



## Southwest Gas<sup>™</sup> HOLDINGS

### Southwest Gas-ONEOK Combination Clears Major Hurdle With Agreement Between Utilities and Nevada Regulators

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LAS VEGAS, June 1 /PRNewswire/ -- Southwest Gas Corp. (NYSE: SWX) and ONEOK Corp. (NYSE: OKE) have cleared a major regulatory hurdle by reaching agreement with Nevada regulatory staffs on terms that will govern the combination of the two natural gas utilities.

Southwest Gas and ONEOK agreed to a Stipulation with the Regulatory Operations Staff of the Public Utilities Commission of Nevada (PUCN) and the Attorney General's Bureau of Consumer Protection - Utility Consumer's Advocate (UCA) on terms that will provide protection to customers of Southwest Gas from adverse effects due to the merger.

"This agreement supports our expectation that this combination will receive rapid review and approval of regulators in all three states where Southwest Gas operates," said Michael O. Maffie, President and Chief Executive Officer of Southwest Gas. Under state law, the PUCN must reach a decision on the merger application no later than August 19 -- six months after the utilities filed their application seeking PUCN approval. "We were able to reach this agreement rapidly and without unusual difficulties," Maffie said. "We remain on track for our expected consummation of the merger in the fourth quarter of this year."

None of the items covered in the Stipulation agreement are out of the ordinary in merger applications to utility regulators, and none are objectionable to Southwest Gas, Maffie said.

The merger proposal still must obtain approval from the PUCN. The Commissioner is expected to begin considering the proposal on June 21 and the full Commission is expected to reach a decision no later than August 19. Although the PUCN is not legally bound by the Stipulation agreement, such accords typically provide the foundation for PUCN decisions, the company said.

Attorney General Frankie Sue Del Papa commented on her office reaching a Stipulation Agreement with ONEOK concerning its intended acquisition of Southwest Gas Corporation. "The Bureau of Consumer Protection has completed its review of the proposed merger of Southwest Gas Company and ONEOK, Inc. and supported the move if certain key conditions were in place" Del Papa said. "The agreement we have reached will mean that Nevada consumers will not be charged with incurring the cost of ONEOK's acquisition."

Prior to reaching the agreement Fred Schmidt, the State Consumer Advocate in the Nevada Attorney General's Office had commented on the merger: "Frankly we've been very impressed with the ONEOK company and it is not often that I say that because we are usually very skeptical of these things."

The Stipulation includes the following:

- ONEOK commits to provide financing to close the transaction with an unsecured debt credit rating of at least BBB+. (Southwest Gas' current credit rating is BBB-, the lowest "investment grade" credit rating.)
- No costs associated with the merger will be charged to Nevada customers of Southwest Gas. (In utility regulatory parlance, all merger costs will be "below the line.")

The Southwest Gas-ONEOK combination requires approval from utility regulators in the three states in which Southwest Gas operates -- Nevada, Arizona and California. With the Stipulation agreement announced today, it is possible that the PUCN could reach a decision on the merger proposal before the August 19 statutory deadline, the company said. In California, a consumer session and general hearings have already been scheduled to commence in July. It is expected that regulators in Arizona will begin consideration soon of the merger application submitted in that state.

The merger also requires approval by a majority of the shares outstanding of Southwest Gas. Shareholders will vote on the proposed combination at a shareholder meeting whose date has not yet been set.

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