



SOUTHWEST GAS CORPORATION

Roger C. Montgomery, Vice President/Pricing

July 2, 2003

Mr. Bill Ahern
Executive Director
California Public Utilities Commission
505 Van Ness Avenue, Room 5222
San Francisco, California 94102

Re: Notification of Creation of Affiliates

Dear Mr. Ahern:

Southwest Gas Corporation (Southwest) respectfully notifies the Commission that Southwest has created the following three affiliates, the beneficial interests in each of which are owned entirely by Southwest: Southwest Gas Capital II, Southwest Gas Capital III and Southwest Gas Capital IV. Each of the entities is a business trust, formed under the laws of the State of Delaware.

The business trusts exist for the sole purpose of accommodating preferred stock offerings. None of the business trusts provides any of the services defined in Rule II.B of the Commission's Affiliate Transaction Rules. The activities to be engaged in by the business trusts are identical to the activities engaged in by Southwest Gas Capital I. In Decision No. 99-02-086, the Commission concluded that "Southwest Gas should be exempt from the operation of the Affiliate Transaction Rules [with respect to transactions] between Southwest and . . . Southwest Gas Capital I." [Conclusion of Law No. 1].

Respectfully submitted,

Roger C. Montgomery

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