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

Form 10-Q

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

For the quarterly period ended June 30, 1999

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, 30,718,216 shares as of August 4, 1999.

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

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

ASSETS	JUNE 30, 1999 (Unaudited)	DECEMBER 31, 1998
Utility plant:		
Gas plant	$ 2,107,897	$ 2,020,139
Less: accumulated depreciation	(633,942)	(612,138)
Acquisition adjustments	3,692	3,881
Construction work in progress	35,107	47,480
Net utility plant	1,512,754	1,459,362
Other property and investments	84,527	73,926
Current assets:		
Cash and cash equivalents	9,559	18,535
Accounts receivable, net of allowances	57,986	88,037
Accrued utility revenue	23,000	56,873
Deferred income taxes	4,249	-
Deferred purchased gas costs	-	57,595
Prepaids and other current assets	28,303	26,346
Total current assets	123,097	247,386
Deferred charges and other assets	49,360	50,020
Total assets	$ 1,769,738	$ 1,830,694

CAPITALIZATION AND LIABILITIES

Capitalization:		
Common stock, $1 par (authorized - 45,000,000 shares; issued and outstanding - 30,682,623 and 30,409,616 shares)	$ 32,312	$ 32,040
Additional paid-in capital	431,015	424,840
Retained earnings	31,606	19,520
Total common equity	494,933	476,400
Redeemable preferred securities of Southwest Gas Capital I	60,000	60,000
Long-term debt, less current maturities	793,477	812,906
Total capitalization	1,348,410	1,349,306
Current liabilities:		
Current maturities of long-term debt	6,742	5,270
Short-term debt	8,370	52,000
Accounts payable	39,357	64,295
Customer deposits	25,519	24,333
Accrued taxes	48,529	33,480
Accrued interest	12,838	13,872
Deferred taxes	-	12,627
Deferred purchased gas costs	3,006	-
Other current liabilities	45,812	44,917
Total current liabilities	190,173	250,794
Deferred income taxes and other credits:		
Deferred income taxes and investment tax credits	179,439	179,666
Other deferred credits	51,716	50,928
Total deferred income taxes and other credits	231,155	230,594
Total capitalization and liabilities	$ 1,769,738	$ 1,830,694

The accompanying notes are an integral part of these statements.

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

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,		TWELVE MONTHS ENDED JUNE 30,	
	1999	1998	1999	1998	1999	1998
Operating revenues:						
Gas operating revenues	$ 166,679	$ 165,017	$ 445,789	$ 439,380	$ 806,006	$ 734,741
Construction revenues	33,613	27,880	62,528	46,118	134,122	110,598
Total operating revenues	200,292	192,897	508,317	485,498	940,128	845,339
Operating expenses:						
Net cost of gas sold	71,839	73,768	207,725	194,755	342,819	282,771
Operations and maintenance	55,378	52,181	108,944	103,031	215,085	206,335
Depreciation and amortization	24,134	21,658	48,301	43,042	94,063	86,776
Taxes other than income taxes	7,299	7,845	14,511	15,817	30,340	30,099
Construction expenses	30,112	24,494	54,581	40,400	117,849	96,177
Total operating expenses	188,762	179,946	434,062	397,045	800,156	702,158
Operating income	11,530	12,951	74,255	88,453	139,972	143,181
Other income and (expenses):						
Net interest deductions	(14,800)	(15,539)	(29,670)	(31,819)	(61,205)	(64,790)
Preferred securities distributions	(1,369)	(1,369)	(2,738)	(2,738)	(5,475)	(5,475)
Other income (deductions)	(42)	(64)	235	538	(1,693)	(11,560)
Total other income and (expenses)	(16,211)	(16,972)	(32,173)	(34,019)	(68,373)	(81,825)
Income (loss) before income taxes	(4,681)	(4,021)	42,082	54,434	71,599	61,356
Income tax expense (benefit)	(1,085)	(1,507)	17,412	20,995	32,831	20,268
Net income (loss)	$ (3,596)	$ (2,514)	$ 24,670	$ 33,439	$ 38,768	$ 41,088
Basic earnings (loss) per share	$ (0.12)	$ (0.09)	$ 0.81	$ 1.22	$ 1.29	$ 1.50
Diluted earnings (loss) per share	$ (0.12)	$ (0.09)	$ 0.80	$ 1.21	$ 1.28	$ 1.49
Dividends paid per share	$ 0.205	$ 0.205	$ 0.41	$ 0.41	$ 0.82	$ 0.82
Average number of common shares outstanding	30,621	27,570	30,559	27,509	30,123	27,366
Average shares outstanding (assuming dilution)	-	-	30,830	27,691	30,372	27,525

The accompanying notes are an integral part of these statements.

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

	SIX MONTHS ENDED JUNE 30,		TWELVE MONTHS ENDED JUNE 30,	
	1999	1998	1999	1998
CASH FLOW FROM OPERATING ACTIVITIES:				
Net income	$ 24,670	$ 33,439	$ 38,768	$ 41,088
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	48,301	43,042	94,063	86,776
Deferred income taxes	(17,103)	(4,919)	(12,336)	15,236
Changes in current assets and liabilities:				
Accounts receivable, net of allowances	30,051	21,360	(1,330)	(6,992)
Accrued utility revenue	33,873	32,873	(1,500)	(959)
Deferred purchased gas costs	60,601	23,650	66,308	(5,826)
Accounts payable	(24,938)	(27,093)	4,126	5,693
Accrued taxes	15,049	23,591	23,238	29,709
Other current assets and liabilities	(2,610)	6,597	6,556	769
Other	(517)	1,062	(601)	13,882
Net cash provided by operating activities	167,377	153,602	217,292	179,376
CASH FLOW FROM INVESTING ACTIVITIES:				
Construction expenditures and property additions	(111,626)	(87,543)	(218,704)	(176,124)
Other	2,833	(7,169)	14,329	(4,974)
Net cash used in investing activities	(108,793)	(94,712)	(204,375)	(181,098)
CASH FLOW FROM FINANCING ACTIVITIES:				
Issuance of common stock, net	6,447	4,632	68,995	10,671
Dividends paid	(12,529)	(11,274)	(24,931)	(22,431)
Issuance of long-term debt, net	12,002	3,300	49,566	30,750
Retirement of long-term debt, net	(29,850)	(3,576)	(32,897)	(7,451)
Repayment of short-term debt	(43,630)	(63,950)	(69,680)	(10,370)
Other	-	1	(1)	1
Net cash provided by (used in) financing activities	(67,560)	(70,867)	(8,948)	1,170
Change in cash and temporary cash investments	(8,976)	(11,977)	3,969	(552)
Cash at beginning of period	18,535	17,567	5,590	6,142
Cash at end of period	$ 9,559	$ 5,590	$ 9,559	$ 5,590
Supplemental information:				
Interest paid, net of amounts capitalized	$ 29,512	$ 30,711	$ 59,965	$ 60,378
Income taxes paid (received), net	$ 16,851	$ 1,474	$ 20,345	$ (29,798)

The accompanying notes are an integral part of these statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

BASIS OF PRESENTATION. The consolidated financial statements included herein have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations. The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. In the opinion of management, all adjustments, consisting of normal recurring items and estimates necessary for a fair presentation of the results for the interim periods, have been made. It is suggested that these consolidated financial statements be read in conjunction with the financial statements and the notes thereto included in the Company's 1998 Annual Report to Shareholders, which is incorporated by reference into the Form 10-K, and the 1999 First Quarter Report on Form 10-Q.

INTERCOMPANY TRANSACTIONS. The construction services segment recognizes revenues generated from contracts with Southwest (see Note 2 below). Accounts receivable for these services were $5.7 million at June 30, 1999 and $5 million at December 31, 1998. The accounts receivable balance, revenues, and associated profits are included in the consolidated financial statements of the Company and were not eliminated during consolidation. Statement of Financial Accounting Standards (SFAS) No. 71, "Accounting for the Effects of Certain Types of Regulation," provides that intercompany profits on sales to regulated affiliates should not be eliminated in consolidation if the sales price is reasonable and if future revenues approximately equal to the sales price will result from the rate-making process. Management believes these two criteria are being met.

NOTE 2 - SEGMENT INFORMATION

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

	Natural Gas Operations	Construction Services	Total
SIX MONTHS ENDED JUNE 30, 1999			
Revenues from external customers	$ 445,789	$ 40,184	$ 485,973
Intersegment revenues	--	22,344	22,344
Total	$ 445,789	$ 62,528	$ 508,317
Segment income	$ 22,689	$ 1,981	$ 24,670
SIX MONTHS ENDED JUNE 30, 1998			
Revenues from external customers	$ 439,380	$ 28,561	$ 467,941
Intersegment revenues	--	17,557	17,557
Total	$ 439,380	$ 46,118	$ 485,498
Segment income	$ 32,431	$ 1,008	$ 33,439

NOTE 3 - MERGER AGREEMENT WITH ONEOK, INC.

In December 1998, the Boards of Directors of the Company and ONEOK, Inc. (ONEOK), headquartered in Tulsa, Oklahoma, announced an agreement for the Company to be acquired by ONEOK. The agreement called for ONEOK to pay $28.50 in cash for each share of Company common stock outstanding. In April 1999, the agreement was amended to reflect, among other things, a revised cash purchase price of $30 per share.

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

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

The transaction is subject to customary conditions, including approvals from shareholders of the Company and state regulators in Arizona, California, and Nevada. In June 1999, regulatory approval was obtained from the Public Utilities Commission of Nevada. Merger filings have been made and discussions are in process with the Arizona and California regulatory bodies. At the annual shareholders meeting held on August 10, 1999, the shareholders of the Company approved the principal terms of the merger.

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

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

Southwest purchases, transports, and distributes natural gas to approximately 1,234,000 residential, commercial, industrial and other customers, of which 57 percent are located in Arizona, 33 percent are in Nevada, and 10 percent are in California. During the twelve months ended June 30, 1999, Southwest earned 56 percent of operating margin in Arizona, 34 percent in Nevada, and 10 percent in California. During this same period, Southwest earned 83 percent of operating margin from residential and small commercial customers, 5 percent from other sales customers, and 12 percent from transportation customers. These patterns are similar to prior years and are expected to continue.

Northern is a full-service underground piping contractor, which provides utility companies with trenching and installation, replacement, and maintenance services for energy distribution systems.

CAPITAL RESOURCES AND LIQUIDITY

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

Southwest continues to experience significant population growth throughout its service territories. This growth has required large amounts of capital to finance the investment in infrastructure, in the form of new transmission and distribution plant, to satisfy consumer demand. For the twelve months ended June 30, 1999, natural gas construction expenditures totaled $195 million. Approximately 76 percent of these current-period expenditures represented new construction and the balance represented costs associated with routine replacement of existing transmission, distribution, and general plant. Cash flows from operating activities of Southwest (net of dividends) were $182 million for the twelve months ended June 30, 1999. Operating cash flows exceeded expected levels due to higher earnings and deferred purchased gas cost recoveries.

Southwest estimates construction expenditures during the three-year period ending December 31, 2001 will be approximately $580 million. During the three-year period, cash flow from operating activities (net of dividends) is estimated to fund approximately 60 percent of the gas operations total construction expenditures. A portion of the construction expenditure funding will be provided by $20 million of funds held in trust, at December 31, 1998, from the issuance of industrial development revenue bonds (IDRB). The remaining cash requirements are expected to be provided by external financing sources. The timing, types, and amounts of these additional external financings will be dependent on a number of factors, including conditions in the capital markets, timing and amounts of rate relief, growth factors in Southwest service areas, and merger-related developments (see Note 3). These external financings may include the issuance of both debt and equity securities, bank and other short-term borrowings, and other forms of financing. Under the agreement with ONEOK, common stock issuances are currently limited to those necessary under employee benefit and dividend reinvestment plans.

RESULTS OF CONSOLIDATED OPERATIONS

Quarterly Analysis

	Contribution to Net Income (Loss) Three Months Ended June 30,	
	1999	1998
	(Thousands of dollars)	
Natural gas operations	$ (4,376)	$ (3,226)
Construction services	780	712
Net income (loss)	$ (3,596)	$ (2,514)

Net loss for the quarter ended June 30, 1999 was $0.12 per share, compared to a loss of $0.09 per share recorded during the corresponding quarter of the prior year. Natural gas operations results declined $0.02 per share. See separate discussion at Results of Natural Gas Operations for changes as they relate to gas operations. The contribution from construction services for the current quarter remained relatively consistent to that of the corresponding quarter of the prior year. Average shares outstanding increased 3.1 million shares between periods primarily due to a 2.5 million share issuance of common stock in August 1998 and continuing issuances under the Dividend Reinvestment and Stock Purchase Plan.

Six-Month Analysis

	Contribution to Net Income Six Months Ended June 30,	
	1999	1998
	(Thousands of dollars)	
Natural gas operations	$ 22,689	$ 32,431
Construction services	1,981	1,008
Net income	$ 24,670	$ 33,439

Net income for the six months ended June 30, 1999 was $0.81 per share, compared to $1.22 per share recorded during the corresponding period of the prior year. Earnings from natural gas operations decreased $0.44 per share. See separate discussion at Results of Natural Gas Operations for changes as they relate to gas operations. Construction services contributed per share earnings of $0.07, a $0.03 per share increase from the corresponding period of the prior year. The improvement is attributed to a high volume of work experienced during the first quarter of 1999 that resulted from unseasonably warm, dry weather conditions in several cold-climate operating areas. Average shares outstanding increased 3.1 million shares between periods primarily due to a 2.5 million share issuance of common stock in August 1998 and continuing issuances under the Dividend Reinvestment and Stock Purchase Plan.

Twelve-Month Analysis

	Contribution to Net Income Twelve Months Ended June 30,	
	1999	1998
	(Thousands of dollars)	
Natural gas operations	$ 35,088	$ 38,467
Construction services	3,680	2,621
Net income	$ 38,768	$ 41,088

Earnings per share for the twelve months ended June 30, 1999 were $1.29, a $0.21 decrease from per share earnings of $1.50 recorded during the prior twelve-month period. Earnings contributed from natural gas operations decreased $0.24 per share. See separate discussion at Results of Natural Gas Operations for changes as they relate to gas operations. Construction services activities contributed per share earnings of $0.12, a $0.03 per share improvement over the prior twelve-month period. The improvement is attributable to better-than-expected weather conditions in several cold-climate operating areas which prevented the normal slow down in work during the fourth quarter of 1998 and the first quarter of 1999. Average shares outstanding increased 2.8 million shares between periods primarily due to a 2.5 million share issuance of common stock in August 1998 and continuing issuances under the Dividend Reinvestment and Stock Purchase Plan.

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

	For the Twelve Months Ended	
	June 30, 1999	December 31, 1998
Ratios of earnings to fixed charges	1.94	2.08

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

RESULTS OF NATURAL GAS OPERATIONS

Quarterly Analysis

	Three Months Ended June 30,	
	1999	1998
	(Thousands of dollars)	
Gas operating revenues	$ 166,679	$ 165,017
Net cost of gas sold	71,839	73,768
Operating margin	94,840	91,249
Operations and maintenance expense	55,378	52,181
Depreciation and amortization	21,652	19,674
Taxes other than income taxes	7,299	7,845
Operating income	10,511	11,549
Other income (expense)	(799)	(102)
Income before interest and income taxes	9,712	11,447
Net interest deductions	14,431	15,314
Preferred securities distributions	1,369	1,369
Income tax expense (benefit)	(1,712)	(2,010)
Contribution to consolidated net income (loss)	$ (4,376)	$ (3,226)

Contribution from natural gas operations declined approximately $1.2 million compared to the second quarter of 1998. The decline was principally the result of higher operating expenses incurred as a result of the expansion and upgrading of the gas system to accommodate continued customer growth, partially offset by higher operating margin and reduced financing costs.

Operating margin increased $3.6 million, or four percent, in the second quarter of 1999 compared to the same period a year ago. The increase was attributed to customer growth, as Southwest served 63,000, or five percent, more customers than a year ago. There were no significant weather-related differences between periods as both periods experienced colder-than-normal temperatures.

Operations and maintenance expenses increased $3.2 million, or six percent, reflecting general increases in labor and maintenance costs along with incremental operating expenses associated with providing service to a steadily growing customer base.

Depreciation expense and general taxes increased a net $1.4 million, or five percent, as a result of construction activities. Average gas plant in service increased $159 million, or eight percent, as compared to the second quarter of 1998. The increase reflects ongoing capital expenditures for the upgrade of existing operating facilities and the expansion of the system to accommodate continued customer growth.

Net interest deductions decreased $883,000, or six percent, resulting primarily from lower average short-term debt balances. Strong cash flows coupled with a 2.5 million share common stock offering during the third quarter of 1998 were the primary reasons for the reduction.

Six-Month Analysis

	Six Months Ended June 30, 1999	Six Months Ended June 30, 1998
	(Thousands of dollars)	
Gas operating revenues	$ 445,789	$ 439,380
Net cost of gas sold	207,725	194,755
Operating margin	238,064	244,625
Operations and maintenance expense	108,944	103,031
Depreciation and amortization	43,563	38,976
Taxes other than income taxes	14,511	15,817
Operating income	71,046	86,801
Other income (expense)	(682)	(91)
Income before interest and income taxes	70,364	86,710
Net interest deductions	29,063	31,339
Preferred securities distributions	2,738	2,738
Income tax expense	15,874	20,202
Contribution to consolidated net income	$ 22,689	$ 32,431

Contribution to consolidated net income declined approximately $9.7 million compared to the first six months of 1998. The decline was principally the result of lower operating margin and higher operating expenses incurred as a result of the expansion and upgrading of the gas system to accommodate continued customer growth, partially offset by reduced financing costs.

Operating margin decreased $6.6 million, or three percent, in the first six months of 1999 compared to the same period a year ago. Differences in heating demand caused by weather variations between periods resulted in a $13 million decrease, much of which was attributed to colder-than-normal temperatures during the prior period. Partially offsetting the weather-related impacts was an increase of approximately $6 million in operating margin due to customer growth.

Operations and maintenance expenses increased $5.9 million, or six percent, reflecting general increases in labor and maintenance costs along with incremental operating expenses associated with providing service to a steadily growing customer base.

Depreciation expense and general taxes increased a net $3.3 million, or six percent, as a result of construction activities. Average gas plant in service increased $157 million, or eight percent, as compared to the six month period ended June 30, 1998. The increase reflects ongoing capital expenditures for the upgrade of existing operating facilities and the expansion of the system to accommodate continued customer growth.

Net interest deductions decreased $2.3 million, or seven percent. Strong cash flows coupled with a 2.5 million share common stock offering during the third quarter of 1998 combined to reduce average debt outstanding between periods.

Twelve-Month Analysis

	Twelve Months Ended June 30,	
	1999	1998
	(Thousands of dollars)	
Gas operating revenues	$ 806,006	$ 734,741
Net cost of gas sold	342,819	282,771
Operating margin	463,187	451,970
Operations and maintenance expense	215,085	206,335
Depreciation and amortization	84,818	77,189
Taxes other than income taxes	30,340	30,099
Operating income	132,944	138,347
Other income (expense)	(2,706)	(12,422)
Income before interest and income taxes	130,238	125,925
Net interest deductions	60,008	63,634
Preferred securities distributions	5,475	5,475
Income tax expense	29,667	18,349
Contribution to consolidated net income	$ 35,088	$ 38,467

Contribution to consolidated net income decreased $3.4 million compared to the corresponding twelve-month period ended June 1998. The decrease was the result of higher operating expenses, partially offset by improvements in operating margin and reduced financing costs. In addition, current-period results were negatively impacted by the incurrence of merger-related costs. Prior-period results included the effects of several nonrecurring events recorded during the fourth quarter of 1997. These transactions had approximately the same net impact on operating results in both periods.

Operating margin increased $11.2 million, or two percent, due to customer growth and rate relief, partially offset by weather-related differences between periods. Customer growth and rate relief contributed $22 million of incremental margin. Overall colder conditions in the prior period resulted in an $11 million margin difference between periods.

Operations and maintenance expenses increased $8.8 million, or four percent, reflecting general increases in labor and maintenance costs along with incremental operating expenses associated with providing service to a steadily growing customer base.

Depreciation expense and general taxes increased $7.9 million, or seven percent, as a result of additional plant in service. Average gas plant in service for the current twelve-month period increased $147 million, or eight percent, compared to the corresponding period a year ago. This was attributable to the upgrade of existing operating facilities and the expansion of the system to accommodate new customers being added to the system.

Net interest deductions decreased $3.6 million, or six percent, during the twelve months ended June 1999 compared to the corresponding prior twelve-month period. Strong cash flows, coupled with a 2.5 million share common stock offering during the third quarter of 1998, reduced the need for new borrowings and also lowered the average amount of debt outstanding.

Other income (expense) improved $9.7 million. During the fourth quarter of 1997, Southwest recognized nonrecurring charges to income related to cost overruns on two separate construction projects. These charges are reflected in Other income (expense). An $8 million pretax charge resulted from cost overruns experienced during expansion of the northern California service territory. See Rates and Regulatory Proceedings herein. A second pretax charge, for $5 million, related to cost overruns on a nonutility construction project. See Note 11 of the Notes to Consolidated Financial Statements in the 1998 Annual Report to Shareholders for additional disclosures related to this charge. Partially offsetting these charges was the recognition of a $3.4 million income tax benefit related to the successful settlement in November 1997 of open tax issues dating back as far as

1988. The combined impact of these three events was a $4.1 million, or $0.15 per share, after-tax reduction to earnings. In connection with the proposed merger into ONEOK, Southwest has incurred approximately $4 million (pretax) of financial advisor, legal, and other costs, which are included in Other income (expense) for the twelve-month period ended June 30, 1999.

RATES AND REGULATORY PROCEEDINGS

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

In February 1999, Southwest petitioned the Supreme Court of the state of California for review of the July 1998 CPUC decision ordering Southwest to complete the project under the terms and scope of the 1995 certificate. In June 1999, the petition for review was denied.

In April 1999, following six months of mediation, Southwest and the Truckee Town Council negotiated a Settlement Agreement and Mutual Release (Agreement) which reconciled disputes and claims against each other. The Agreement addresses the civil suit against the town of Truckee, the remaining project scope, recovery of project costs, and the timing of the next California general rate case, among other items.

In June 1999, Southwest filed the Agreement as part of a new application with the CPUC to modify the certificate of public convenience and necessity granted in 1995. A decision related to this application is expected by year end.

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

YEAR 2000 READINESS DISCLOSURE

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

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

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

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

(1) Assess Year 2000 issues - complete;
(2) Analyze, prioritize, and catalog Year 2000 issues - complete;
(3) Create action plans - complete;
(4) Implement plans and validate compliance - substantially complete.

The Company's top priority is to ensure that natural gas can be received from suppliers and delivered to customers. To accomplish this, the Company has sent inquiries to its five major providers of interstate natural gas transportation service. All of these providers have responded to the inquiries indicating that they intend to be Year 2000 compliant before the end of 1999. The Company has also evaluated its gas pipeline delivery systems, which are the systems used to distribute natural gas from the interstate pipelines to the customer. These systems utilize an extensive network of hardware and software devices that schedule, regulate, measure, or otherwise facilitate the flow of natural gas. Of these devices, approximately 97 percent are Year 2000 compliant. Remediation or replacement of the remaining noncompliant devices is expected to be completed by September 1999.

Nearly all of the Company's business-critical computer systems are Year 2000 compliant. For example, the customer service system which supports customer billing, accounts receivable, and other customer service functions is Year 2000 compliant. In addition, the accounts payable, purchasing, human resources, general ledger, and payroll systems are Year 2000 compliant. In total approximately 99 percent (including work-in-progress) of the Company's computer applications are currently Year 2000 compliant. The Company has also assessed its other computer components, such as computer equipment and software, and determined that approximately 95 percent of these components are Year 2000 compliant. The Company projects that both the computer application systems and the other computer components will be Year 2000 compliant by October 1999.

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

The Company is also assessing and remediating Year 2000 issues related to embedded system devices (such as microcontrollers used in equipment and machinery), data exchange functions, networks, telecommunications, security access and building control systems, forms, reports, and other business processes and activities. Most of theses areas are Year 2000 compliant, and the Company expects the areas that are not currently compliant to be compliant by September 1999.

The Company is in the process of developing contingency plan scenarios for each district and division. In developing these scenarios, the Company has identified the systems, operations, and devices that are at risk for failure. The Company has attempted to forecast what failures might occur and the impact of these failures. As part of this process, the Company has identified the most reasonably likely worst case Year 2000 scenario, and has prepared contingency plans for all "high risk" systems, operations, and devices. This process will culminate in the development of a "Contingency Plan Operations Guide." This guide will document specific items associated with the Company's Year 2000 contingency plans including personnel-related items, non-labor resources required by the plan, command and decision authority roles, and location and function of a contingency command center. The Contingency Plan Operations Guide is scheduled for completion by September 1999.

The Company estimates that the cost of remediation will be approximately $2 million. Expenditures of approximately $1.2 million have already been incurred in connection with systems that have been converted. The remediation costs include internal labor costs, as well as fees and expenses paid to outside contractors, specifically associated with reprogramming or replacing noncompliant components. The Company does not expect that such expenditures will have a material impact on results of operations or financial condition.

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

FORWARD-LOOKING STATEMENTS

This report contains statements which constitute "forward-looking statements" within the meaning of the Securities Litigation Reform Act of 1995 (Reform Act). All such forward-looking statements are intended to be subject to the safe harbor protection provided by the Reform Act. A number of important factors affecting the business and financial results of the Company could cause actual results to differ materially from those stated in the forward-looking statements. These factors include, but are not limited to, the impact of weather variations on customer usage, natural gas prices, the effects of regulation/deregulation, the timing of rate relief, the outcome of Southwest's challenges to regulatory actions, changes in capital requirements and funding, Year 2000 remediation efforts, acquisitions, competition, and merger-related developments (see Note 3).

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In June 1998, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 133 "Accounting for Derivative Instruments and Hedging Activities." SFAS No. 133 establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities. It requires an entity to recognize all derivatives as either assets or liabilities in the statement of financial position and measure those instruments at fair value. SFAS No. 133 also requires that changes in the fair value of derivative instruments be recognized currently in earnings in the income statement unless specific hedge accounting criteria are met. Special hedge accounting for qualified hedges allows changes in the fair value of derivative instruments to be offset in the income statement in the period in which the related changes in the fair value of the item being hedged occurs. Hedge accounting requires an entity to formally document, designate, and assess hedge effectiveness. The Company does not currently utilize stand-alone derivatives for speculative purposes or for hedging, and does not have foreign currency exposure. However, the Company is reviewing gas supply and other contracts for potential embedded derivatives that may need to be recognized and disclosed under the requirements of this complex statement.

In June 1999, the FASB issued SFAS No. 137 "Accounting for Derivative Instruments and Hedging Activities Deferral of the Effective Date of FASB Statement No. 133." SFAS No. 137 postpones the effective date of SFAS No. 133 from quarters of fiscal years beginning after June 15, 1999 to quarters of fiscal years beginning after June 15, 2000 (i.e., first quarter of 2001).

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

In December 1998, the Company entered into an Agreement and Plan of Merger pursuant to which the Company would merge with a wholly owned subsidiary of ONEOK, Inc. Litigation is pending in California, Nevada, Oklahoma, and Arizona relating to this proposed merger which is described below.

California Litigation

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

- to enjoin the Merger with ONEOK;
- to rescind the Merger Agreement with ONEOK, or portions thereof;
- to implement an auction of the Company or similar process;
- to void the $30 million termination fee in the Merger Agreement with ONEOK;
- unspecified damages; and
- a declaration that the action is properly maintainable as a class action on behalf of all shareholders.

On March 31, 1999, the Court allowed John Mauricio to file a complaint in intervention, which is substantially identical to Arthur Klein's second amended complaint. On May 4, 1999, Southern Union intervened in the purported shareholder class action and filed a complaint in intervention against the Company seeking a declaration from the Court that it is entitled to solicit directly the Company's shareholders to oppose the Merger with ONEOK and to seek approval of a proposed merger with Southern Union, rescinding portions of the confidentiality and standstill agreement between Southern Union and the Company dated February 21, 1999 and a temporary restraining order and a preliminary injunction to prevent the Company from conducting a proxy solicitation in support of the Merger during the course of the litigation. In addition, Southern Union is seeking compensatory and punitive damages.

On June 9, 1999, the Company signed a Memorandum of Understanding (MOU) with the shareholder plaintiffs' counsel to settle this action as to all plaintiffs, except Southern Union. The MOU sets forth the parties' agreement in principle settling all of the shareholders' claims arising out of the actions of the Company and its directors relating to the Merger, including any allegations of misrepresentations or omissions in the proxy statement, and will be incorporated into a final Stipulation of Settlement. The MOU is not an admission of any of the plaintiffs' allegations. The Company and its directors have denied and continue to deny that they have committed or attempted to commit any wrongdoing or breached any duty owed to the Company or its shareholders. The MOU is subject to several conditions, including the consummation of the Merger and the entry of a final judgment of dismissal with prejudice by a U.S. district court that is binding on all shareholders from December 14, 1998, through the date that the shareholders approve the Merger. On June 25, 1999, the shareholders filed a third amended complaint setting forth the shareholders' claims relating to the proxy statement which were resolved as described.

The Company removed the combined shareholder and Southern Union lawsuit from the California Superior Court in San Diego to the U.S. District Court for the Southern District of California. On August 2, 1999, the U.S. District Court for the Southern District of California remanded the case to the California Superior Court. On August 3, 1999, Southern Union filed a motion for a temporary restraining order and preliminary injunction to prevent the Company from holding its annual meeting of shareholders on August 10, 1999 and from participating in any regulatory approval procedures in California. This motion was denied on August 5, 1999.

Southern Union has also filed a motion to sever its claims from the purported class action lawsuit. This motion is scheduled to be heard on August 16, 1999.

Nevada Litigation

On April 30, 1999, the Company filed a complaint against Southern Union in the U.S. District Court, District of Nevada (Case No. CV-99-0530-JBF-LRL) alleging breach of the confidentiality and standstill agreement between the Company and Southern Union, breach of the implied covenant of good faith and fair dealing, misappropriation of trade secrets, intentional interference with contract, intentional interference with prospective economic advantage and other violations of California and Nevada law. The Company amended its complaint on May 6, 1999, adding an additional claim against Southern Union pursuant to Section 14(a) of the Exchange Act. The Company has filed a motion to transfer this case to the Northern District of Oklahoma. Southern Union has filed an answer in the Nevada action and has opposed the Company's motion to transfer. The District Court of Nevada has not ruled on the Company's motion.

On July 22, 1999, Southern Union filed a motion to amend its answer in the Nevada federal action and assert counterclaims against the Company. The counterclaims mirror the counterclaims filed by Southern Union in the California action and the contractual claims asserted by Southern Union in the Arizona action.

On August 4, 1999, the Company filed a motion for a temporary restraining order and preliminary injunction to prevent Southern Union from prosecuting any claims stemming from the February 21, 1999 confidentiality and standstill agreement in the United States District Court of Arizona. This motion has not been ruled upon.

Oklahoma Litigation

On May 5, 1999, ONEOK filed a complaint against Southern Union for breaching the February 21, 1999 confidentiality and standstill agreement in the United States District Court for the Northern District of Oklahoma (Case No. 99-CV-345H(M)). ONEOK's third party beneficiary claims against Southern Union in the Oklahoma action are similar to those asserted by the Company against Southern Union in the Nevada action. ONEOK also sought to enjoin Southern Union from breaching the February 21, 1999 confidentiality and standstill agreement and from taking any other wrongful actions to disrupt the proposed merger with the Company.

On May 11, 1999, the Northern District of Oklahoma granted ONEOK's requested injunction and issued a temporary restraining order enjoining Southern Union from any future violation of the February 21, 1999 confidentiality and standstill agreement, including soliciting proxies from the Company's shareholders. ONEOK and Southern Union then stipulated that the temporary restraining order could be entered as a preliminary injunction and that Southern Union would be deemed to have sought and been denied a stay of the injunction. The Northern District of Oklahoma entered the parties' stipulation and Southern Union filed a Notice of Appeal and Request for a Stay of the injunction with the Tenth Circuit on May 17, 1999. The Tenth Circuit received Southern Union's filing on May 18, 1999 and has issued an order staying the injunction for the sole purpose of permitting Southern Union the opportunity to oppose the Company's motion to transfer the related California lawsuit to the Northern District of Oklahoma and to file a motion to remand the California lawsuit to the San Diego Superior Court. Southern Union subsequently filed supplements to its motion for stay seeking the opportunity to participate in ongoing administrative proceedings before state public utility commissions, including proceedings in Arizona, California and Nevada. On June 10, 1999, the Tenth Circuit Court of Appeals denied Southern Union's request for a stay of the District Court's injunction insofar as it pertains to state public utility commission proceedings. On June 9, 1999, Southern Union filed a motion with the Northern District of Oklahoma to dismiss the lawsuit on the grounds of lack of personal jurisdiction and improper venue and a motion to transfer the Oklahoma action to the District of Nevada, or alternatively to stay the Oklahoma action pending the final disposition of the Nevada action brought by the Company against Southern Union. The Northern District of Oklahoma has yet to rule on either of these motions.

On July 19, 1999, Southern Union also filed a motion to vacate the preliminary injunction issued by the Northern District of Oklahoma in May 1999 on the basis of the same allegations contained in the Arizona Complaint. Southern Union's motion was denied on July 23, 1999 on the grounds that the court lacked jurisdiction to consider Southern Union's motion.

Arizona Litigation

On July 19, 1999, Southern Union Company filed a complaint in the United States District Court of Arizona (Civ '99 1294 PHX ROS) alleging that the Company, Michael O. Maffie, President and Chief Executive Officer of the Company, Thomas Hartley, Chairman of the Board of the Company, and Thomas Sheets, Vice President/General Counsel of the Company, ONEOK, Inc., Gene Dubay, President and Chief Operating Officer of Kansas Gas Service, a division of ONEOK, John Gaberino, Senior Vice President and General Counsel of ONEOK, James Irvin, a Commissioner of the Arizona Corporation Commission, and Jack Rose, a resident of the State of Arizona, have conspired to block the Company's shareholders from voting upon Southern Union's offer to acquire the Company and to ensure that the Company's Board of Directors would approve and recommend to shareholders the ONEOK offer in violation of state and federal criminal laws. The Complaint further alleges that the defendants, other than the Company, intentionally interfered with business relationships between the Company and Southern Union, and tortiously interfered with contractual relationships of the Company and Southern Union. The Complaint repeats allegations previously made by Southern Union in its complaint in intervention filed against the Company in the shareholder class action in California. In addition, Southern Union alleges that the Company's proxy statement dated June 30, 1999 and the Company's press releases concerning Southern Union's ability to obtain regulatory approvals for its proposed merger with the Company are false and misleading.

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

On August 2, 1999, Southern Union filed a motion for a temporary restraining order and preliminary injunction seeking to prevent the Company and ONEOK from participating in any regulatory approval proceedings in California and Arizona. This motion was denied on August 5, 1999.

Other Proceedings

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

ITEMS 2-3.   NONE

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

The Company's Annual Meeting of Shareholders was held on August 10, 1999. Matters voted upon and the results of the voting were as follows:

(1) The eleven directors nominated (George C. Biehl, Manuel J. Cortez, Lloyd T. Dyer, Thomas Y. Hartley, Michael B. Jager, Leonard R. Judd, James J. Kropid, Michael O. Maffie, Carolyn M. Sparks, Robert S. Sundt, and Terrance L. Wright) were reelected.

(2) The proposal to approve the principal terms of an Agreement and Plan of Merger of the Company into ONEOK was approved. Shareholders voted 19,103,265 shares in favor, 4,852,950 opposed, and 270,855 abstentions. There were 3,855,747 broker non-votes.

(3) The proposal to ratify the selection of Arthur Andersen LLP as independent public accountants for the Company was approved. Shareholders voted 24,084,922 shares in favor, 3,225,051 opposed, and 772,845 abstentions.

ITEM 5. OTHER INFORMATION

In May 1999, non-exempt employees in the Central Arizona Division voted to have the International Brotherhood of Electrical Workers (IBEW) represent them in employee-related matters with the Company. Nearly half of the approximately 500 eligible employees in the Central Arizona Division voted against representation by the IBEW. The Company has filed objections to the union's conduct during the organizing effort and has appealed to the National Labor Relations Board (NLRB) in Washington, D.C. to set aside the election. This process could take up to two years to complete.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

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

Exhibit 12.1 - Computation of Ratios of Earnings to Fixed Charges and Ratios of Earnings to Combined Fixed Charges and Preferred Stock Dividends.
Exhibit 27.1 - Financial Data Schedule (filed electronically only).
Exhibit 99.1 - Financial Analyst Report - Second Quarter 1999.

(b) Reports on Form 8-K

The Company filed a Form 8-K, dated July 21, 1999, indicating operating results for the quarter ended June 30, 1999 would exceed analysts' estimates.

The Company filed a Form 8-K, dated July 19, 1999, reporting a merger-related lawsuit brought against the Company and certain officers and directors of the Company by Southern Union.

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: August 12, 1999

/s/ Edward A. Janov

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

EXHIBIT 12.1

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

	For the Twelve Months Ended					
	June 30,	December 31,				
Continuing operations	1999	1998	1997	1996	1995	1994
1. Fixed charges:						
A) Interest expense	$ 61,182	$ 63,416	$ 63,247	$ 54,674	$ 52,844	$ 48,688
B) Amortization	1,301	1,243	1,164	1,494	1,569	1,426
C) Interest portion of rentals	7,991	7,531	6,973	6,629	4,435	4,743
D) Preferred securities distributions	5,475	5,475	5,475	5,475	913	-
Total fixed charges	$ 75,949	$ 77,665	$ 76,859	$ 68,272	$ 59,761	$ 54,857
2. Earnings (as defined):						
E) Pretax income from continuing operations	$ 71,599	$ 83,951	$ 21,328	$ 10,448	$ 3,493	$ 38,119
Fixed Charges (1. above)	75,949	77,665	76,859	68,272	59,761	54,857
Total earnings as defined	$ 147,548	$ 161,616	$ 98,187	$ 78,720	$ 63,254	$ 92,976
	1.94	2.08	1.28	1.15	1.06	1.69

	For the Twelve Months Ended					
	June 30,	December 31,				
Adjusted for interest allocated to discontinued operations	1999	1998	1997	1996	1995	1994
1. Fixed charges:						
A) Interest expense	$ 61,182	$ 63,416	$ 63,247	$ 54,674	$ 52,844	$ 48,688
B) Amortization	1,301	1,243	1,164	1,494	1,569	1,426
C) Interest portion of rentals	7,991	7,531	6,973	6,629	4,435	4,743
D) Preferred securities distributions	5,475	5,475	5,475	5,475	913	-
E) Allocated interest [1]	-	-	-	-	9,636	7,874
Total fixed charges	$ 75,949	$ 77,665	$ 76,859	$ 68,272	$ 69,397	$ 62,731
2. Earnings (as defined):						
F) Pretax income from continuing operations	$ 71,599	$ 83,951	$ 21,328	$ 10,448	$ 3,493	$ 38,119
Fixed Charges (1. above)	75,949	77,665	76,859	68,272	69,397	62,731
Total earnings as defined	$ 147,548	$ 161,616	$ 98,187	$ 78,720	$ 72,890	$ 100,850
3. Ratio of earnings to fixed charges	1.94	2.08	1.28	1.15	1.05	1.61

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

EXHIBIT 12.1

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

	For the Twelve Months Ended					
	June 30,	December 31,				
Continuing operations	1999	1998	1997	1996	1995	1994
1. Combined fixed charges:						
A) Total fixed charges	$ 75,949	$ 77,665	$ 76,859	$ 68,272	$ 59,761	$ 54,857
B) Preferred dividends [1]	-	-	-	-	404	826
Total fixed charges and preferred dividends	$ 75,949	$ 77,665	$ 76,859	$ 68,272	$ 60,165	$ 55,683
2. Earnings	$ 147,548	$ 161,616	$ 98,187	$ 78,720	$ 63,254	$ 92,976

3. Ratio of earnings to fixed charges

and preferred dividends	1.94	2.08	1.28	1.15	1.05	1.67

Adjusted for interest allocated to discontinued operations	For the Twelve Months Ended June 30, 1999	December 31, 1998	1997	1996	1995	1994
1. Combined fixed charges:						
A) Total fixed charges	$ 75,949	$ 77,665	$ 76,859	$ 68,272	$ 69,397	$ 62,731
B) Preferred dividends [1]	-	-	-	-	404	826
Total fixed charges and preferred dividends	$ 75,949	$ 77,665	$ 76,859	$ 68,272	$ 69,801	$ 63,557
2. Earnings	$ 147,548	$ 161,616	$ 98,187	$ 78,720	$ 72,890	$ 100,850
3. Ratio of earnings to fixed charges and preferred dividends	1.94	2.08	1.28	1.15	1.04	1.59

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

EXHIBIT 99.1

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

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,		TWELVE MONTHS ENDED JUNE 30,	
	1999	1998	1999	1998	1999	1998
Gas operating revenues	$ 166,679	$ 165,017	$ 445,789	$ 439,380	$ 806,006	$ 734,741
Net cost of gas sold	71,839	73,768	207,725	194,755	342,819	282,771
Operating margin	94,840	91,249	238,064	244,625	463,187	451,970
Operations and maintenance expenses	55,378	52,181	108,944	103,031	215,085	206,335
Depreciation, amortization, and general taxes	28,951	27,519	58,074	54,793	115,158	107,288
Operating income (loss)	10,511	11,549	71,046	86,801	132,944	138,347
Net interest deductions	14,431	15,314	29,063	31,339	60,008	63,634
Preferred securities distribution	1,369	1,369	2,738	2,738	5,475	5,475
Pretax utility income (loss)	(5,289)	(5,134)	39,245	52,724	67,461	69,238
Utility income tax expense (benefit)	(2,196)	(1,962)	15,189	20,292	28,361	22,886
Net utility income (loss)	(3,093)	(3,172)	24,056	32,432	39,100	46,352
Other income (expense), net	(1,283)	(54)	(1,367)	(1)	(4,012)	(7,885)
Contribution to net income (loss) - gas operations	(4,376)	(3,226)	22,689	32,431	35,088	38,467
Contribution to net income (loss) - construction services	780	712	1,981	1,008	3,680	2,621
Net income (loss)	$ (3,596)	$ (2,514)	$ 24,670	$ 33,439	$ 38,768	$ 41,088
Earnings (loss) per share - gas operations	$ (0.14)	$ (0.12)	$ 0.74	$ 1.18	$ 1.17	$ 1.41
Earnings per share - construction services	0.02	0.03	0.07	0.04	0.12	0.09
Basic earnings (loss) per share	$ (0.12)	$ (0.09)	$ 0.81	$ 1.22	$ 1.29	$ 1.50
Diluted earnings (loss) per share	$ (0.12)	$ (0.09)	$ 0.80	$ 1.21	$ 1.28	$ 1.49
Average outstanding common shares	30,621	27,570	30,559	27,509	30,123	27,366
Average shares outstanding (assuming dilution)	--	--	30,830	27,691	30,372	27,525

The summary statements of income have been prepared by Southwest Gas Corporation (the Company) using the equity method of accounting for its construction services subsidiary. This presentation is not in accordance with generally accepted accounting principles (GAAP). However, it produces the same net income as the consolidated financial statements and, in management's opinion, is a fair representation of the operations and contributions to net income of the Company's operating segments.

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

	SIX MONTHS ENDED JUNE 30,		TWELVE MONTHS ENDED JUNE 30,	
	1999	1998	1999	1998
Gas operating revenues	$ 445,789	$ 439,380	$ 806,006	$ 734,741
Net cost of gas sold	207,725	194,755	342,819	282,771
Operating margin	238,064	244,625	463,187	451,970
Operations and maintenance expenses	108,944	103,031	215,085	206,335
Depreciation, amortization, and general taxes	58,074	54,793	115,158	107,288
Operating income	71,046	86,801	132,944	138,347
Net interest deductions	29,063	31,339	60,008	63,634
Preferred securities distribution	2,738	2,738	5,475	5,475
Pretax utility income	39,245	52,724	67,461	69,238
Utility income tax expense	15,189	20,292	28,361	22,886
Net utility income	24,056	32,432	39,100	46,352
Other income (expense), net	(1,367)	(1)	(4,012)	(7,885)
Contribution to net income - gas operations	22,689	32,431	35,088	38,467
Contribution to net income - construction services	1,981	1,008	3,680	2,621
Net income	$ 24,670	$ 33,439	$ 38,768	$ 41,088

Earnings per share - gas operations	$ 0.74	$ 1.18	$ 1.17	$ 1.41
Earnings per share - construction services	0.07	0.04	0.12	0.09
Basic earnings per share	$ 0.81	$ 1.22	$ 1.29	$ 1.50
Diluted earnings per share	$ 0.80	$ 1.21	$ 1.28	$ 1.49
Average outstanding common shares	30,559	27,509	30,123	27,366
Average shares outstanding (assuming dilution)	30,830	27,691	30,372	27,525

See Notes to Summary Financial Statements.

SOUTHWEST GAS CORPORATION
SUMMARY BALANCE SHEET
AT JUNE 30, 1999
(In thousands)
(Unaudited)

ASSETS		
UTILITY PLANT		
Gas plant, net of accumulated depreciation	$ 1,477,647	
Construction work in progress	35,107	
Net utility plant	1,512,754	
OTHER PROPERTY AND INVESTMENTS		
Investment in construction services subsidiary	28,977	
Other	43,859	
Total other property and investments	72,836	
CURRENT AND ACCRUED ASSETS		
Cash, working funds and temporary cash investments	8,549	
Receivables - less reserve of $1,664 for uncollectibles	37,210	
Accrued utility revenue	23,000	
Other	31,261	
Total current and accrued assets	100,020	
DEFERRED DEBITS		
Unamortized debt expense	17,905	
Other deferred debits	25,577	
Total deferred debits	43,482	
TOTAL ASSETS	$ 1,729,092	
CAPITALIZATION AND LIABILITIES		
CAPITALIZATION		
Common stockholders' equity		
Common stock equity, $1 par, 30,683 shares outstanding	$ 463,327	
Retained earnings	31,606	
Total common stockholders' equity	494,933	37.1 %
Preferred securities of Southwest Gas Capital I, 9.125%	60,000	4.5
Long-term debt - NOTE 2	780,307	58.4
Total capitalization	1,335,240	100.0 %
CURRENT AND ACCRUED LIABILITIES		
Notes payable	4,320	
Accounts payable	34,556	
Customer deposits	25,519	
Taxes accrued (including income taxes)	48,445	
Deferred purchased gas costs	3,006	
Other	50,494	
Total current and accrued liabilities	166,340	
DEFERRED CREDITS		
Deferred investment tax credits	16,837	
Deferred income taxes	160,302	
Other	50,373	
Total deferred credits	227,512	
TOTAL CAPITALIZATION AND LIABILITIES	$ 1,729,092	

See Notes to Summary Financial Statements.

SOUTHWEST GAS CORPORATION
SUMMARY STATEMENT OF CASH FLOWS
SIX MONTHS ENDED JUNE 30, 1999
(In thousands)
(Unaudited)

CASH FLOWS FROM OPERATIONS:	
Net income	$ 24,670
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation and amortization	43,563
Change in receivables and payables	40,677
Change in gas cost related balancing items	60,669
Change in accrued taxes	14,744
Change in deferred taxes	(18,077)
Allowance for funds used during construction	(1,040)
Other	(2,061)
Net cash provided by operating activities	163,145
CASH FLOWS FROM INVESTING ACTIVITIES:	
Construction expenditures	(94,709)
Other	3,523
Net cash used in investing activities	(91,186)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Net proceeds from stock issuances	6,447
Dividends paid	(12,529)
Change in notes payable	(47,680)
Long-term debt issuances, net	4,000
Retirement of long-term debt	(27,000)
Net cash used in financing activities	(76,762)
Change in cash and temporary cash investments	(4,803)
Cash at beginning of period	13,352
Cash at end of period	$ 8,549
SUPPLEMENTAL INFORMATION:	
Interest paid, net of amounts capitalized	$ 29,433
Income taxes, net of refunds	$ 16,807

See Notes to Summary Financial Statements.

SOUTHWEST GAS CORPORATION
NOTES TO SUMMARY FINANCIAL STATEMENTS
(In thousands)
(Unaudited)

NOTE 1 - BASIS OF PRESENTATION:

The summary financial statements have been prepared by Southwest Gas Corporation (the Company) using the equity method of accounting for its construction services subsidiary. This presentation is not in accordance with generally accepted accounting principles (GAAP), and certain information and footnote disclosures normally included in financial statements prepared in accordance with GAAP have been omitted. The summary financial statement presentation in this report produces the same net income as the consolidated financial statements and, in management's opinion, is a fair representation of the operations and contributions to net income of the Company's operating segments.

NOTE 2 - LONG-TERM DEBT:

Revolving credit facility, variable rate	$ 173,000
Debentures and notes:	
Debentures, 9.75% series F, due 2002	100,000
Debentures, 7.50% series, due 2006	75,000
Debentures, 8% series, due 2026	75,000
Medium-term notes, 7.59% series, due 2017	25,000
Medium-term notes, 7.78% series, due 2022	25,000
Medium-term notes, 7.92% series, due 2027	25,000
Medium-term notes, 6.89% series, due 2007	17,500
Medium-term notes, 6.76% series, due 2027	7,500
Medium-term notes, 6.27% series, due 2008	25,000
Industrial development revenue bonds:	
Variable-rate bonds, Series A, due 2028 - net of funds held in trust	33,992
7.30% 1992 Series A, due 2027	30,000
7.50% 1992 Series B, due 2032	100,000
6.50% 1993 Series A, due 2033	75,000
Unamortized discount on long-term debt	(6,685)
TOTAL LONG-TERM DEBT	$ 780,307
ESTIMATED CURRENT MATURITIES	$ --

SOUTHWEST GAS CORPORATION
SELECTED STATISTICAL DATA
JUNE 30, 1999

FINANCIAL STATISTICS

Market value to book value per share at quarter end	177%
Twelve months to date return on equity -- total company	8.2%
-- gas segment	7.8%
Common stock dividend yield at quarter end	2.9%

GAS OPERATIONS SEGMENT

Rate Jurisdiction	Authorized Rate Base (In thousands)	Authorized Rate of Return	Authorized Return on Common Equity
Arizona (1)	$ 541,104	9.38%	11.25%
Southern Nevada (1)	237,165	9.50	11.55
Northern Nevada (1)	63,986	9.67	11.55
Southern California	69,486	9.94	11.35
Northern California	21,959	10.02	11.35
Paiute Pipeline Company (1)	72,054	9.69	11.60

(1) Estimated amounts based on rate case settlements.

SYSTEM THROUGHPUT BY CUSTOMER CLASS	SIX MONTHS ENDED JUNE 30,		TWELVE MONTHS ENDED JUNE 30,	
(In dekatherms)	1999	1998	1999	1998
Residential	37,051,568	39,760,871	55,984,863	57,895,319
Small commercial	15,957,431	16,426,936	26,524,178	26,596,665
Large commercial	3,583,670	4,117,306	7,398,927	7,726,751
Industrial / Other	6,820,395	5,898,152	17,628,228	10,842,440
Transportation	56,621,625	43,892,841	112,865,980	101,434,426
Total system throughput	120,034,689	110,096,106	220,402,176	204,495,601

HEATING DEGREE DAY COMPARISON				
Actual	1,432	1,709	2,038	2,358
Ten-year average	1,418	1,414	2,042	2,035

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This schedule contains summary financial information extracted from
Southwest Gas Corporation's Form 10-Q for the quarter ended June 30, 1999
and is qualified in its entirety by reference to such financial statements.

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6-MOS
DEC-31-1999
JUN-30-1999
PER-BOOK
1,512,754
84,527
123,097
0
49,360
1,769,738
32,312
431,015
31,606
494,933
0
0
793,477
8,370
0
0
6,742
0
0
0
466,216
1,769,738
508,317
17,412
434,062
434,062
74,255
(2,503)
71,752
(29,670)
24,670
0
24,670
12,529
0
167,377
0.81
0.80

Includes: trust originated preferred securities of $60,000, current liabilities, net of current long-term debt maturities and short-term debt, of $175,061 and deferred income taxes and other credits of $231,155

Includes distributions related to trust originated preferred securities of $2,738