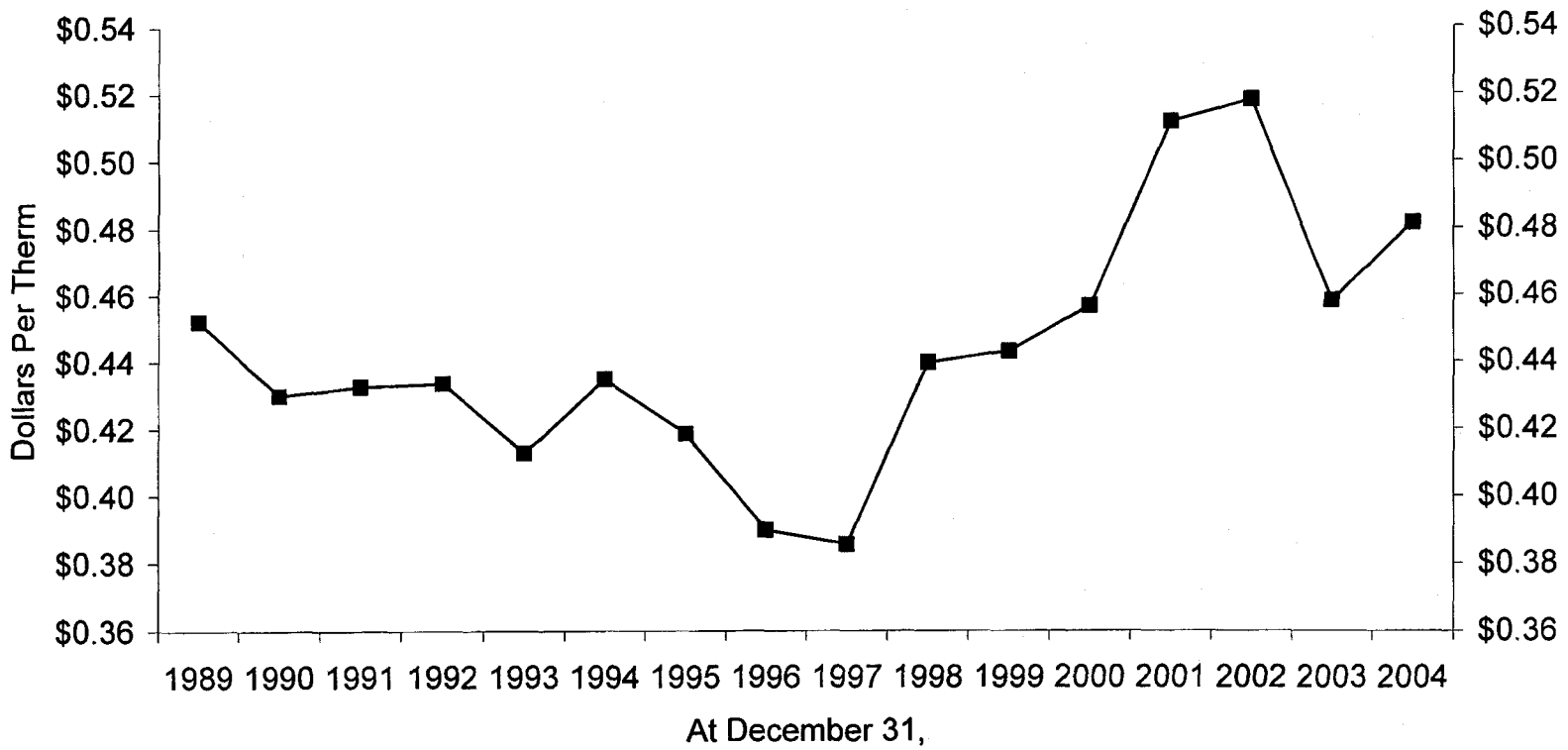
TUCSON AND PHOENIX DISTRICTS
RESIDENTIAL CUSTOMER CLASS (G-5)
ANNUAL CONSUMPTION PER CUSTOMER
1989 - 2004



Year 2004 - 12 Months Ended August 2004

FIGURE 2

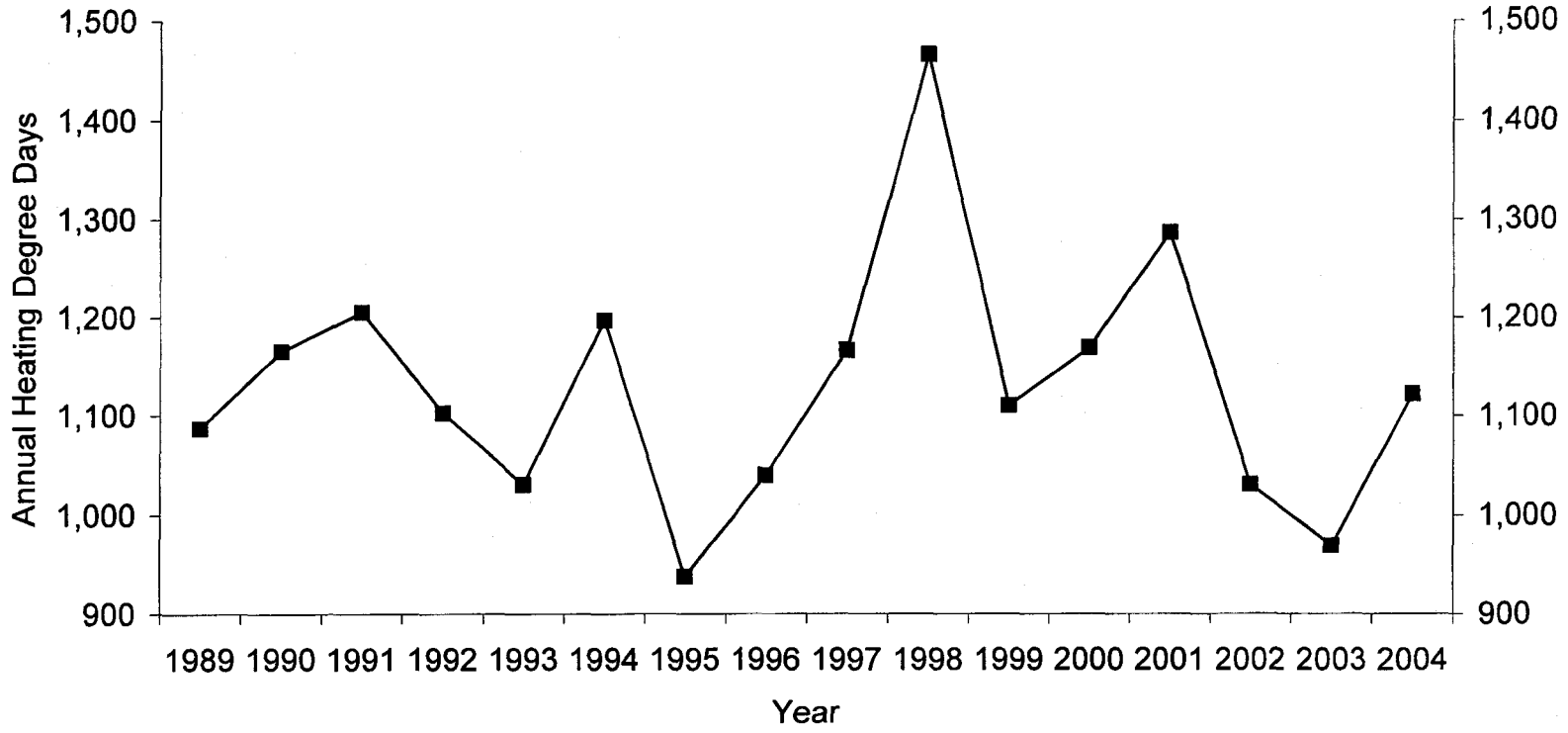
TUCSON AND PHOENIX DISTRICTS
RESIDENTIAL GAS SERVICE (G-5)
12-MONTH AVERAGE REAL PRICE PER THERM
1989 - 2004



Year 2004 - 12 months ended August 2004

FIGURE 3

TUCSON AND PHOENIX DISTRICTS
ANNUAL HEATING DEGREE DAYS
1989 - 2004



Year 2004 - 12 Months Ended August 2004

FIGURE 4

TUCSON AND PHOENIX DISTRICTS
NUMBER OF YEAR-END RESIDENTIAL CUSTOMERS (G-5)
1989 - 2003

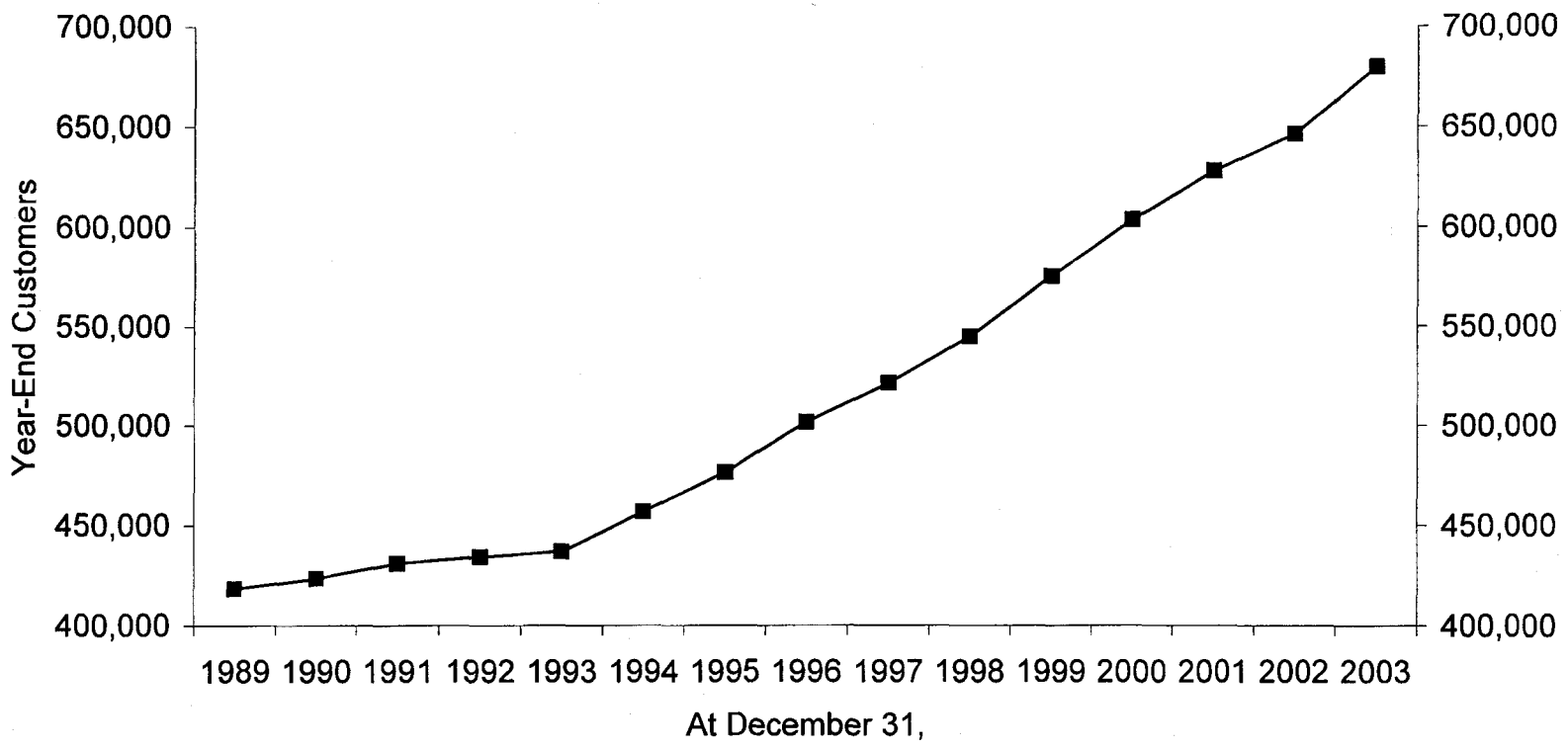
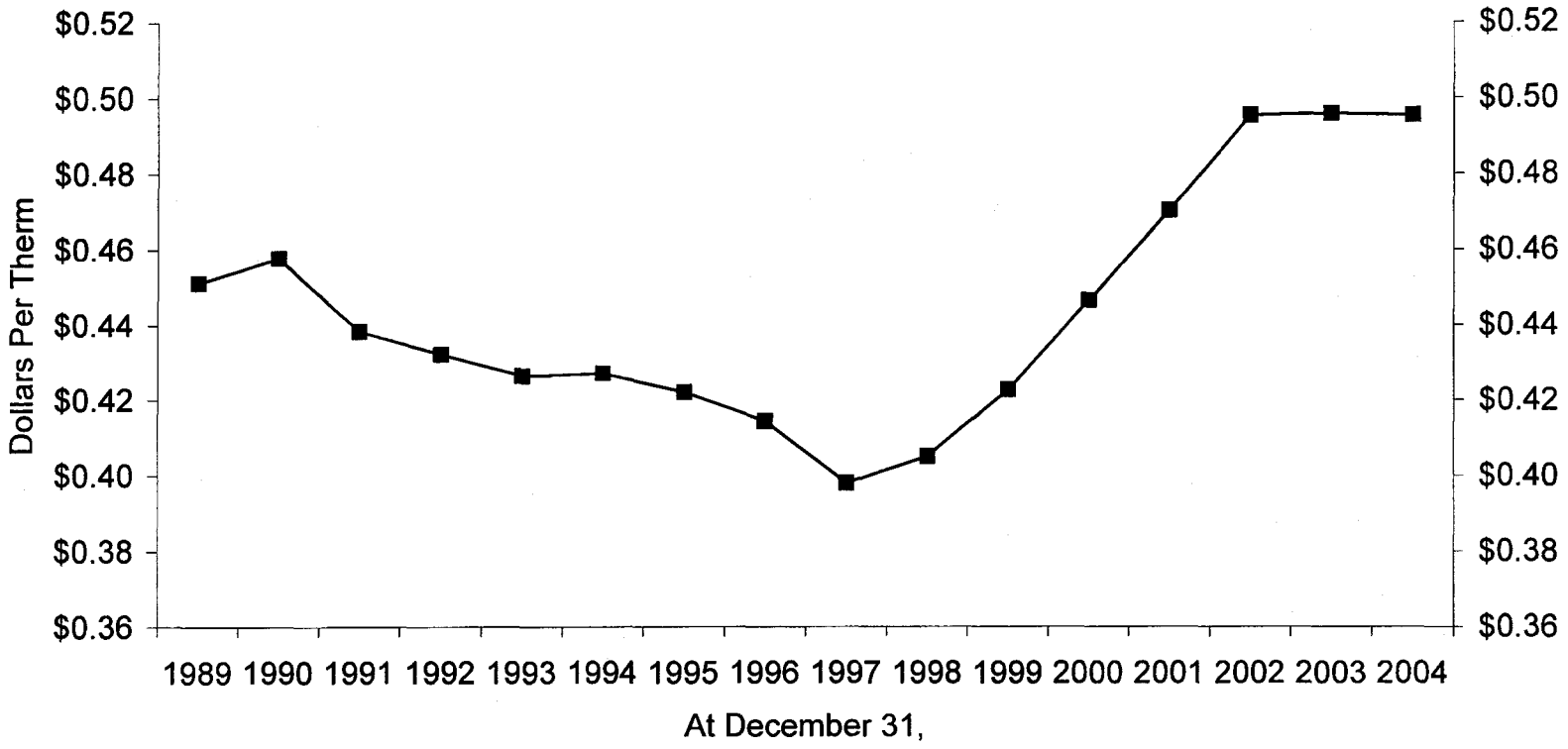


FIGURE 5

TUCSON AND PHOENIX DISTRICTS
RESIDENTIAL GAS SERVICE (G-5)
36-MONTH AVERAGE REAL PRICE PER THERM
1989 - 2004



Year 2004 - 12 months ended August 2004

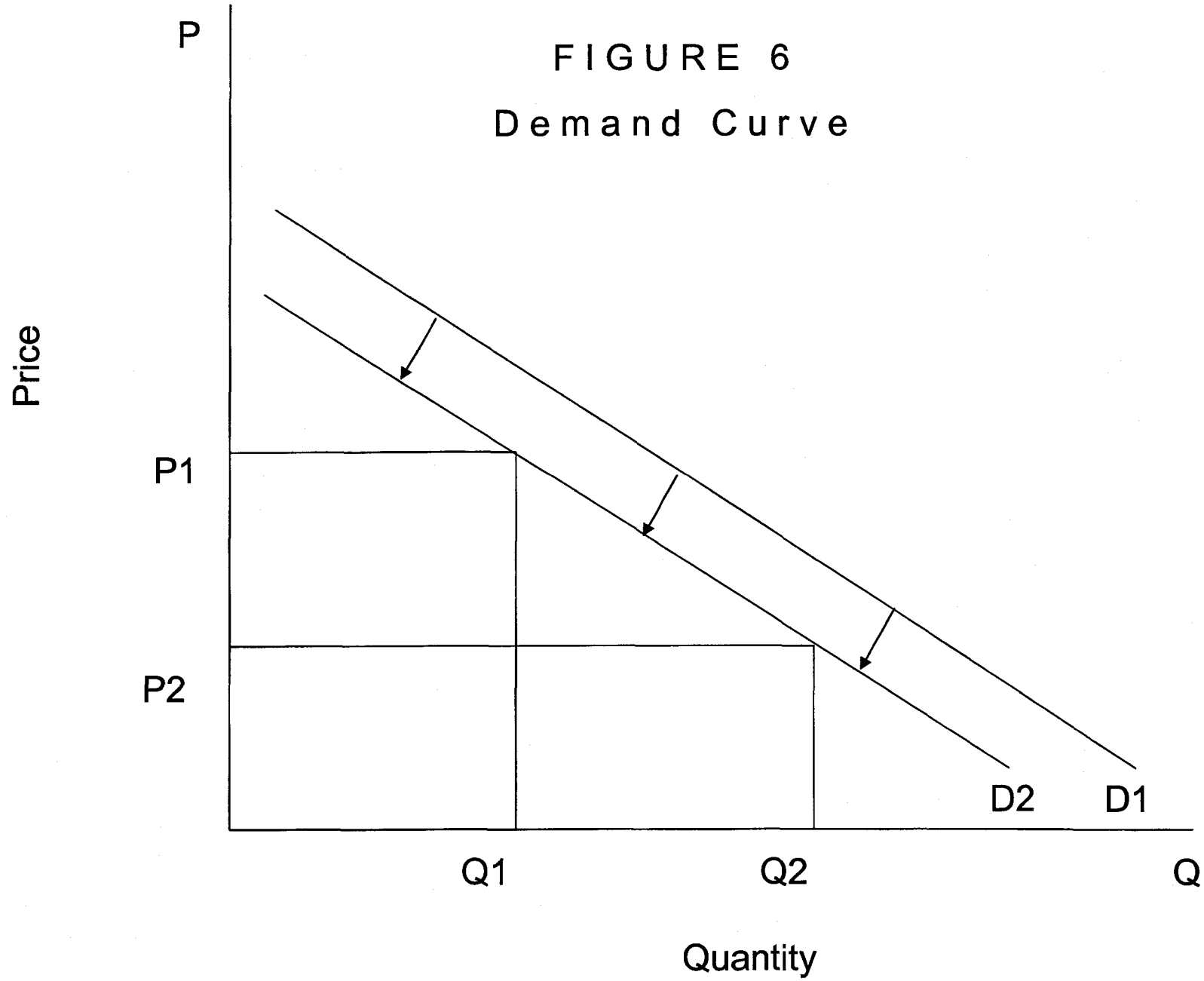


FIGURE 6

Demand Curve

TABLE 1
TUCSON AND PHOENIX DISTRICTS
RESIDENTIAL CONSUMPTION REGRESSION STATISTICS

Dependent Variable: Residential Consumption Per Customer

Sample Range: January 1989 – August 2004

Variable Name	Description	Parameter Estimate	Standard Error	T-Ratio for HO: Parameter=0
Intercept	-	2.988190	0.1165	25.660
HDDJAN	January Heating Degree Days	0.003781	0.00009	42.064
HDDFEB	February Heating Degree Days	0.004240	0.000118	36.012
HDDMAR	March Heating Degree Days	0.004844	0.000176	27.514
HDDAPR	April Heating Degree Days	0.004895	0.000387	12.661
HDDMAY	May Heating Degree Days	0.004362	0.00140	3.125
HDDNOV	November Heating Degree Days	0.002706	0.000489	5.530
HDDDEC	December Heating Degree Days	0.004300	0.000131	32.905
DUMJUN	June Binary Variable	-0.196378	0.0316	-6.211
DUMJUL	July Binary Variable	-0.383413	0.0341	-11.256
DUMAUG	August Binary Variable	-0.503849	0.0347	-14.528
DUMSEP	September Binary Variable	-0.453078	0.0350	-12.940
DUMOCT	October Binary Variable	-0.334968	0.0344	-9.748
LBCONW	Winter Base Conservation	-0.072392	0.0121	-5.975
LBCONS	Summer Base Conservation	-0.123268	0.0118	-10.405
A(1)	First-Order Autoregressive Term	-0.292460	0.0788	-3.711

Total R-square = .9864
Regression R-Square = .9775
Durbin-Watson Statistic = 1.9778
Number of Observations = 188

TABLE 1
POLYNOMIAL DISTRIBUTED LAG SPECIFICATION
FIRST ORDER (LINEAR), FAR CONSTRAINT

Variable Name	Description	Parameter Estimate	Standard Error	T-Ratio for HO: Parameter=0
LRPRICE(0)	Current Month Price	-0.01630	0.0071	-2.30
LRPRICE(1)	Price – 1 Month Lag	-0.01586	0.0069	-2.30
LRPRICE(2)	Price – 2 Month Lag	-0.01542	0.0067	-2.30
LRPRICE(3)	Price – 3 Month Lag	-0.01498	0.0065	-2.30
LRPRICE(4)	Price – 4 Month Lag	-0.01454	0.0063	-2.30
LRPRICE(5)	Price – 5 Month Lag	-0.01410	0.0061	-2.30
LRPRICE(6)	Price – 6 Month Lag	-0.01366	0.0059	-2.30
LRPRICE(7)	Price – 7 Month Lag	-0.01322	0.0057	-2.30
LRPRICE(8)	Price – 8 Month Lag	-0.01278	0.0056	-2.30
LRPRICE(9)	Price – 9 Month Lag	-0.01234	0.0054	-2.30
LRPRICE(10)	Price – 10 Month Lag	-0.01190	0.0052	-2.30
LRPRICE(11)	Price – 11 Month Lag	-0.01146	0.0050	-2.30
LRPRICE(12)	Price – 12 Month Lag	-0.01102	0.0048	-2.30
LRPRICE(13)	Price – 13 Month Lag	-0.01058	0.0046	-2.30
LRPRICE(14)	Price – 14 Month Lag	-0.01014	0.0044	-2.30
LRPRICE(15)	Price – 15 Month Lag	-0.00969	0.0042	-2.30
LRPRICE(16)	Price – 16 Month Lag	-0.00925	0.0040	-2.30
LRPRICE(17)	Price – 17 Month Lag	-0.00881	0.0038	-2.30
LRPRICE(18)	Price – 18 Month Lag	-0.00837	0.0036	-2.30
LRPRICE(19)	Price – 19 Month Lag	-0.00793	0.0034	-2.30
LRPRICE(20)	Price – 20 Month Lag	-0.00749	0.0033	-2.30
LRPRICE(21)	Price – 21 Month Lag	-0.00705	0.0031	-2.30
LRPRICE(22)	Price – 22 Month Lag	-0.00661	0.0029	-2.30
LRPRICE(23)	Price – 23 Month Lag	-0.00617	0.0027	-2.30
LRPRICE(24)	Price – 24 Month Lag	-0.00573	0.0025	-2.30
LRPRICE(25)	Price – 25 Month Lag	-0.00529	0.0023	-2.30
LRPRICE(26)	Price – 26 Month Lag	-0.00485	0.0021	-2.30
LRPRICE(27)	Price – 27 Month Lag	-0.00441	0.0019	-2.30
LRPRICE(28)	Price – 28 Month Lag	-0.00397	0.0017	-2.30
LRPRICE(29)	Price – 29 Month Lag	-0.00353	0.0015	-2.30
LRPRICE(30)	Price – 30 Month Lag	-0.00308	0.0013	-2.30
LRPRICE(31)	Price – 31 Month Lag	-0.00264	0.0011	-2.30
LRPRICE(32)	Price – 32 Month Lag	-0.00220	0.0010	-2.30
LRPRICE(33)	Price – 33 Month Lag	-0.00176	0.0008	-2.30
LRPRICE(34)	Price – 34 Month Lag	-0.00132	0.0006	-2.30
LRPRICE(35)	Price – 35 Month Lag	-0.00088	0.0004	-2.30
LRPRICE(36)	Price – 36 Month Lag	-0.00044	0.0002	-2.30

Price Elasticity Summary

12 – Month Lag = -0.17758
24 – Month Lag = -0.2754
36 – Month Lag = -0.30977