

## SOUTHWEST GAS STORAGE COMPANY

Statement of Income and Retained Earnings  
Twelve Months Ended April 30, 2007  
(Unaudited)

Line No.	Description	Amount (a)
	Utility Operating Income:	
1	Operating Revenues	\$ 45,972,891
	Operating Expenses	
2	Operation Expenses	5,555,678
3	Maintenance Expenses	423,409
4	Depreciation Expenses	5,347,963
5	Depreciation Expense for Asset Retirement Costs	-
6	Amortization and Depletion of Utility Plant	89,559
7	Amortization of Utility Plant Acc Adjustment	-
8	Amortization of Property Losses, Unrecovered Plant and Reg Study Co:	-
9	Amortization of Conversion Expenses	-
10	Regulatory Debits	2,244,736
11	(Less) Regulatory Credits	662,625
12	Taxes Other Than Income Taxes	3,301,352
13	Income Taxes - Federal	12,127,000
14	- Other	1,770,000
15	Provision for Deferred Income Taxes	(2,457,000)
16	(Less) Provision for Deferred Income Taxes-Cr	-
17	Investment Tax Credit Adjustment-Net	-
18	(Less) Gains from Disposition of Utility Plant	-
19	Losses from Disposition of Utility Plant	-
20	(Less) Gains from Disposition of Allowances	-
21	Losses from Disposition of Allowances	-
22	Accretion Expense	-
23	Total Utility Operating Expenses	27,740,072
24	Net Utility Operating Income	18,232,819
	Other Income and Deductions:	
	Other Income	
	Nonutility Operating Income	
25	Revenues from Merchandising, Jobbing and Contract Work	-
	(Less) Costs and Expenses of Merchandising, Jobbing	
26	and Contract Work	-
27	Revenues from Nonutility Operations	-
28	(Less) Expenses of Nonutility Operations	-
29	Nonoperating Rental Income	-
30	Equity in Earnings of Subsidiary Companies	-
31	Interest and Dividend Income	1,334
32	Allowance for Other Funds Used During Construction	56,248
33	Miscellaneous Nonoperating Income	34,657
34	Gain on Disposition of Property	-
35	Total Other Income	92,239
	Other Income Deductions	
36	Loss on Disposition of Property	-
37	Miscellaneous Amortization	6,469
38	Donations	-
39	Life Insurance	-
40	Penalties	-
41	Expenditures for Certain Civic, Political and Related Activities	-
42	Other Deductions	-
43	Total Other Income Deductions	6,469

(See Notes to Financial Statements - STATEMENT L)

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Twelve Months Ended April 30, 2007  
(Unaudited)

Line No.	Description	Amount (a)
	Taxes Applicable to Other Income and Deductions	
44	Taxes Other Than Income Taxes	-
45	Income Taxes - Federal	(389,000)
46	- Other	(63,000)
47	Provision for Deferred Income Taxes	484,000
48	(Less) Provision for Deferred Income Taxes - Credit	-
49	Investment Tax Credit Adjustments-Net	-
50	(Less) Investment Tax Credits	-
51	Total Taxes on Other Income and Deductions	<u>32,000</u>
52	Net Other Income and Deductions	<u>53,770</u>
	Interest Charges:	
53	Interest on Long-Term Debt	-
54	Amortization of Debt Discount and Expense	-
55	Amortization of Loss on Reacquired Debt	-
56	(Less) Amortization of Premium on Debt-Credit	-
57	(Less) Amortization of Gain on Reacquired Debt-Credit	-
58	Interest on Debt to Associated Companies	-
59	Other Interest Expense	-
60	(Less) Allowance for Borrowed Funds Used During Construction - Credit	-
61	Net Interest Charges	<u>-</u>
62	Income Before Extraordinary Items	<u>18,286,589</u>
	Extraordinary Items:	
63	Extraordinary Income	-
64	(Less) Extraordinary Deductions	-
65	Net Extraordinary Items	<u>-</u>
66	Income Taxes - Federal and Other	-
67	Extraordinary Items After Taxes	<u>-</u>
68	Net Income	<u>\$ 18,286,589</u>
69	Retained Earnings at Beginning of Period (1)	\$ -
70	Dividends Declared	<u>-</u>
71	Retained Earnings at End of Period	<u>\$ -</u>

1/ Southwest Gas Storage Company has no retained earnings as an LLC