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

Form 10-Q

(Mark One)
[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 1996

OR

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

For the transition period from ___________ to ___________

Commission File Number 1-7850

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

California	88-0085720
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

5241 Spring Mountain Road Post Office Box 98510 Las Vegas, Nevada	89193-8510
(Address of principal executive offices)	(Zip Code)

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

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

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

Common Stock, $1 Par Value 26,247,260 shares as of May 2, 1996

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

The condensed consolidated financial statements included herein have been prepared by Southwest Gas Corporation (the Company), without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. In the opinion of management, all adjustments, consisting of normal recurring items and estimates necessary for a fair presentation of the results for the interim periods, have been made. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations. It is suggested that these condensed consolidated financial statements be read in conjunction with the financial statements and the notes thereto included in the Company's 1995 Annual Report on Form 10-K.

In January 1996, the Company entered into a definitive agreement with Norwest Corporation to sell PriMerit Bank (PriMerit or the Bank). The sale is expected to be finalized in the third quarter of 1996. The financial services activities are accounted for as discontinued operations for consolidated financial reporting purposes. However, as required, the Company has also included the separate, stand-alone financial results and disclosures for the Bank on a going-concern basis in this Form 10-Q. Disclosure of Bank operating activities and results on a going-concern basis is included herein for purposes of providing information considered useful in analyzing the proposed sale.

Separate stand-alone financial results and disclosures reported for the Bank on a going-concern basis are included in ITEM 1, FINANCIAL STATEMENTS (pages 6 to 8) and ITEM 2, MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) (pages 12 to 21). The separate stand-alone financial results and disclosures reported for the Bank on a going-concern basis differ from the results and disclosures reported for the Bank as a discontinued operation. In 1996, while the Company will continue, as required, to disclose the ongoing operating results of the Bank through the close of the proposed transaction, those amounts will not be realized or recognized by the Company in its consolidated financial statements, consistent with the terms of the sales agreement.

SOUTHWEST GAS CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(Thousands of dollars)
(Unaudited)

	MARCH 31, 1996	DECEMBER 31, 1995
ASSETS		
Utility plant		
Gas plant	$ 1,604,299	$ 1,579,665
Less: accumulated depreciation	(476,960)	(474,891)
Acquisition adjustments	6,189	6,298
Construction work in progress	25,888	26,678
Net utility plant	1,159,416	1,137,750
Current assets		
Cash and cash equivalents	5,932	11,168
Accounts receivable, net of allowances	43,446	38,186
Accrued utility revenue	28,071	43,900
Deferred tax benefit	17,022	17,089
Prepaids and other current assets	27,300	31,386
Net assets of discontinued operations	175,118	175,493
Total current assets	296,889	317,222
Deferred charges and other assets	76,912	77,555
Total assets	$ 1,533,217	$ 1,532,527
CAPITALIZATION AND LIABILITIES		
Capitalization		
Common stock, $1 par (authorized - 30,000,000 shares; issued and outstanding - 24,725,072 and 24,467,499 shares)	$ 26,355	$ 26,097
Additional paid-in capital	316,720	312,631
Retained earnings	27,084	17,322
Total common equity	370,159	356,050
Redeemable preferred securities of Southwest Gas Capital I	60,000	60,000
Long-term debt, less current maturities	612,666	607,945
Total capitalization	1,042,825	1,023,995
Current liabilities		
Current maturities of long-term debt	120,000	120,000
Short-term debt	--	37,000
Accounts payable	49,294	41,864
Accrued taxes	45,866	29,116
Deferred purchased gas costs	34,900	32,776
Other current liabilities	59,668	69,455
Total current liabilities	309,728	330,211
Deferred income taxes and other credits		
Deferred income taxes and investment tax credits	140,044	138,893
Other deferred credits	40,620	39,428
Total deferred income taxes and other credits	180,664	178,321
Total capitalization and liabilities	$ 1,533,217	$ 1,532,527

The accompanying notes are an integral part of these statements.

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

	THREE MONTHS ENDED MARCH 31,		TWELVE MONTHS ENDED MARCH 31,	
	1996	1995	1996	1995
Gas operating revenues	$ 188,352	$ 203,521	$ 548,333	$ 595,492
Net cost of gas	78,469	98,906	207,019	251,833
Operating margin	109,883	104,615	341,314	343,659
Operating expenses:				
Operations and maintenance	47,211	45,867	189,313	181,631
Depreciation and amortization	16,539	15,137	63,894	58,340
Taxes other than income taxes	7,594	6,782	27,985	25,751
Total operating expenses	71,344	67,786	281,192	265,722
Operating income	38,539	36,829	60,122	77,937
Other income and (expenses):				
Net interest deductions	(12,953)	(13,322)	(52,986)	(51,136)
Preferred securities distributions	(1,369)	--	(2,281)	--
Other income (deductions), net	79	208	(781)	(674)
Total other income and (expenses)	(14,243)	(13,114)	(56,048)	(51,810)
Income from continuing operations before income taxes	24,296	23,715	4,074	26,127
Income tax expense	9,437	9,266	1,010	9,887
Income from continuing operations	14,859	14,449	3,064	16,240
Net income (loss) from discontinued operations	--	196	(17,732)	1,997
Net income (loss)	14,859	14,645	(14,668)	18,237
Preferred/preference stock dividend requirements	--	95	212	467
Net income (loss) applicable to common stock	$ 14,859	$ 14,550	$ (14,880)	$ 17,770
Earnings per share from continuing operations	$ 0.60	$ 0.67	$ 0.12	$ 0.75
Earnings (loss) per share from discontinued operations	--	.01	(0.74)	0.09
Earnings (loss) per share of common stock	$ 0.60	$ 0.68	$ (0.62)	$ 0.84
Dividends paid per share of common stock	$ 0.205	$ 0.205	$ 0.82	$ 0.81
Average number of common shares outstanding	24,604	21,396	24,025	21,170

The accompanying notes are an integral part of these statements.

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

	THREE MONTHS ENDED MARCH 31,		TWELVE MONTHS ENDED MARCH 31,	
	1996	1995	1996	1995
CASH FLOW FROM OPERATING ACTIVITIES:				
Net income	$ 14,859	$ 14,645	$ (14,668)	$ 18,237
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	16,539	15,137	63,894	58,340
Deferred income taxes	1,218	(8,674)	(5,422)	(19,136)
Changes in current assets and liabilities				
Accounts receivable	(5,260)	15,667	(1,208)	363
Accrued utility revenue	15,829	17,880	1,582	(2,450)
Unrecovered purchased gas costs	2,124	21,432	28,687	31,871
Accounts payable	7,430	(17,144)	17,473	(12,936)
Accrued taxes	16,750	17,077	(14,147)	7,046
Other current assets and liabilities	(7,123)	4,362	(7,824)	12,460
Other	2,746	(1,158)	3,699	1,520
Undistributed (income) loss from discontinued operations	--	(1,678)	13,254	(7,161)
Net cash provided by operating activities	65,112	77,546	85,320	88,154
CASH FLOW FROM INVESTING ACTIVITIES:				
Construction expenditures	(38,774)	(33,928)	(171,029)	(145,259)
Other	(105)	(1,663)	4,023	(95)
Net cash used in investing activities	(38,879)	(35,591)	(167,006)	(145,354)
CASH FLOW FROM FINANCING ACTIVITIES:				
Issuance of common stock	4,354	3,605	45,593	7,867
Issuance of trust originated preferred securities	--	--	57,713	--
Reacquisition of preferred/preference stocks	--	--	(4,000)	(4,058)
Dividends paid	(5,044)	(4,522)	(20,097)	(17,694)
Issuance of long-term debt	4,986	7,000	47,393	34,000
Retirement of long-term debt	(127)	(2,061)	(351)	(2,256)
Issuance (repayment) of short-term debt	(37,000)	(22,000)	(70,000)	62,000
Other	1,362	45	1,269	579
Net cash provided by (used in) financing activities	(31,469)	(17,933)	57,520	80,438
Change in cash and temporary cash investments	(5,236)	24,022	(24,166)	23,238
Cash at beginning of period	11,168	6,076	30,098	6,860
Cash at end of period	$ 5,932	$ 30,098	$ 5,932	$ 30,098
Supplemental information:				
Interest paid, net of amounts capitalized	$ 16,289	$ 16,766	$ 61,900	$ 57,104
Income taxes paid, net of refunds	$ --	$ 5,179	$ 15,234	$ 12,403

The accompanying notes are an integral part of these statements.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 1 - PriMerit Bank Financial Statement Data

Summarized consolidated financial statement data for PriMerit Bank is presented below:

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION
(Thousands of dollars)
(Unaudited)

	MARCH 31, 1996	DECEMBER 31, 1995
ASSETS		
Cash and due from banks	$ 51,655	$ 46,759
Cash equivalents	--	72,991
Debt securities available for sale	389,017	422,421
Debt securities held to maturity (fair value of $59,942 and $63,675)	60,462	64,254
Loans receivable, net of allowance for estimated credit losses of $16,561 and $16,353	1,092,647	1,070,081
Loans receivable held for sale (fair value of $7,632 and $6,032)	7,566	5,855
Real estate acquired through foreclosure, net of allowance for estimated losses of $277 and $267	3,679	3,136
Real estate held for sale or development, net of allowance for estimated losses of $737 and $863	368	247
FHLB stock, at cost	10,406	11,057
Excess of cost over net assets acquired	49,956	49,956
Other assets	34,978	28,262
	$1,700,734	$1,775,019
LIABILITIES AND STOCKHOLDER'S EQUITY		
Deposits	$1,253,005	$1,266,071
Securities sold under agreements to repurchase	75,707	140,710
Advances from FHLB	164,400	164,400
Notes payable	7,995	7,995
Other liabilities	24,130	22,284
	1,525,237	1,601,460
Stockholder's equity:		
Common stock	57	57
Additional paid-in capital	160,442	160,442
Unrealized gain, net of tax, on debt securities available for sale	462	1,409
Retained earnings	14,536	11,651
	175,497	173,559
	$1,700,734	$1,775,019

Note 1 - PriMerit Bank Financial Statement Data (Continued)

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Thousands of dollars)
(Unaudited)

	THREE MONTHS ENDED MARCH 31,		TWELVE MONTHS ENDED MARCH 31,	
	1996	1995	1996	1995
Interest income	$ 32,432	$ 33,211	$ 132,098	$ 123,600
Interest expense	16,890	18,429	71,761	64,170
Net interest income	15,542	14,782	60,337	59,430
Provision for estimated credit losses	(1,626)	(1,364)	(8,411)	(7,160)
Net interest income after provision for credit losses	13,916	13,418	51,926	52,270
Net income (loss) from real estate operations	(10)	(433)	227	(560)
Gain on sale of loans	291	72	1,386	422
Loss on sale of loans	(78)	--	(155)	(195)
Net gain on sale of debt securities	--	--	970	1
Gain (loss) on secondary marketing hedging activity	(12)	(4)	(128)	254
Loan-related fees	290	317	1,428	1,245
Deposit-related fees	1,855	1,850	7,594	7,143
Loss on sale of credit cards	--	--	--	(1)
Other income	23	8	201	193
Total noninterest income	2,369	2,243	11,296	9,062
General and administrative expenses	11,262	11,151	44,506	43,672
Amortization of cost in excess of net assets acquired	--	965	2,896	3,860
Impairment of cost in excess of net assets acquired	--	--	11,823	--
Total noninterest expense	11,262	12,116	59,225	47,532
Income before income taxes	5,013	3,112	4,224	13,240
Income tax expense	1,753	1,434	5,847	6,079
Net income (loss)	$ 3,260	$ 1,678	$ (1,623)	$ 7,161
Contribution to consolidated net income (a)	$ --	$ 196	$ (17,732)	$ 1,997

(a) Includes after-tax allocation of costs from parent for periods through December 31, 1995.

NOTE 1 - PRIMERIT BANK FINANCIAL STATEMENT DATA (CONTINUED)

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Thousands of dollars)
(Unaudited)

	THREE MONTHS ENDED MARCH 31,	
	1996	1995
Net cash provided by operating activities	$ 782	$ 9,898
Cash flows from investing activities:		
Proceeds from maturities and principal repayments of debt securities	35,407	29,893
Proceeds from sale of FHLB stock	794	--
Principal repayments of loans	90,801	56,748
Loan originations	(130,099)	(103,826)
Proceeds from sales of loans and loan servicing rights	12,894	3,850
Payment for termination of secondary marketing hedges	(12)	(4)
Proceeds from sales of real estate held for development	19	246
Acquisition of/expenses related to real estate held for development	(139)	(190)
Proceeds from sales of real estate acquired through foreclosure	308	2,860
Net change to premises and equipment	(406)	(900)
Net cash provided by (used in) investing activities	9,567	(11,323)
Cash flows from financing activities:		
Proceeds from deposits	1,494,612	1,271,876
Payments for maturing deposits	(1,507,678)	(1,255,832)
Proceeds from securities sold under agreements to repurchase	34,003	340,817
Repayment of securities sold under agreements to repurchase	(99,006)	(408,078)
Proceeds from other borrowings	500	50,000
Repayment of other borrowings	(500)	--
Dividends paid to Southwest	(375)	--
Net cash used in financing activities	(78,444)	(1,217)
Net decrease in cash and cash equivalents	(68,095)	(2,642)
Cash and cash equivalents at the beginning of the year	119,750	123,922
Cash and cash equivalents at March 31	$ 51,655	$ 121,280
Supplemental disclosures of cash flow information:		
Cash paid during the year for:		
Interest, net of amounts capitalized	$ 4,846	$ 7,779
Income taxes, net payments	$ --	$ --

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

The Company is principally engaged in the business of purchasing, transporting, and distributing natural gas to residential, commercial, and industrial customers in geographically diverse portions of Arizona, Nevada, and California. The Company also engaged in financial services activities through PriMerit Bank, a wholly owned subsidiary. In January 1996, the Company signed a definitive agreement to sell all of the outstanding common stock of PriMerit to Norwest Corporation (Norwest) for $175 million. In April 1996, Norwest elected, pursuant to an option in the original agreement, to structure the acquisition as a purchase of substantially all of the assets and liabilities of the Bank for approximately $191 million. It is estimated that the Company will be required to pay an additional $16 million in income taxes by virtue of consummating the Bank sale as a purchase of assets and an assumption of liabilities. The consideration of $191 million therefore provides the economic equivalent to the Company of a sale of stock of the Bank for $175 million. The intended use of the proceeds will be to reduce outstanding long-term debt. The sale is expected to be finalized in the third quarter of 1996, following receipt of shareholder and various governmental approvals and satisfaction of other customary closing conditions. Due to the intended sale of PriMerit during 1996, the financial services activities are considered discontinued operations for consolidated financial reporting purposes. See additional discussion of the sale below.

In April 1996, the Company completed the acquisition of Northern Pipeline Construction Co. (NPL) pursuant to a definitive agreement dated November 1995. The Company issued approximately 1,439,000 shares of common stock in exchange for 100 percent of NPL common stock valued at $24 million. NPL provides local gas distribution companies with installation, replacement, and maintenance services for underground natural gas distribution systems.

For the twelve months ended March 31, 1996, the gas segment contributed income of $3 million, while discontinued operations-financial services experienced a $17.7 million loss, resulting in a total net loss of $14.7 million.

CAPITAL RESOURCES AND LIQUIDITY

The capital requirements and resources of the Company generally are determined independently for the natural gas operations and financial services segments. Each business activity is generally responsible for securing its own financing sources.

Under terms of the definitive agreement with Norwest, the Bank is limited in the amount of dividends payable to the Company through the closing date of the sale to $375,000 per quarter through June 30, 1996 and up to $3.5 million in the third quarter of 1996, dependent upon the timing of the closing date of the sale. During the quarter ended March 31, 1996, the Bank declared and paid a $375,000 dividend to the Company.

See separate discussions of the capital resources and liquidity for each business activity.

RESULTS OF CONSOLIDATED OPERATIONS

Quarterly Analysis

	Contribution to Net Income Three Months Ended March 31, (Thousands of dollars)	
	1996	1995
Continuing operations-natural gas operations	$ 14,859	$ 14,449
Discontinued operations-financial services	--	196
Net income	$ 14,859	$ 14,645

See separate discussions of each business segment for an analysis of these changes.

Twelve-Month Analysis

	Contribution to Net Income Twelve Months Ended March 31, (Thousands of dollars)	
	1996	1995
Continuing operations-natural gas operations	$ 3,064	$ 16,240
Discontinued operations-financial services	(17,732)	1,997
Net income (loss)	$ (14,668)	$ 18,237

See separate discussions of each business segment for an analysis of these changes.

NATURAL GAS OPERATIONS SEGMENT

The Company is engaged in the business of purchasing, transporting, and distributing natural gas in portions of Arizona, Nevada, and California. Its service areas are geographically as well as economically diverse. The Company is the largest distributor in Arizona, selling and transporting natural gas in most of southern, central, and northwestern Arizona, including the Phoenix and Tucson metropolitan areas. The Company is also the largest distributor and transporter of natural gas in Nevada, and serves the Las Vegas metropolitan area and northern Nevada. In addition, the Company distributes and transports natural gas in portions of California, including the Lake Tahoe area in northern California and high desert and mountain areas in San Bernardino County.

The Company purchases, transports, and distributes natural gas to approximately 1,042,000 residential, commercial, and industrial customers within its three-state service territory, of which 59 percent are in Arizona, 31 percent are in Nevada, and 10 percent are in California. During the twelve months ended March 31, 1996, the Company earned 59 percent of operating margin from residential customers, 24 percent from commercial customers, and 17 percent from industrial and other customers. During this same period, the Company earned 57 percent of operating margin in Arizona, 32 percent in Nevada, and 11 percent in California. This pattern is consistent with prior years and is expected to continue.

For the twelve months ended March 31, 1996, the Company's natural gas construction expenditures totaled $171 million, an 18 percent increase when compared to $145 million of additions for the same period ended a year ago. The increase is attributed to the investment in new transmission and distribution plant in Arizona, Nevada, and California to meet the demand from the Company's growing customer base.

CAPITAL RESOURCES AND LIQUIDITY

The Company currently estimates that construction expenditures for its natural gas operations for the three-year period ending December 31, 1998 will be approximately $470 million. It is currently estimated that cash flow from operating activities (net of dividends) will fund approximately one-half of the gas operation's total construction expenditures during the three-year period ending December 31, 1998. A portion of the construction expenditure funding will be provided by $36 million of funds held in trust, at December 31, 1995, from the issuance of 1993 Clark County, Nevada, Series A and 1993 City of Big Bear Lake, California, Series A industrial development revenue bonds (IDRB). The remaining cash requirements are expected to be provided by external financing sources. The timing, types, and amounts of these additional external financings will be dependent on a number of factors, including conditions in the capital markets, timing and amounts of rate relief, and growth factors in the Company's service areas. These external financings may include the issuance of both debt and equity securities, bank and other short-term borrowings, and other forms of financing.

RESULTS OF NATURAL GAS OPERATIONS

Quarterly Analysis

Contribution to consolidated net income increased $410,000, compared to the first quarter of 1995. The increase was principally the result of fundamental improvements in operating margin, substantially offset by higher operating and financing expenses incurred as a result of the expansion and upgrading of the gas system to accommodate continued customer growth.

Operating margin increased five percent in the first quarter of 1996 when compared to the first quarter of 1995. During the first quarter of 1996, the Company billed an average of 53,000 more customers per month than in the prior period, resulting in approximately $6.6 million of additional margin. However, the impact of record warm weather in the southwest region of the country during the first quarters of 1996 and 1995 reduced operating margin in both periods. On a weather-normalized basis, first quarter 1996 operating margin would have been approximately $16 million, or 15 percent, greater than actually reported, while first quarter 1995 weather-normalized margin would have been approximately $15 million greater than actual.

Operations and maintenance expenses increased $1.3 million, or three percent, reflecting increases in labor and maintenance costs along with incremental operating expenses associated with meeting the needs of the Company's growing customer base.

Depreciation expense and general taxes increased $2.2 million, or ten percent, as a result of additional plant in service. Average gas plant in service increased $147 million, or ten percent, as compared to the first quarter of 1995. The increase reflects ongoing capital expenditures for the upgrade of existing operating facilities and the expansion of the system to accommodate continued customer growth.

Net interest deductions decreased $369,000, or three percent, over the prior period. Average total debt outstanding during the current quarter decreased one percent compared to the first quarter of 1995, and consisted of a $64 million decrease in average short-term debt, partially offset by a $53 million increase in average long-term debt, net of funds held in trust. The decrease is attributed to repayment of short-term debt from the proceeds of the May 1995 common stock issuance and October 1995 preferred securities issuance. Long-term debt issuances were comprised of the drawdown of IDRB funds previously held in trust to finance construction expenditures.

Preferred securities distributions during the first quarter of 1996 were $1.4 million. These distributions were generated from the original issuance of preferred securities in October 1995.

Twelve-Month Analysis

Contribution to consolidated net income decreased $13.2 million as compared to the corresponding twelve-month period of the prior year. Operating margin decreased while operations and maintenance expense, depreciation expense, general taxes, and net interest deductions increased.

Despite a five percent increase in the average number of customers billed between the two periods, operating margin decreased $2.3 million due to record warm weather experienced during the 1995/1996 winter heating season. On a weather-normalized basis, operating margin would have been approximately $29 million greater than actually reported for the twelve months ended March 31, 1996, while weather-normalized margin would have been approximately $10 million greater than actual for the twelve months ended March 31, 1995.

Operations and maintenance expenses increased $7.7 million, or four percent, primarily as a result of general cost increases in labor and materials over the same period a year ago. These increases reflect the incremental cost of providing service to the Company's steadily growing customer base.

Depreciation expense and general taxes increased $7.8 million, or nine percent, as a result of additional plant in service. Average gas plant in service for the current twelve-month period increased $138 million, or ten percent, compared to the corresponding period a year ago. This was attributable to the upgrade of existing operating facilities and the expansion of the system to accommodate the number of new customers being added to the system.

Net interest deductions increased $1.9 million, or four percent, during the twelve months ended March 1996 over the comparative period of the prior year. Average total debt outstanding during the period increased three percent and consisted of a $68 million increase in average long-term debt, net of funds held in trust, and a $49 million decrease in average short-term debt. The increase in debt is attributed primarily to borrowings for construction expenditures and operating activities as well as the drawdown of IDRB funds previously held in trust, while the short-term debt decrease is due to the issuance of common stock and preferred securities.

Preferred securities distributions during the current period were $2.3 million. These distributions were generated from the original issuance of preferred securities in October 1995.

Rates and Regulatory Proceedings

NEVADA

In December 1995, the Company filed general rate cases with the Public Service Commission of Nevada (PSCN) seeking approval to increase revenues by $15.8 million, or 12 percent, annually for its southern Nevada rate jurisdiction and $5 million, or 10 percent, annually for its northern Nevada rate jurisdiction. The Company was seeking recovery of increased operating and maintenance costs, construction-related financing, tax, insurance, and depreciation expenses associated with its expanding customer base. In April 1996, the PSCN approved a settlement of the general rate cases which provide the Company with a $10.6 million general rate increase in southern Nevada and a $3.2 million increase in northern Nevada. The settlement achieved a number of rate design and tariff restructuring changes resulting in rates that are more cost-based. Over 86 percent of annual margin will now be recoverable from core customer classes, those most responsible for the increased costs of operations. The settlement also adjusts rate design by equalizing margins earned from sales and transportation customers, resulting in consistent margin regardless of the type of service elected by a customer. The settlement also specifies a moratorium on future general rate increase requests until April 1999. The new rates become effective July 1, 1996.

DISCONTINUED OPERATIONS-FINANCIAL SERVICES SEGMENT

In January 1996, the Company reached an agreement to sell PriMerit Bank (the Bank) to Norwest Corporation (Norwest). In April 1996, Norwest elected to structure the acquisition as a purchase of substantially all of the assets and liabilities of the Bank. The sale is expected to be finalized in the third quarter of 1996, following receipt of shareholder and various governmental approvals and the satisfaction of other customary closing conditions. Due to the intended sale of the Bank during 1996, the financial services activities are considered discontinued operations for consolidated financial reporting purposes. The following Bank-related information and disclosures present the Bank as a stand-alone entity and are presented for purposes of providing information considered useful in analyzing the proposed sale.

The separate stand-alone financial results and disclosures reported for the Bank on a going-concern basis differ from the results and disclosures reported for the Bank as a discontinued operation. In 1996, while the Company will

continue, as required, to disclose the ongoing operating results of the Bank through the close of the proposed transaction, those amounts will not be realized or recognized by the Company in its consolidated financial statements, consistent with the terms of the sales agreement.

The Bank is a federally chartered stock savings bank conducting business through branch offices in Nevada. The Bank's deposit accounts are insured to the maximum extent permitted by law by the Federal Deposit Insurance Corporation (FDIC) through the Savings Association Insurance Fund (SAIF). The Bank is regulated by the Office of Thrift Supervision (OTS) and the FDIC, and is a member of the Federal Home Loan Bank (FHLB) system.

The Bank's principal business is to attract deposits from the general public and make loans secured by real estate and other collateral to enable borrowers to purchase, refinance, construct, or improve such property. Revenues are derived from interest income on real estate loans; debt securities; commercial, construction, corporate and consumer loans; and to a lesser extent, fees received in connection with loans and deposits. The Bank's major expense is the interest paid on savings deposits and borrowings.

CAPITAL RESOURCES AND LIQUIDITY

In accordance with OTS regulations, the Bank is required to maintain an average daily balance of liquid assets equal to at least five percent of its liquidity base (savings deposits and borrowings due in one year or less) during the preceding calendar month. The liquidity ratio was 8.9 percent for the month of March 1996. The Bank maintains a ratio higher than the requirement due to its increased level of transaction accounts relative to a traditional thrift. Management considers the Bank's liquidity position to be adequate. At March 31, 1996, the Bank maintained in excess of $433 million of unencumbered assets which could be borrowed against, or sold, to increase liquidity levels.

The Bank's deposits decreased $13 million during the quarter primarily due to a decline in certificates of deposit accounts. During the first quarter, the Bank repaid a net $65 million of primarily short-term reverse repurchase agreements.

Under terms of the definitive agreement with Norwest, the Bank is limited in the amount of dividends payable to the Company through the closing date of the sale to $375,000 per quarter through June 30, 1996 and up to $3.5 million in the third quarter of 1996, dependent upon the timing of the closing date of the sale. During the quarter ended March 31, 1996, the Bank declared and paid a $375,000 dividend to the Company.

FINANCIAL AND REGULATORY CAPITAL

At March 31, 1996, the Bank exceeded all three capital ratios for a "well-capitalized" institution as defined by the FDIC Improvement Act of 1991 (FDICIA), and all three fully phased-in FDICIA capital requirements which will be applicable at July 1, 1996 under current FDICIA capital standards. During the first quarter of 1996, all three of the Bank's regulatory capital ratios increased principally as a result of the Bank's year-to-date net income of $3.3 million, partially offset by an increased risk-weighted asset base. The Bank continues to be classified as "well capitalized" under FDICIA.

A reconciliation of stockholder's equity to the three FDICIA regulatory capital standards and the Bank's resulting ratios are set forth in the table below (thousands of dollars):

	MARCH 31, 1996			DECEMBER 31, 1995		
	TOTAL RISK-BASED	TIER 1 RISK-BASED	TIER 1 LEVERAGE	TOTAL RISK BASED	TIER 1 RISK-BASED	TIER 1 LEVERAGE
Stockholder's equity	$ 175,497	$ 175,497	$ 175,497	$ 173,559	$ 173,559	$ 173,559
Capital adjustments:						
Nonsupervisory goodwill	(38,287)	(38,287)	(38,287)	(38,287)	(38,287)	(38,287)
Supervisory goodwill	(23,492)	(23,492)	(23,492)	(23,492)	(23,492)	(23,492)
Goodwill impairment allowance	11,823	11,823	11,823	11,823	11,823	11,823
Real estate investment and mortgage servicing rights	(1,275)	(364)	(364)	(1,283)	(367)	(367)
Unrealized gain, net of tax, on debt securities available for sale	(462)	(462)	(462)	(1,409)	(1,409)	(1,409)
General loan loss reserves	12,682	--	--	12,542	--	--
Regulatory capital	$ 136,486	$ 124,715	$ 124,715	$ 133,453	$ 121,827	$ 121,827
Regulatory capital ratio	13.50%	12.34%	7.55%	13.35%	12.19%	7.07%
Adequately capitalized required ratio	8.00	4.00	4.00	8.00	4.00	4.00
Excess	5.50%	8.34%	3.55%	5.35%	8.19%	3.07%
Asset base	$ 1,010,678	$ 1,010,678	$ 1,650,838	$ 999,560	$ 999,560	$ 1,724,306

At March 31, 1996, under fully phased-in FDICIA capital rules applicable at July 1, 1996, the Bank would have exceeded its "adequately capitalized" fully phased-in total risk-based, tier 1 risk-based, and tier 1 leverage capital requirements by $55.4 million, $84 million and $58.4 million, respectively. The Bank's fully phased-in capital levels improved slightly from December 31, 1995 due to earnings for the quarter.

The Bank enters into various interest rate swaps in managing its interest rate risk. In these swaps, the Bank agrees with other parties to exchange, at specified intervals, the difference between fixed-rate and floating-rate interest amounts calculated on an agreed-upon notional principal amount. Because the Bank's interest-earning assets tend to be long-term fixed-rate instruments while the Bank's interest-bearing liabilities tend to be shorter term or floating-rate obligations, interest rate swaps reduce the impact of market fluctuations on the Bank's net interest income.

The Bank only enters into interest rate swaps to hedge specific assets or liabilities, and not for speculative or trading purposes. Therefore, the Bank accounts for the swaps by accruing for the cash flows which are contractually receivable and payable under the agreements. These net costs are included as cost of hedging activities in the consolidated statements of operations.

The Bank mitigates the credit risk associated with interest rate swaps by limiting itself to transactions with counterparties who are U.S. Government Securities dealers registered with the Securities and Exchange Commission (SEC) and are in full compliance with the SEC's Net Capital Rule for Brokers and Dealers. Additionally, the Bank's policy limits the maximum notional amount outstanding per dealer and in total.

The following table summarizes the terms of the Bank's outstanding interest rate swaps as of the dates indicated (thousands of dollars):

	MARCH 31, 1996	DECEMBER 31, 1995
Notional principal	$ 98,200	$ 98,200
Weighted average remaining term (months)	56	59
Weighted average fixed-rate payable	6.87%	6.87%
Weighted average variable-rate receivable	5.58%	5.94%
Unrealized gains	$ 561	$ 77
Unrealized losses	$ (2,548)	$ (4,942)

The decrease in unrealized losses, from December 1995 to March 1996, affiliated with the interest rate swaps is due to increased interest rates. Conversely, the fair value of the assets hedged by these interest rate swaps has decreased.

RESULTS OF FINANCIAL SERVICES OPERATIONS

Quarterly Analysis

The Bank recorded net income of $3.3 million for the three months ended March 31, 1996 compared to net income of $1.7 million for the same period in 1995. The primary after-tax component of the Bank's 1996 first quarter net income was $3.3 million from core banking operations. After-tax components of the Bank's 1995 first quarter net income were comprised of $3 million from core banking operations, partially offset by $281,000 in real estate losses and $965,000 of goodwill amortization expense.

The Bank ceased amortizing goodwill in 1996, after recording an impairment loss on goodwill, in December 1995, in conjunction with the Bank's pending sale to Norwest.

The following table sets forth information with respect to interest rate spreads for the periods shown (thousands of dollars):

	Three Months Ended March 31,					
	1996			1995		
	Average Balance	Interest	Average Yield	Average Balance	Interest	Average Yield
Interest-earning assets:						
Cash equivalents	$ 16,439	$ 238	5.80%	$ 83,144	$ 1,258	6.05%
Debt securities held to maturity	62,311	1,190	7.64	100,619	1,823	7.25
Debt securities available for sale	406,168	6,824	6.72	516,000	8,658	6.71
Loans receivable (net)	1,087,910	24,032	8.84	956,954	21,247	8.88
FHLB stock	10,828	148	5.48	17,458	225	5.16
Total interest-earning assets	$ 1,583,656	32,432	8.19	$ 1,674,175	33,211	7.93
Interest-bearing liabilities:						
Deposits	$ 1,251,448	12,566	4.04	$ 1,239,028	12,404	4.06
Securities sold under agreements to repurchase	81,811	1,206	5.93	261,243	4,033	6.26
Advances from FHLB	164,405	2,732	6.68	112,332	1,623	5.86
Notes payable	7,995	121	6.09	8,135	171	8.52
Total interest-bearing liabilities	$ 1,505,659	16,625	4.44	$ 1,620,738	18,231	4.56
Cost of hedging activities		265	0.07		198	0.05
Cost of funds		16,890	4.51		18,429	4.61
Net interest income		$ 15,542	3.68%		$ 14,782	3.32%
Net yield on interest-earning assets			3.93%			3.53%

During the first quarter of 1996, average interest-earning assets decreased by approximately $91 million compared to the first quarter of 1995. Cash equivalents decreased by approximately $67 million due to paydowns of short-term borrowings. Loans increased by approximately $131 million due to increased originations. Although interest rates decreased during the period, the average yield on interest-earning assets increased due to the changes in the mix of assets, including a reduction of lower yielding cash equivalents. Securities sold under agreements to repurchase decreased by approximately $179 million due to paydowns at maturity. The overall reduction in relatively high cost borrowings caused the average yield on interest-bearing liabilities to decrease. The combination of higher yields on assets and lower costs on liabilities resulted in the yield on net interest income increasing by 40 basis points.

Twelve-Month Analysis

The Bank recorded a net loss of $1.6 million for the twelve months ended March 31, 1996 compared to net income of $7.2 million for the twelve months ended March 31, 1995. After-tax components of the Bank's net loss for the twelve months ended March 31, 1996 included an $11.8 million goodwill impairment and $2.9 million of goodwill amortization expense, partially offset by earnings of $12.2 million from core banking operations, $145,000 from real estate operations and $800,000 from an adjustment to tax bad debt reserves not expected to reverse. After-tax components of the Bank's net income for the twelve months ended March 31, 1995 were comprised of $11.9 million from core banking operations and a gain of $166,000 from real estate operations, offset partially by a loss of $498,000 from adjustments and charge-offs related to the sale of the Bank's remaining credit card portfolio, $527,000 of real estate litigation costs, and $3.9 million of goodwill amortization expense.

The following table sets forth information with respect to interest rate spreads for the periods shown (thousands of dollars):

	Twelve Months Ended March 31,					
	1996			1995		
	Average Balance	Interest	Average Yield	Average Balance	Interest	Average Yield
Interest-earning assets:						
Cash equivalents	$ 26,935	$ 1,619	6.01%	$ 59,752	$ 3,137	5.25%
Debt securities held to maturity	80,322	6,165	7.68	81,731	5,641	6.90
Debt securities available for sale	457,109	30,728	6.72	538,784	34,399	6.38
Loans receivable (net)	1,045,957	93,002	8.89	912,144	79,512	8.72
FHLB stock	11,302	584	5.17	17,126	911	5.32
Total interest-earning assets	$ 1,621,625	132,098	8.15	$ 1,609,537	123,600	7.68
Interest-bearing liabilities:						
Deposits	$ 1,249,492	52,100	4.17	$ 1,237,516	46,187	3.73
Securities sold under agreements to repurchase	130,760	8,062	6.17	223,794	12,347	5.52
Advances from FHLB	155,542	10,300	6.62	83,843	4,344	5.18
Notes payable	8,031	608	7.57	8,171	652	7.98
Total interest-bearing liabilities	$ 1,543,825	71,070	4.60	$ 1,553,324	63,530	4.09
Cost of hedging activities		691	0.05		646	0.04
Cost of funds		71,761	4.65		64,176	4.13
Capitalized and transferred interest		--	--		(6)	--
Net interest income		$ 60,337	3.50%		$ 59,430	3.55%
Net yield on interest-earning assets			3.72%			3.69%

The yield on total interest-earning assets increased by 47 basis points, primarily due to an increase in loans which were higher yielding than the debt securities which they replaced. The average yield on debt securities was lower in the period ending March 31, 1995, due to variable rate securities trending upward during the twelve months ended March 31, 1996. Rates on deposits also increased between March 1995 and March 1996 due to the interest rate environment.

A decrease of approximately $33 million in cash equivalents to repay short-term borrowings, and $82 million in debt securities available for sale, due to paydowns, was offset by an increase of $134 million in loans receivable due to increased loan originations. A decrease of $93 million in securities sold under agreements to repurchase was largely offset by an increase of $72 million in advances from the FHLB.

Goodwill amortization declined from $3.9 million for the period ended March 31, 1995 to $2.9 million for the same period in 1996. After recording a goodwill impairment of $11.8 million in conjunction with the Bank's impending sale to Norwest in December 1995, the Bank ceased amortizing goodwill.

Net gain on the sale of loans increased from $227,000 for the twelve months ended March 31, 1995, to $1.2 million for the period ended March 31, 1996. Total loan sales were $46 million for the period ended March 31, 1996, and $33 million for the same period in 1995. Implementation of Statement of Financial Accounting Standards (SFAS) No. 122, concerning mortgage servicing rights, in the second quarter of 1995, resulted in an increase in gain on the sale of loans of $450,000 for the twelve months ended March 31, 1996. No adjustment for servicing rights was made for the period ending March 31, 1995.

The Bank recorded a $970,000 pretax net gain on the sale of CMO residuals for the twelve months ended March 31, 1996, with no comparable sale for the period ended March 31, 1995.

General and administrative expense increased by approximately $834,000 for the period ending March 31, 1996, relative to the same period of the prior year, largely due to increased compensation expense resulting from branch expansion and increased lending operations.

ASSET QUALITY

LOAN IMPAIRMENT

The measurement of loan impairment is based on the present value of expected future cash flows discounted at the loan's original effective interest rate or the fair value of the underlying collateral on collateral-dependent loans.

In general, interest income on impaired loans is recognized by the Bank on the accrual basis of accounting, unless the loan is greater than 90 days delinquent with respect to principal or interest, or the loan has been partially or fully charged-off. Interest on loans greater than 90 days delinquent is generally recognized on a cash basis. Interest income on loans which have been fully or partially charged-off is generally recognized on a cost-recovery basis; that is, all proceeds from the loan payments are first applied as a reduction to principal before any income is recorded.

The following table depicts the recognition of interest income on impaired loans and the average balances of impaired loans during the quarters ended March 31, 1996 and 1995 (thousands of dollars):

	March 31, 1996	March 31, 1995
Interest income recognized:		
Accrual basis	$ 536	$ 625
Cash basis	--	1
Average balance outstanding of impaired loans*	$ 21,441	$ 23,780

* The outstanding balance of impaired loans was $23.5 million at March 31, 1996 and $25.3 million at December 31, 1995.

NONPERFORMING ASSETS

Nonperforming assets are comprised of nonaccrual assets, restructured loans and real estate acquired through foreclosure (REO-F). Nonaccrual assets are those on which management believes the timely collection of interest or principal is doubtful. Loans are transferred to nonaccrual status when payments of interest or principal are 90 days past due or if, in management's opinion, the accrual of interest should be ceased sooner. There were no loans on accrual status which were over 90 days delinquent or past maturity as of March 31, 1996.

The following table summarizes nonperforming assets as of the dates indicated (thousands of dollars):

	MARCH 31, 1996	DECEMBER 31, 1995
Nonaccrual loans past due 90 days or more:		
Mortgage loans:		
Construction and land	$ 814	$ 893
Permanent single-family residences	3,188	3,720
Other mortgage loans	3,030	3,315
	7,032	7,928
Nonmortgage loans	599	637
Restructured loans	7,505	9,320
Total nonperforming loans	15,136	17,885
Real estate acquired through foreclosure	3,956	3,403
Total nonperforming assets	$ 19,092	$ 21,288
Allowance for estimated credit losses	$ 16,838	$ 16,620
Allowance for estimated credit losses as a percentage of nonperforming loans	111.24%	92.93%
Allowance for estimated credit losses as a percentage of nonperforming assets	88.19%	78.07%

Restructured loans of $3.5 million are single-family residential loan modifications made to borrowers with earthquake-related damage in California. Federal agencies encouraged financial institutions to modify loan terms for certain borrowers who were affected by the earthquake which occurred in January 1994. The terms of these modifications were generally three- to six-month payment extensions with no negative credit reporting regarding the borrower. The reduction of $1.8 million in restructured loans was due primarily to a change in the OTS regulations allowing for the removal of loans from the restructured loan designation that have been performing for the prior six months and were not modified below a market rate.

CLASSIFIED ASSETS

OTS regulations require the Bank to classify certain assets and establish prudent valuation allowances. Classified assets are categorized as "substandard," "doubtful" and "loss." In addition, the Bank can designate an asset as "special mention."

The following table sets forth the amounts of the Bank's classified assets and ratios of classified assets to total assets, net of allowances and charge-offs, as of the dates indicated (thousands of dollars):

	March 31, 1996		December 31, 1995	
	Balance	% of Total Assets	Balance	% of Total Assets
Substandard assets:				
Loans:				
Single-family residential	$ 4,396	0.26%	$ 5,162	0.29%
Consumer	718	0.04	797	0.04
Commercial and multi-family mortgage	15,955	0.94	16,783	0.95
Construction and land	4,341	0.26	3,672	0.21
Commercial	2,484	0.15	3,937	0.22
Foreclosed real estate (net)	3,956	0.23	3,402	0.19
Real estate held for investment	1,105	0.06	1,111	0.06
Doubtful assets	--	--	--	--
Loss assets	--	--	--	--
Total	$ 32,955	1.94%	$ 34,864	1.96%

Classified assets decreased $1.9 million from December 31, 1995 to March 31, 1996, primarily as a result of $1.5 million in payoffs and paydowns of commercial loans and paydowns of $766,000 in single-family residential loans, partially offset by $554,000 of additional foreclosed real estate.

The largest substandard loan at March 31, 1996 was an $8.1 million multi-family real estate loan in Nevada. The Bank had four additional substandard loans in excess of $1 million at March 31, 1996: two hotel loans, one multi-family loan, and one construction loan, all located in Nevada. The largest foreclosed real estate asset held by the Bank at March 31, 1996 was a $783,000 single-family residential property located in California. The Bank's largest investment in real estate classified as substandard was a former Bank branch in Nevada with a current book value of $776,000.

Special mention assets increased from $35.8 million at December 31, 1995 to $39.5 million at March 31, 1996. The increase was primarily due to the downgrade of various commercial loans.

The geographic concentration of the Bank's classified assets at March 31, 1996 was 82 percent in Nevada, 15 percent in California and 3 percent in Arizona.

It is the Bank's practice to charge off all assets or portions thereof which it considers to be "loss." As a result, none of the Bank's assets, net of charge-offs, were classified as "loss" at March 31, 1996.

The following tables set forth the Bank's charge-off experience for loans receivable and REO-F, by loan type, as well as real estate held for investment (thousands of dollars):

	CHARGE-OFFS	RECOVERIES	NET CHARGE OFFS
Three Months Ended March 31, 1996:			
Loans and REO-F:			
Single-family residential	$ 476	$ (65)	$ 411
Commercial and multi-family mortgage	81	--	81
Construction	29	(68)	(39)
Nonmortgage	1,500	(545)	955
Real estate held for investment	128	(2)	126
Total net charge-offs	$ 2,214	$ (680)	$ 1,534
Three Months Ended March 31, 1995:			
Loans and REO-F:			
Single-family residential	$ 329	$ (173)	$ 156
Commercial and multi-family mortgage	86	--	86
Construction	102	(35)	67
Nonmortgage	849	(240)	609
Real estate held for investment	23	--	23
Total net charge-offs	$ 1,389	$ (448)	$ 941

PROVISIONS AND ALLOWANCES FOR LOAN AND REAL ESTATE LOSSES

On a regular basis, management evaluates the adequacy of the allowances for estimated losses on loans, investments, and real estate and establishes additions to the allowances through provisions to expense. The Bank utilizes a comprehensive internal asset review system and valuation allowance methodology. Valuation allowances are established for each of the loan, investment, and real estate portfolios for unforeseen losses. Factors taken into account in determining the adequacy of allowances include review of existing risks in the portfolios, prevailing and anticipated economic conditions, actual loss experience and delinquencies. Reviews of the quality of the loan, investment, and real estate portfolios by the Bank, and examinations by regulatory authorities, are performed periodically.

Charge-offs are recorded on particular assets when it is determined that the present value of expected cash flows or fair value of the underlying collateral of an asset is below its carrying value. When a loan is foreclosed, the asset is written down to fair value based on a current appraisal of the subject property.

Activity in the allowances for losses on loans and investments in real estate is summarized as follows (thousands of dollars):

	Mortgage Loans	Construction & Land Loans	Non-Mortgage Loans	Total Loans	Real Estate Acquired Through Foreclosure	Real Estate Held for Sale or Development	Total
Balance at December 31, 1995	$ 6,422	$ 1,923	$ 8,008	$ 16,353	$ 267	$ 863	$ 17,483
Provision (reduction in allowance) for estimated credit losses	638	(272)	1,260	1,626	--	--	1,626
Charge-offs	(556)	(30)	(1,392)	(1,978)	(108)	(128)	(2,214)
Recoveries	46	--	514	560	118	2	680
Balance at March 31, 1996	$ 6,550	$ 1,621	$ 8,390	$ 16,561	$ 277	$ 737	$ 17,575
Balance at December 31, 1994*	$ 9,991	$ 2,214	$ 5,454	$ 17,659	$ --	$ 476	$ 18,135
Provision (reduction in allowance) for estimated credit losses	(2,753)	(418)	4,535	1,364	--	346	1,710
Charge-offs	(415)	(102)	(849)	(1,366)	--	(23)	(1,389)
Recoveries	173	35	240	448	--	--	448
Balance at March 31, 1995	$ 6,996	$ 1,729	$ 9,380	$ 18,105	$ --	$ 799	$ 18,904

* Balances for impaired loans and foreclosed real estate and nonimpaired loans at December 31, 1994, have been reclassified to reflect adoption of SFAS No. 114.

The loan charge-offs for the quarter were primarily attributable to various consumer and single-family residential loan charge-offs. The Bank's quarterly analysis of the adequacy in the allowance for estimated credit losses at March 31, 1996 reflected no significant total change from the December 31, 1995 level.

Regulatory Matters

The deposit accounts of savings associations, including those of the Bank, are insured to the maximum extent permitted by law by the FDIC through the SAIF. The deposit accounts of commercial banks are separately insured by the FDIC through the bank insurance fund (BIF). Commercial banks and savings associations are separately assessed annual deposit insurance premiums. For savings associations, the deposit premiums range from 23 to 31 cents per $100 of deposits and, under current requirements, will remain at that level until the SAIF is capitalized at 1.25 percent of insured deposits. The SAIF is not expected to reach this level of capitalization for several years, whereas BIF was fully capitalized in 1995. A number of plans have been proposed in Congress to deal with the undercapitalization of the SAIF. Several proposals provide for a one-time special assessment estimated to approximate 75 to 79 basis points, on SAIF-insured deposits to fully capitalize the SAIF to 1.25 percent of insured deposits. Recently, however, SAIF-insured deposits have been migrating to BIF institutions, contributing further to the undercapitalization of the SAIF. Industry groups continue to work with Congress to urge passage of the SAIF recapitalization proposal. These proposed regulations would subsequently reduce annual premiums to levels similar to those of the BIF-insured commercial banks and eventually merge the BIF and SAIF insurance funds.

Assuming a one-time special assessment was approved by Congress and became law in 1996, and was immediately charged against results of operations, the one-time assessment would approximate $10 million, pretax, for the Bank. Management believes the Bank would continue to be classified as "well capitalized" under fully phased-in FDICIA capital rules and would not face any liquidity issues as a result of such a one-time assessment.

PART II - OTHER INFORMATION

ITEMS 1-5 None

ITEM 6 EXHIBITS AND REPORTS ON FORM 8-K

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

Exhibit 27-Financial Data Schedule (filed electronically only)

(b) Reports on Form 8-K

The Company filed a Form 8-K, dated May 2, 1996, reporting summary financial information for the quarter ended March 31, 1996.

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Southwest Gas Corporation

(Registrant)

Date: May 13, 1996

/s/ Edward A. Janov

Edward A. Janov

Controller/Chief Accounting Officer

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This schedule contains summary financial information extracted from Southwest Gas Corporation's Form 10-Q for the quarter ended March 31, 1996 and is qualified in its entirety by reference to such financial statements.

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3-MOS
DEC-31-1996
MAR-31-1996
PER-BOOK
1,159,416
0
296,889
0
76,912
1,533,217
26,355
316,720
27,084
370,159
0
0
612,666
0
0
0
120,000
0
0
0
430,392
1,533,217
188,352
9,437
149,813
149,813
38,539
(1,290)
37,249
12,953
14,859
0
14,859
5,044
0
65,112
0.60
0.60

Includes: Trust originated preferred securities of $60,000, current liabilities, net of current long-term debt maturities of $189,728, and deferred income taxes and other credits of $180,664.
Included distributions related to trust originated preferred securities of $1,369.