

SOUTHWEST GAS CORP
Form 8-K
August 12, 2002

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

Form 8-K
CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported) August 12, 2002

SOUTHWEST GAS CORPORATION

(Exact name of registrant as specified in its charter)

California
(State or other jurisdiction of
incorporation or organization)

1-7850
(Commission
File Number)

88-0085720
(I.R.S. Employer
Identification No.)

5241 Spring Mountain Road
Post Office Box 98510
Las Vegas, Nevada
(Address of principal executive offices)

89193-8510
(Zip Code)

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

Item 9. Regulation FD Disclosure

On August 12, 2002, Southwest Gas Corporation (the Company) released summary financial information to the general public, including the investment community, regarding the Company's operating performance and financial position for the quarter, six months, and twelve months ended June 30, 2002. The financial information released is included herein. The following information is summary in nature and should not be considered complete financial statements.

SOUTHWEST GAS CORPORATION SUMMARY STATEMENTS OF INCOME

(In thousands, except per share amounts)
(Unaudited)

	SIX MONTHS ENDED JUNE 30,		TWELVE MONTHS ENDED JUNE 30,	
	2002	2001	2002	2001
Gas operating revenues	\$ 667,630	\$ 673,516	\$ 1,187,216	\$ 1,119,263
Net cost of gas sold	379,285	409,169	647,663	610,186
Operating margin	288,345	264,347	539,553	509,077
Operations and maintenance expenses	130,335	124,261	259,100	241,769
Depreciation, amortization, and general taxes	73,549	68,381	142,446	130,941
Operating income	84,461	71,705	138,007	136,367
Net interest deductions	39,168	39,528	78,386	75,535
Preferred securities distribution	2,738	2,738	5,475	5,475
Pretax utility income	42,555	29,439	54,146	55,357
Utility income taxes	16,184	11,216	17,979	18,796
Net utility income	26,371	18,223	36,167	36,561
Merger litigation settlements, net	(9,000)	--	(9,000)	--
Other income (expense), net	3,286	2,741	5,152	4,896
Contribution to net income - gas operations	20,657	20,964	32,319	41,457
Contribution to net income - construction services	1,629	1,705	4,454	4,054
Net income	\$ 22,286	\$ 22,669	\$ 36,773	\$ 45,511
Earnings per share - gas operations	\$ 0.63	\$ 0.66	\$ 0.99	\$ 1.30
Earnings per share - construction services	0.05	0.05	0.14	0.13
Basic earnings per share	\$ 0.68	\$ 0.71	\$ 1.13	\$ 1.43
Diluted earnings per share	\$ 0.67	\$ 0.70	\$ 1.12	\$ 1.42

	SIX MONTHS ENDED JUNE 30,		TWELVE MONTHS ENDED JUNE 30,	
	<hr/>		<hr/>	
Average outstanding common shares	32,759	31,911	32,542	31,717
Average shares outstanding (assuming dilution)	33,025	32,172	32,820	31,967

See Notes to Summary Financial Statements.

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,	
	<hr/>		<hr/>		<hr/>	
	2002	2001	2002	2001	2002	2001
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Gas operating revenues	\$ 211,425	\$ 226,296	\$ 667,630	\$ 673,516	\$ 1,187,216	\$ 1,119,263
Net cost of gas sold	104,622	129,462	379,285	409,169	647,663	610,186
Operating margin	106,803	96,834	288,345	264,347	539,553	509,077
Operations and maintenance expenses	65,033	64,051	130,335	124,261	259,100	241,769
Depreciation, amortization, and general taxes	36,727	34,018	73,549	68,381	142,446	130,941
Operating income (loss)	5,043	(1,235)	84,461	71,705	138,007	136,367
Net interest deductions	20,533	19,753	39,168	39,528	78,386	75,535
Preferred securities distribution	1,369	1,369	2,738	2,738	5,475	5,475
Pretax utility income (loss)	(16,859)	(22,357)	42,555	29,439	54,146	55,357
Utility income taxes	(6,695)	(8,567)	16,184	11,216	17,979	18,796
Net utility income (loss)	(10,164)	(13,790)	26,371	18,223	36,167	36,561
Merger litigation settlements, net	(9,000)	--	(9,000)	--	(9,000)	--
Other income (expense), net	(2,666)	1,425	3,286	2,741	5,152	4,896
Contribution to net income (loss)- gas operations	(21,830)	(12,365)	20,657	20,964	32,319	41,457
Contribution to net income - construction services	1,220	1,225	1,629	1,705	4,454	4,054
Net income (loss)	\$ (20,610)	\$ (11,140)	\$ 22,286	\$ 22,669	\$ 36,773	\$ 45,511
Earnings (loss) per share - gas operations	\$ (0.67)	\$ (0.39)	\$ 0.63	\$ 0.66	\$ 0.99	\$ 1.30

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	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,		TWELVE MONTHS ENDED JUNE 30,	
Earnings per share - construction services	0.04	0.04	0.05	0.05	0.14	0.13
Basic earnings (loss) per share	\$ (0.63)	\$ (0.35)	\$ 0.68	\$ 0.71	\$ 1.13	\$ 1.43
Diluted earnings (loss) per share	\$ (0.63)	\$ (0.35)	\$ 0.67	\$ 0.70	\$ 1.12	\$ 1.42
Average outstanding common shares	32,897	32,000	32,759	31,911	32,542	31,717
Average shares outstanding (assuming dilution)	--	--	33,025	32,172	32,820	31,967

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 BALANCE SHEET AT JUNE 30, 2002

(In thousands)

(Unaudited)

ASSETS

UTILITY PLANT

Gas plant, net of accumulated depreciation	\$ 1,827,324
Construction work in progress	58,208

Net utility plant	1,885,532
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OTHER PROPERTY AND INVESTMENTS

Investment in construction services subsidiary	37,545
Other	43,229

Total other property and investments	80,774
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CURRENT AND ACCRUED ASSETS

Cash and cash equivalents	4,811
Receivables - less reserve of \$1,640 for uncollectibles	74,626
Accrued utility revenue	27,974
Deferred taxes	12,860
Other	40,149

Total current and accrued assets	160,420	
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DEFERRED DEBITS		
Unamortized debt expense	18,210	
Other deferred debits	24,099	
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Total deferred debits	42,309	
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TOTAL ASSETS	\$ 2,169,035	
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CAPITALIZATION AND LIABILITIES		
CAPITALIZATION		
Common stockholders' equity		
Common stock equity, \$1 par, 32,969 shares outstanding	\$ 514,687	
Retained earnings	65,433	
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Total common stockholders' equity	580,120	35.1 %
Preferred securities of Southwest Gas Capital I, 9.125%	60,000	3.6
Long-term debt including current maturities - NOTE 2	1,012,972	61.3
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Total capitalization	1,653,092	100.0 %
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CURRENT AND ACCRUED LIABILITIES		
Notes payable	1,500	
Accounts payable	47,567	
Customer deposits	32,013	
Taxes accrued (including income taxes)	38,380	
Deferred purchased gas costs	19,779	
Other	67,848	
<hr/>		
Total current and accrued liabilities	207,087	
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DEFERRED CREDITS		
Deferred investment tax credits	14,234	
Deferred income taxes	213,384	
Other	81,238	
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Total deferred credits	308,856	
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TOTAL CAPITALIZATION AND LIABILITIES	\$ 2,169,035	
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See Notes to Summary Financial Statements.

SOUTHWEST GAS CORPORATION
SUMMARY STATEMENT OF CASH FLOWS
SIX MONTHS ENDED JUNE 30, 2002

(In thousands)
(Unaudited)

CASH FLOWS FROM OPERATIONS:

Net income	\$	22,286
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization		55,740
Change in receivables and payables		46,564
Change in gas cost related balancing items		103,280
Change in accrued taxes		33,221
Change in deferred taxes		(25,093)
Allowance for funds used during construction		(1,445)
Other		10,497
		<hr/>
Net cash provided by operating activities		245,050
		<hr/>

CASH FLOWS FROM INVESTING ACTIVITIES:

Construction expenditures		(114,662)
Other		11,476
		<hr/>
Net cash used in investing activities		(103,186)
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CASH FLOWS FROM FINANCING ACTIVITIES:

Net proceeds from stock issuances		10,154
Dividends paid		(13,422)
Change in notes payable		(91,500)
Retirement of long-term debt		(200,000)
Temporary paydown of credit facility		(67,000)
Long-term debt issuances, net		197,948
		<hr/>
Net cash used in financing activities		(163,820)
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Change in cash and cash equivalents		(21,956)
Cash at beginning of period		26,767
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Cash at end of period	\$	4,811
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SUPPLEMENTAL INFORMATION:

Interest paid, net of amounts capitalized	\$	36,675
Income taxes, net of refunds	\$	854

See Notes to Summary Financial Statements.

SOUTHWEST GAS CORPORATION
NOTES TO SUMMARY FINANCIAL STATEMENTS

(In thousands)
(Unaudited)

NOTE 1 - BASIS OF PRESENTATION:

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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	\$	33,000
Debtures:		
7.5% due 2006		75,000
8% due 2026		75,000
Notes, 8.375%, due 2011		200,000
Notes, 7.625%, due 2012		200,000
Medium-term notes:		
7.59% due 2017		25,000
7.75% due 2005		25,000
7.78% due 2022		25,000
7.92% due 2027		25,000
6.89% due 2007		17,500
6.76% due 2027		7,500
6.27% due 2008		25,000
Industrial development revenue bonds:		
Variable-rate bonds, Series A, due 2028		50,000
7.3% 1992 Series A, due 2027		30,000
7.5% 1992 Series B, due 2032		100,000
6.5% 1993 Series A, due 2033		75,000
6.1% 1999 Series A, due 2038		12,410
5.55% 1999 Series D, due 2038		8,270
5.95% 1999 Series C, due 2038		14,320
Unamortized discount on long-term debt		(10,028)
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TOTAL LONG-TERM DEBT	\$	1,012,972
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ESTIMATED CURRENT MATURITIES	\$	--
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SOUTHWEST GAS CORPORATION SELECTED STATISTICAL DATA JUNE 30, 2002

FINANCIAL STATISTICS

Market value to book value per share at year end

141%

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Twelve months to date return on equity -- total company	6.5%
segment -- gas	6.0%
Common stock dividend yield at year end	3.3%

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	28,849	10.02	11.35
Paiute Pipeline Company (1)	75,059	9.69	11.60

(1) Estimated amounts based on rate case settlements.

SYSTEM THROUGHPUT BY CUSTOMER CLASS

(In dekatherms)	SIX MONTHS ENDED JUNE 30,		TWELVE MONTHS ENDED JUNE 30,	
	2002	2001	2002	2001
Residential	39,964,402	40,253,470	58,705,210	62,744,237
Small commercial	16,918,647	17,070,378	27,844,742	28,901,749
Large commercial	7,432,951	4,216,649	13,974,612	7,484,295
Industrial / Other	11,651,141	14,251,649	25,776,715	26,829,249
Transportation	57,251,046	65,119,495	118,951,844	148,143,616
Total system throughput	133,218,187	140,911,641	245,253,123	274,103,146

HEATING DEGREE DAY COMPARISON

Actual	1,392	1,449	1,901	2,174
Ten-year average	1,373	1,361	1,979	1,977

SIGNATURES

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 hereunto duly authorized.

SIGNATURES

SOUTHWEST GAS CORPORATION

Date: August 12,
2002

/s/ ROY R. CENTRELLA

Roy R. Centrella
Vice President/Controller/Chief Accounting Officer