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, 1995

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 23,581,568 shares as of May 10, 1995

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 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 1994 Annual Report on Form 10-K.

SOUTHWEST GAS CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Thousands of dollars)
(Unaudited)

	MARCH 31, 1995	DECEMBER 31, 1994
ASSETS		
Cash and cash equivalents	$ 151,378	$ 129,998
Debt securities available for sale	511,570	529,400
Debt securities held to maturity (fair value of $97,661 and $99,403)	99,772	101,880
Loans receivable, net of allowance for estimated losses of $18,105 and $17,659	980,348	936,037
Loans receivable held for sale (fair value of $1,733 and $2,135)	1,711	2,114
Receivables, less reserves for uncollectibles	71,872	105,438
Gas utility property, net of accumulated depreciation	1,053,556	1,035,916
Other property, net of accumulated depreciation	36,670	35,605
Excess of cost over net assets acquired	64,675	65,640
Other assets	123,865	147,965
	$ 3,095,417	$ 3,089,993
LIABILITIES & STOCKHOLDERS' EQUITY		
Deposits	$ 1,255,993	$ 1,239,949
Securities sold under agreements to repurchase	214,674	281,935
Deferred income taxes and tax credits, net	128,599	133,531
Accounts payable and other accrued liabilities	217,749	208,691
Short-term debt	70,000	92,000
Long-term debt, including current maturities	844,821	790,798
	2,731,836	2,746,904
Preferred stock, including current maturities	4,000	4,000
Common stock		
Authorized - 30,000,000 shares		
Issued and outstanding - 21,527,834 shares and 21,281,717 shares	23,158	22,912
Additional paid-in capital	276,576	273,217
Unrealized loss, net of tax, on debt securities available for sale	(2,703)	(9,467)
Retained earnings	62,550	52,427
	359,581	339,089
	$ 3,095,417	$ 3,089,993

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,	
	1995	1994	1995	1994
Operating revenues:				
Gas operating revenues	$ 203,521	$ 207,369	$ 595,492	$ 564,025
Financial services interest income	33,211	28,045	123,600	124,373
Other	2,156	3,741	8,597	20,037
	238,888	239,155	727,689	708,435
Operating expenses:				
Net cost of gas purchased	98,906	96,996	251,833	222,547
Financial services interest expense, net	18,429	14,049	64,170	66,885
Operating expense	43,568	41,231	172,118	165,626
Maintenance expense	7,892	6,739	31,351	28,448
Provision for estimated credit losses	1,710	1,848	7,255	7,709
Depreciation, depletion and amortization	17,064	16,062	66,032	63,895
Taxes other than income taxes	6,887	6,495	26,138	24,795
Other	4,491	4,281	17,615	25,435
	198,947	187,701	636,512	605,340
Operating income	39,941	51,454	91,177	103,095
Other income and (expenses):				
Net interest deductions	(15,731)	(13,615)	(59,451)	(51,226)
Other income (deductions), net	147	(218)	(966)	(14,569)
	(15,584)	(13,833)	(60,417)	(65,795)
Income before income taxes	24,357	37,621	30,760	37,300
Income taxes	9,712	14,911	12,523	16,310
Net income	14,645	22,710	18,237	20,990
Preferred/preference stock dividend requirements	95	139	467	674
Net income applicable to common stock	$ 14,550	$ 22,571	$ 17,770	$ 20,316
Earnings per share of common stock	$ 0.68	$ 1.07	$ 0.84	$ 0.98
Dividends paid per share of common stock	$ 0.205	$ 0.195	$ 0.81	$ 0.76
Average number of common shares outstanding	21,396	21,023	21,170	20,833

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,	
	1995	1994	1995	1994
CASH FLOW FROM OPERATING ACTIVITIES:				
Net income	$ 14,645	$ 22,710	$ 18,237	$ 20,990
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation, depletion and amortization	17,064	16,062	66,032	63,895
Provision for estimated losses	1,710	1,848	7,255	7,709
Change in unrecovered purchased gas costs	21,432	(1,425)	31,871	(26,232)
Change in deferred income taxes	(8,577)	444	(17,233)	11,607
Change in deferred charges and credits	3,342	(2,155)	4,525	9,000
Change in noncash working capital	39,660	40,773	12,040	2,465
Other	(713)	(1,715)	2,226	9,852
Net cash provided by operating activities	88,563	76,542	124,953	99,286
CASH FLOW FROM INVESTING ACTIVITIES:				
Construction expenditures	(34,829)	(30,866)	(148,552)	(121,570)
Loan originations, net of repayments	(47,078)	(61,567)	(140,535)	(220,985)
Sales of loans and loan servicing rights	3,850	17,921	32,019	78,367
Purchases of debt securities	--	(50,987)	(245,362)	(96,875)
Proceeds from sales of debt securities	--	3,559	1,515	352,347
Maturities and repayments of debt securities	29,893	71,905	249,735	298,857
Proceeds from sales of real estate acquired through foreclosure	2,860	19	6,889	22,460
Proceeds from sale of Arizona assets and services	--	--	--	6,718
Other	(1,615)	(1,766)	3,484	(10,010)
Net cash provided by (used in) investing activities	(46,919)	(51,782)	(240,807)	309,309
CASH FLOW FROM FINANCING ACTIVITIES:				
Issuance of common stock	3,605	511	7,867	7,301
Dividends paid	(4,478)	(4,239)	(17,649)	(16,567)
Issuance of long-term debt	57,000	11,000	150,900	97,909
Retirement of long-term debt	(2,977)	(1,167)	(8,777)	(46,484)
Issuance (repayment) of short-term debt	(22,000)	(43,000)	27,000	43,000
Change in deposit accounts	16,044	26,738	21,403	(73,521)
Sale and assumption of Arizona deposit liabilities	--	--	--	(320,902)
Proceeds from repos/other borrowings	340,817	259,041	363,109	1,107,108
Repayment of repos/other borrowings	(408,078)	(278,135)	(388,382)	(1,183,279)
Other	(197)	(155)	(4,935)	(8,246)
Net cash provided by (used in) financing activities	(20,264)	(29,406)	150,536	(393,681)
Net change in cash and cash equivalents	21,380	(4,646)	34,682	14,914
Balance at beginning of period	129,998	121,342	116,696	101,782
Balance at end of period	$ 151,378	$ 116,696	$ 151,378	$ 116,696
Supplemental disclosures of cash flow information				
Cash paid during the year for:				
Interest, net of amounts capitalized	$ 24,545	$ 26,441	$ 67,792	$ 71,768
Income taxes, net of refunds	5,179	(3,650)	10,961	(1,293)

The accompanying notes are an integral part of these statements.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 1 - Summarized Consolidated Financial Statement Data

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

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

	MARCH 31, 1995	DECEMBER 31, 1994
ASSETS		
Cash and due from banks	$ 33,991	$ 35,262
Cash equivalents	87,289	88,660
Debt securities available for sale	511,570	529,400
Debt securities held to maturity (fair value of $97,661 and $99,403)	99,772	101,880
Loans receivable, net of allowance for estimated credit losses of $18,105 and $17,659	980,348	936,037
Loans receivable held for sale (fair value of $1,733 and $2,135)	1,711	2,114
Real estate acquired through foreclosure	3,724	7,631
Real estate held for sale or development, net of allowance for estimated losses of $799 and $476	369	771
FHLB stock, at cost	17,525	17,277
Excess of cost over net assets acquired	64,675	65,640
Other assets	28,115	31,649
	$ 1,829,089	$ 1,816,321
LIABILITIES AND STOCKHOLDER'S EQUITY		
Deposits	$ 1,255,993	$ 1,239,949
Securities sold under agreements to repurchase	214,674	281,935
Advances from FHLB	149,400	99,400
Notes payable	8,135	8,135
Other liabilities	26,058	20,514
	1,654,260	1,649,933
Stockholder's equity:		
Common stock	57	57
Additional paid-in capital	160,442	160,442
Unrealized loss, net of tax, on debt securities available for sale	(2,703)	(9,467)
Retained earnings	17,033	15,356
	174,829	166,388
	$ 1,829,089	$ 1,816,321

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

	THREE MONTHS ENDED MARCH 31,		TWELVE MONTHS ENDED MARCH 31,	
	1995	1994	1995	1994
Interest income	$ 33,211	$ 28,045	$ 123,600	$ 124,373
Interest expense	18,429	14,049	64,170	66,885
Net interest income	14,782	13,996	59,430	57,488
Provision for estimated credit losses	(1,364)	(1,434)	(7,160)	(6,523)
Net interest income after provision for credit losses	13,418	12,562	52,270	50,965
Net loss from real estate operations	(433)	(485)	(560)	(1,232)
Gain on sale of loans	72	248	422	1,528
Loss on sale of loans	--	(156)	(195)	(213)
Net gain on sale of debt securities	--	33	1	7,830
Gain (loss) on secondary marketing hedging activity	(4)	131	254	(246)
Loan-related fees	317	237	1,245	978
Deposit-related fees	1,850	1,495	7,143	6,480
Gain (loss) on sale of credit cards	--	1,690	(1)	1,690
Loss on sale - Arizona branches	--	--	--	(6,262)
Other income	8	134	193	2,036
Total noninterest income	2,243	3,812	9,062	13,821
General and administrative expenses	11,151	10,988	43,672	47,295
Amortization of cost in excess of net assets acquired	965	966	3,860	3,911
Total noninterest expense	12,116	11,954	47,532	51,206
Income before income taxes	3,112	3,935	13,240	12,348
Income tax expense	1,434	1,746	6,079	7,217
Net income	$ 1,678	$ 2,189	$ 7,161	$ 5,131
Contribution to consolidated net income (a)	$ 196	$ 976	$ 1,997	$ 198

(a) Includes after-tax allocation of costs from parent.

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

The Company is comprised of two business segments; natural gas operations and financial services. The gas segment purchases, transports and distributes natural gas to residential, commercial and industrial customers in geographically diverse portions of Arizona, Nevada and California. The financial services segment consists of PriMerit Bank (the Bank), a wholly owned subsidiary, which is engaged in retail and commercial banking. The Bank's principal business is to attract deposits from the general public and make consumer and commercial loans secured by real estate and other collateral. For the twelve months ended March 31, 1995, the natural gas operations segment contributed $16.2 million and the financial services segment contributed $2 million, resulting in consolidated net income of $18.2 million.

CONSOLIDATED 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 segment is generally responsible for securing its own financing sources.

The Company's unsecured debt is rated Baa3 by Moody's Investors Service, BBB- by Standard and Poor's Ratings Group and BB+ by Duff and Phelps Credit Rating Company.

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

RESULTS OF CONSOLIDATED OPERATIONS

Quarterly Analysis

	Contribution to Consolidated Net Income Three Months Ended March 31, (Thousands of dollars) 1995	1994
Natural gas operations segment	$ 14,449	$ 21,734
Financial services segment	196	976
Consolidated net income	$ 14,645	$ 22,710

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

Twelve Month Analysis

	Contribution to Consolidated Net Income Twelve Months Ended March 31, (Thousands of dollars) 1995	1994
Natural gas operations segment	$ 16,240	$ 20,792
Financial services segment	1,997	198
Consolidated net income	$ 18,237	$ 20,990

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 989,000 residential, commercial and industrial customers within its three-state service territory, of which 59 percent are in Arizona, 30 percent are in Nevada, and 11 percent are in California. During the twelve months ended March 31, 1995, 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 58 percent of operating margin in Arizona, 31 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, 1995, the Company's natural gas construction expenditures totaled $145 million, a 21 percent increase when compared to $120 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 the three-year period ending December 31, 1997 will be approximately $410 million, and that debt maturities and repayments and other cash requirements are expected to approximate $15 million. It is currently estimated that cash flow from operating activities (net of dividends) will generate approximately one-half of the gas segment's total financing requirements during the three-year period ending December 31, 1997. A portion of the remaining funding requirements will be provided by $83 million of funds held in trust, at December 31, 1994, 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).

In May 1995, the Company completed an offering of 2 million primary shares of common stock. The net proceeds from this offering, before exercise of underwriter options to purchase up to 300,000 additional shares, are estimated at $26.7 million after deducting underwriting discounts, commissions, and expenses. The proceeds will be used to repay a portion of short-term borrowings incurred to finance utility construction, and to finance construction, completion, extension or improvement of the Company's facilities located in and around the communities it serves.

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

	Three Months Ended March 31, (Thousands of dollars) 1995	1994
Gas operating revenues	$ 203,521	$ 207,369
Net cost of gas	98,906	96,996
Operating margin	104,615	110,373
Operations and maintenance expense	45,867	42,435
Depreciation and amortization	15,137	14,048
Taxes other than income taxes	6,782	6,371
Operating income	36,829	47,519
Other income (expense), net	147	(218)
Income before interest and income taxes	36,976	47,301
Net interest deductions	15,731	13,615
Income tax expense	8,278	13,165
Net income before allocation to the Bank	12,967	20,521
Carrying costs allocated to the Bank, net of tax	1,482	1,213
Contribution to consolidated net income	$ 14,449	$ 21,734

Contribution to consolidated net income decreased $7.3 million, compared to the first quarter of 1994. The decrease was principally the result of lower operating margin directly attributable to significantly warmer weather throughout the Company's service territories when compared to the same period in 1994. In addition, higher operating expenses and net interest deductions were incurred as a result of the continued expansion and upgrading of the gas system to accommodate the Company's customer growth.

Operating margin declined five percent in the first quarter of 1995 when compared to the first quarter of 1994. Unseasonably warm weather in the Company's three largest operating areas, Phoenix, Las Vegas, and Tucson, resulted in weather-sensitive customers purchasing approximately 14 percent less gas than anticipated. On a weather-normalized basis, first quarter 1995 operating margin would have been approximately $14.6 million, or 14 percent, greater than actually reported, while first quarter 1994 operating margin would have been approximately $3.6 million, or 3 percent greater than actual, resulting in a weather-related decrease between periods of $11 million.

The negative impact of warmer weather on operating margin was mitigated partially by record customer growth. During the first quarter of 1995, the Company billed an average of 48,000 more customers per month than in the first quarter of 1994, resulting in approximately $5.3 million of additional operating margin.

Operations and maintenance expenses increased $3.4 million, or eight 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 increased $1.1 million, or eight percent, as a result of additional plant in service. Average gas plant in service increased $110 million, or eight percent, as compared to the first quarter of 1994. 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 increased $2.1 million, or 15 percent, over the prior period. Average debt outstanding during the current quarter increased 14 percent compared to the first quarter of 1994, and consisted of a $68 million increase in average long-term debt, net of funds held in trust, and a $25 million increase 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. Higher interest rates on variable-rate debt also contributed to the increase in net interest deductions.

Twelve Month Analysis

	Twelve Months Ended March 31, (Thousands of dollars)	
	1995	1994
Gas operating revenues	$ 595,492	$ 564,025
Net cost of gas	251,833	222,547
Operating margin	343,659	341,478
Operations and maintenance expense	181,631	170,916
Depreciation and amortization	58,340	55,611
Taxes other than income taxes	25,751	24,204
Operating income	77,937	90,747
Other income (expense), net	(966)	(14,570)
Income before interest and income taxes	76,971	76,177
Net interest deductions	59,451	51,226
Income tax expense	6,444	9,092
Net income before allocation to the Bank	11,076	15,859
Carrying costs allocated to the Bank, net of tax	5,164	4,933
Contribution to consolidated net income	$ 16,240	$ 20,792

Contribution to consolidated net income decreased $4.6 million, or 22 percent, as compared to the corresponding twelve-month period of the prior year. Increased operating margin was offset by increased operations and maintenance expense, depreciation expense, general taxes, and net interest deductions. The recognition of the Arizona pipe replacement program disallowances had a significant negative impact on net income for the twelve months ended March 31, 1994 (see discussion below).

Operating margin increased $2.2 million due to continued customer growth in the Company's service areas, combined with rate relief in the Company's Arizona and California rate jurisdictions, offset by differences in heating demand between periods. The Company added approximately 48,000 customers, an increase of five percent, during the twelve-month period.

Operations and maintenance expenses increased $10.7 million, or six percent, primarily 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 $4.3 million, or five percent, as a result of additional plant in service. Average gas plant in service for the current twelve-month period increased $87 million, or seven 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.

Other expenses for the twelve months ended March 31, 1994, includes a $15.9 million write-off in gross plant related to the central and southern Arizona pipe replacement programs, the result of a regulatory mandate. The

impact of these disallowances, net of accumulated depreciation, tax benefits and other related items, was a noncash reduction to net income of $9.3 million.

Net interest deductions increased $8.2 million, or 16 percent, during the twelve months ended March 1995 over the comparative period of the prior year. Average total debt outstanding during the period increased 12 percent compared to the corresponding period of the prior year, and consisted of a $47 million increase in average long-term debt, net of funds held in trust, and a $31 million increase 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. Higher interest rates on variable-rate debt also contributed to the increase in net interest deductions.

FINANCIAL SERVICES SEGMENT

PriMerit Bank (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 on real estate loans and debt securities and, to a lesser extent, from interest on nonmortgage loans, gains on sales of loans and debt securities, and 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 (as defined in the OTS regulations) during the preceding calendar month. The liquidity ratio was 14 percent for the month of March 1995. The Bank maintains a ratio substantially 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, 1995, the Bank maintained in excess of $324 million of unencumbered assets which could be borrowed against or sold to increase liquidity levels.

The Bank's deposits increased $16 million during the quarter primarily due to an increase in money market transaction accounts. During the first quarter, the Bank borrowed $50 million in the form of FHLB advances. The proceeds were used to pay down long-term reverse repurchase agreements.

FINANCIAL AND REGULATORY CAPITAL

The Bank exceeded all three adequately capitalized FDIC Improvement Act of 1991 (FDICIA) required ratios applicable at March 31, 1995, and all three fully phased-in FDICIA capital requirements which will be applicable at July 1, 1996 under current FDICIA capital standards. As required by the OTS, effective January 1995, all supervisory goodwill was excluded from regulatory capital, resulting in a decline in all three of the Bank's regulatory capital ratios. This decline was offset partially by the Bank's year-to-date net income and goodwill amortization. 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, 1995			December 31, 1994		
	Total Risk-Based	Tier 1 Risk-Based	Tier 1 Leverage	Total Risk-Based	Tier 1 Risk-Based	Tier 1 Leverage
Stockholder's equity	$ 174,829	$ 174,829	$ 174,829	$ 166,388	$ 166,388	$ 166,388
Capital adjustments:						
Nonsupervisory goodwill	(39,853)	(39,853)	(39,853)	(40,376)	(40,376)	(40,376)
Supervisory goodwill	(24,822)	(24,822)	(24,822)	(18,661)	(18,661)	(18,661)
Real estate investments	(724)	--	--	(1,325)	(194)	(194)
Unrealized loss, net of tax, on debt securities available for sale	2,703	2,703	2,703	9,467	9,467	9,467
General loan loss reserves	11,872	--	--	11,512	--	--
Regulatory capital	$ 124,005	$ 112,857	$ 112,857	$ 127,005	$ 116,624	$ 116,624
Regulatory capital ratio	13.12%	11.94%	6.38%	13.88%	12.75%	6.62%
Adequately capitalized required ratio	8.00	4.00	4.00	8.00	4.00	4.00
Excess	5.12%	7.94%	2.38%	5.88%	8.75%	2.62%
Asset base	$ 945,093	$ 945,093	$1,767,912	$ 914,812	$ 914,812	$1,760,801

At March 31, 1995 under fully phased-in FDICIA capital rules applicable at July 1, 1996, the Bank would have exceeded its fully phased-in adequately capitalized total risk-based, tier 1 risk-based, and tier 1 leverage capital requirements by $47.9 million, $74.7 million and $42 million, respectively.

The OTS has indefinitely delayed the implementation of its regulation regarding the interest rate risk (IRR) component for risk-based capital. Based on the Bank's internal model of IRR exposure as of March 31, 1995, no capital deduction would be required if the OTS regulation had been implemented.

The Bank enters into various interest rate swaps in managing its IRR. 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 income.

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, 1995	December 31, 1994
Notional principal	$ 72,450	$ 72,450
Weighted average remaining term (months)	56	59
Weighted average fixed-rate payable	6.95%	6.95%
Weighted average variable-rate receivable	6.45%	5.66%
Unrealized gains	$ 955	$ 2,991
Unrealized losses	$ (140)	$ (5)

RESULTS OF FINANCIAL SERVICES OPERATIONS

Quarterly Analysis

The Bank recorded net income of $1.7 million for the three months ended March 31, 1995 compared to net income of $2.2 million for the same period in 1994. After-tax components of the Bank's 1995 first quarter net income were comprised of $3 million from core banking operations offset partially by $281,000 in real estate losses and $965,000 in goodwill amortization expense. After-tax components of the Bank's 1994 first quarter net income were comprised of income of $2.4 million from core banking operations, a $1.1 million gain on the sale of the Bank's credit card receivables, partially offset by a $319,000 loss from real estate, and $966,000 in goodwill amortization expense.

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

	Three Months Ended March 31,					
	1995			1994		
	Average Balance	Interest	Average Yield	Average Balance	Interest	Average Yield
Interest-earning assets:						
Cash equivalents	$ 83,144	$ 1,258	6.05%	$ 69,656	$ 553	3.18%
Debt securities held to maturity	100,619	1,823	7.25	67,776	1,101	6.50
Debt securities available for sale	516,000	8,658	6.71	587,984	8,424	5.73
Loans receivable	956,954	21,247	8.88	855,184	17,815	8.33
FHLB stock	17,458	225	5.16	16,621	152	3.66
Total interest-earning assets	$1,674,175	33,211	7.93	$1,597,221	28,045	7.02
Interest-bearing liabilities:						
Deposits	$1,239,028	12,404	4.06	$1,207,023	10,333	3.47
Securities sold under agreements to repurchase	261,243	4,033	6.26	256,547	2,710	4.28
Advances from FHLB	112,332	1,623	5.86	71,000	822	4.70
Notes payable	8,135	171	8.52	8,265	154	7.56
Total interest-bearing liabilities	$1,620,738	18,231	4.56	$1,542,835	14,019	3.69
Cost of hedging activities		198	0.05		37	0.01
Cost of funds		18,429	4.61		14,056	3.70
Capitalized and transferred interest		--	--		(7)	--
Net interest income		$ 14,782	3.32%		$ 13,996	3.32%
Net yield on interest-earning assets			3.53%			3.51%

Despite an increasing interest rate environment between periods, the Bank's net interest margin remained strong due to the repricing of the Bank's adjustable-rate assets and the Bank's ability to lag increasing rates paid on deposits relative to the increasing general interest rate environment. The increase in the average loan yield is due to originations between the periods at higher rates and adjustable-rate loans repricing at higher rates. The increased yield on interest-earning assets was partially offset by a 198 basis point increase in the average wholesale borrowing rate on securities sold under agreements to repurchase, along with an increased level of long-term FHLB advances which carried a higher rate of interest than the short-term borrowings paid down.

Noninterest income declined $1.6 million in the first quarter of 1995 compared to 1994, principally due to the one time $1.7 million gain on the sale of credit card receivables recorded in 1994. The $355,000 increase in deposit-related fees during 1995 was due primarily to increases in the fees charged on these accounts. The $188,000 decrease in net gains on sale of loans and securities from secondary marketing activities resulted from lower levels of 30-year fixed-rate loan originations in the first quarter of 1995 compared to the same period in 1994.

General and administrative expenses increased slightly in the first quarter of 1995 compared to the same period in 1994, due primarily to increased marketing expenditures.

Twelve Month Analysis

The Bank recorded net income of $7.2 million for the twelve months ended March 31, 1995 compared to net income of $5.1 million for the twelve months ended March 31, 1994. 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, a gain of $166,000 from real estate operations, offset partially by $498,000 from adjustments and charge-offs related to the January 1994 sale of the Bank's credit card receivables, $527,000 of real estate litigation costs, and $3.9 million of goodwill amortization expense. After-tax components of the Bank's net income for the twelve months ended March 31, 1994 were comprised of $8.6 million from core banking operations, a $400,000 benefit recorded as a result of the 1993 change in federal income tax rates, a gain of $1.1 million on the sale of the Bank's credit card receivables, and a $780,000 gain from a legal settlement, offset by a $789,000 loss from real estate operations, a net $1.1 million loss resulting from the May 1993 sale of the Bank's Arizona branch operations and related transactions, and $3.9 million of goodwill amortization expense.

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

	Twelve Months Ended March 31,					
	1995			1994		
	Average Balance	Interest	Average Yield	Average Balance	Interest	Average Yield
Interest-earning assets:						
Cash equivalents	$ 59,752	$ 3,137	5.25%	$ 48,504	$ 1,481	3.05%
Debt securities held to maturity	81,731	5,641	6.90	148,358	10,841	7.31
Debt securities available for sale	538,784	34,399	6.38	689,260	38,819	5.63
Loans receivable	912,144	79,512	8.72	815,546	72,570	8.90
FHLB stock	17,126	911	5.32	16,452	662	4.02
Total interest-earning assets	$1,609,537	123,600	7.68	$1,718,120	124,373	7.24
Interest-bearing liabilities:						
Deposits	$1,237,516	46,187	3.73	$1,344,872	50,701	3.77
Securities sold under agreements to repurchase	223,794	12,347	5.52	279,953	12,062	4.31
Advances from FHLB	83,843	4,344	5.18	52,647	2,620	4.98
Notes payable	8,171	652	7.98	11,635	931	8.00
Unsecured senior notes	--	--	--	7,527	551	7.32
Total interest-bearing liabilities	$1,553,324	63,530	4.09	$1,696,634	66,865	3.94
Cost of hedging activities		646	0.04		61	--
Cost of funds		64,176	4.13		66,926	3.94
Capitalized and transferred interest		(6)	--		(41)	--
Net interest income		$ 59,430	3.55%		$ 57,488	3.30%
Net yield on interest-earning assets			3.69%			3.35%

The net decrease in total debt securities was due primarily to the sale of $334 million of MBS during August 1993 to fund the sale of the Arizona-based deposit liabilities. Average deposits also declined as a result of the sale of the Arizona-based deposit liabilities.

The net loss from real estate operations of $560,000 for the twelve months ended March 31, 1995 was primarily due to litigation costs on a real estate apartment complex which the Bank built and sold in 1989. The net loss from real estate operations for the comparable period ended March 31, 1994 included $1.2 million in provisions for estimated losses on the Bank's real estate investments.

The decrease in net gains on sale of loans resulted from lower levels of 30-year fixed-rate loan originations during the twelve-month period ended March 31, 1995 compared to the same period a year ago.

Deposit-related fees increased by $663,000 due to a higher deposit fee structure and an increased level of transaction accounts subject to fee assessment. Other income for the twelve months ended March 31, 1994 included the receipt of a legal settlement.

General and administrative expenses declined $3.6 million, or eight percent, for the twelve months ended March 31, 1995 compared to the same period in 1994 due principally to the Arizona sale.

ASSET QUALITY

Loan Impairment. On January 1, 1995, the Bank adopted Statement of Financial Accounting Standards (SFAS) No. 114, "Accounting by Creditors for Impairment of a Loan," and SFAS No. 118, "Accounting by Creditors for Impairment of a Loan - Income Recognition and Disclosures." SFAS No. 114 requires the measurement of loan impairment to be based on the present value of expected

future cash flows discounted at the loan's effective interest rate or the fair value of the underlying collateral on collateral-dependent loans. SFAS No. 118 allows a creditor to use existing methods for recognizing interest income on impaired loans.

Upon adoption of SFAS No. 114, $2.9 million of in-substance foreclosed assets were reclassified on the Bank's consolidated balance sheet from real estate acquired through foreclosure to loans receivable as SFAS No. 114 eliminated the in-substance designation. No other financial statement impact resulted from the Bank's adoption of SFAS No. 114.

In general, under SFAS No. 114, interest income on impaired loans will continue to be 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.

Interest income recognized on impaired loans during the quarter ended March 31, 1995, consisted of $625,000 using an accrual basis of accounting and $1,000 using a cash basis of accounting. The average balance outstanding of impaired loans for the quarter was $23.8 million, while at March 31, 1995, the outstanding impaired loan balance was $23.2 million.

Nonperforming Assets. Nonperforming assets are comprised of nonaccrual assets, restructured loans and real estate acquired through foreclosure. Nonaccrual assets are those on which management believes the timely collection of interest or principal is doubtful. Assets 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 assets on accrual status which were over 90 days delinquent or past maturity as of March 31, 1995.

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

	March 31, 1995	December 31, 1994
Nonaccrual loans past due 90 days or more:		
Mortgage loans:		
Construction and land	$ 1,586	$ 576
Permanent single-family residences	4,984	5,517
Other mortgage loans	5,538	5,696
	12,108	11,789
Nonmortgage loans	1,280	904
Restructured loans	17,292	16,768
Total nonperforming loans	30,680	29,461
Real estate acquired through foreclosure	3,724	7,631
Total nonperforming assets	$ 34,404	$ 37,092
Allowance for estimated credit losses	$ 18,105	$ 17,659
Allowance for estimated credit losses as a percentage of nonperforming loans	59.01%	59.94%
Allowance for estimated credit losses as a percentage of nonperforming assets	52.62%	47.61%

Restructured loans include $13.5 million of 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. All loans classified as restructured are performing in accordance with the terms of the restructuring.

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 Bank designated $31.9 million and $32.2 million of its assets as "special mention" at March 31, 1995 and December 31, 1994, respectively. Impaired loans, as defined by SFAS No. 114, are included in substandard assets.

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

	March 31, 1995		December 31, 1994	
	Balance	% of Total Assets	Balance	% of Total Assets
Substandard assets:				
Loans:				
Single-family residential	$ 6,006	0.33%	$ 6,882	0.38%
Consumer	1,591	0.09	1,297	0.07
Commercial and multi-family mortgage	20,602	1.13	20,797	1.14
Construction and land	1,561	0.09	615	0.03
Foreclosed real estate (net)	3,724	0.20	7,631	0.42
Real estate held for investment	1,168	0.06	1,191	0.07
Investment	20,534	1.12	21,972	1.21
Doubtful assets	--	--	--	--
Loss assets	--	--	--	--
Total	$ 55,186	3.02%	$ 60,385	3.32%

Classified assets decreased $5.2 million from December 31, 1994 to March 31, 1995, primarily as a result of repayments of $1.4 million in the investment security, paydowns of $1.3 million in construction and land loans, sales of $1.1 million in foreclosed commercial real estate and $500,000 of commercial loan paydowns. Foreclosed real estate also decreased and substandard loans increased as a result of the January 1995 implementation of SFAS No. 114, whereby $2.9 million of in-substance foreclosures were reclassified from foreclosed real estate to substandard loans.

The investment classified as substandard represents a privately issued MBS collateralized by apartments, office buildings, town homes, shopping centers and day care centers located in various states along the southeastern seaboard which is supported by a credit enhancement feature. The single A credit rating of this security was withdrawn in January 1993 due to the delinquency of a large number of loans underlying the security. Based on extensive credit reviews, the Bank determined that only a portion of the underlying loans met the criteria for substandard classification. However, the entire investment is classified as substandard because the OTS does not have a policy allowing the "split rating" of a security. The Bank receives monthly payments of principal and interest on this security.

The largest substandard loan at March 31, 1995 was an $8.2 million multi-family real estate loan in Nevada. The Bank had three additional substandard loans in excess of $1 million at March 31, 1995: two hotel loans and one multi-family loan, all located in Nevada. The largest foreclosed real estate asset held by the Bank at March 31, 1995 was a $1.4 million parcel of partially developed land in California. The Bank's largest investment in real estate classified as substandard was a former Bank branch in Arizona with a current book value of $838,000.

The geographic concentration of the Bank's classified assets at March 31, 1995 was 46 percent in Nevada, 37 percent in the southeastern seaboard states, 13 percent in California and 4 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, 1995.

The following tables set forth the Bank's charge-off experience for loans receivable and real estate acquired through foreclosure by loan type (thousands of dollars):

	Charge-Offs	Recoveries	Net Charge-Offs
Three Months Ended March 31, 1995:			
Single-family residential	$ 329	$ (173)	$ 156
Commercial and multi-family mortgage	86	--	86
Construction/land	102	(35)	67
Nonmortgage	849	(240)	609
Total net charge-offs	$ 1,366	$ (448)	$ 918
Three Months Ended March 31, 1994:			
Single-family residential	$ 404	$ (68)	$ 336
Commercial and multi-family mortgage	539	(3)	536
Construction/land	665	(6)	659
Nonmortgage	753	(162)	591
Total net charge-offs	$ 2,361	$ (239)	$ 2,122

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 general valuation allowance methodology. General 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. Regular reviews of the quality of the Bank's loan, investment, and real estate portfolios by the Risk Management Committee, 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):

	Impaired Loans	Foreclosed Real Estate and Nonimpaired Loans	Investments in Real Estate	Total
Balance at December 31, 1994*	$ 3,038	$ 14,621	$ 476	$ 18,135
Provisions (reductions in allowance) for estimated losses	(239)	1,603	346	1,710
Charge-offs, net of recoveries	(45)	(873)	(23)	(941)
Balance at March 31, 1995	$ 2,754	$ 15,351	$ 799	$ 18,904

	Impaired Loans	Total Loans and Foreclosed Real Estate	Investments in Real Estate	Total
Balance at December 31, 1993	$ N/A	$ 16,251	$ 935	$ 17,186
Provisions for estimated losses	N/A	1,434	414	1,848
Charge-offs, net of recoveries	N/A	(2,122)	(808)	(2,930)
Balance at March 31, 1994	$ N/A	$ 15,563	$ 541	$ 16,104

* 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 and foreclosed real estate charge-offs for the quarter were primarily attributable to various consumer loan 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, 1995 reflected no significant total change from the December 31, 1994 level.

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 April 17, 1995, reporting summary financial information for the quarter ended March 31, 1995.

The Company filed a Form 8-K, dated May 3, 1995, containing exhibits relating to its 2 million share common stock offering.

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 15, 1995

/s/ Edward A. Janov

Controller/Chief Accounting Officer

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM SOUTHWEST GAS CORPORATION'S FORM 10-Q FOR THE THREE MONTHS ENDED MARCH 31, 1995 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

1,000

3-MOS
DEC-31-1995
MAR-31-1995
33,991
87,289
0
0
511,570
99,772
97,661
1,000,164
18,105
3,095,417
1,255,993
214,674
346,348
844,821
23,158
4,000
0
366,423
3,095,417
21,247
10,481
1,483
33,211
12,404
18,429
14,782
1,364
72
12,549
24,357
14,645
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0
14,645
0.68
0.68
3.53
13,388
0
17,292
31,900
17,659
1,366
448
18,105
18,105
0
0

Balance specific to financial services segment
Consolidated financial statement balance
Includes gas plant in service, net $1,053,556
Balance includes consolidated deferred income taxes, accounts payable and other accrued liabilities
Bank specific items including general and administrative expense, goodwill amortization and loss from real estate operations