

THE STATE OF NEVADA

Case No. A458583-02

EL PASO CORPORATION et al.,

NOTICE OF SETTLEMENT AND FAIRNESS HEARING

**IF YOU PURCHASED NATURAL GAS OR ELECTRICITY FOR YOUR HOME OR
BUSINESS IN SOUTHERN NEVADA, THE PENDING CLASS ACTION LITIGATION
MAY AFFECT YOUR RIGHTS**

PLEASE READ THIS LEGAL NOTICE

A proposed class action settlement between plaintiffs representing Southern Nevada business and residential customers of natural gas and electrical power, including those who purchased gas from Southwest Gas and electricity from Nevada Power Company, is pending in Eighth Judicial District Court in Clark County, Nevada, Court Room IV, located at The Regional Justice Center, 200 Lewis Avenue, Las Vegas, NV 89155. The Representative Plaintiffs include the State of Nevada, Robert L. Moore and Colette L. Moore. The Defendants who have agreed to the settlement include Sempra Energy, Southern California Gas Company, San Diego Gas and Electric, Sempra Energy Trading Company, Sempra Energy Resources Co., Sempra Energy Power I, Sempra Energy Solutions, and Sempra Energy Sales (hereinafter the "Sempra Defendants").

I. WHAT IS THIS LAWSUIT ABOUT?

The Representative Plaintiffs allege that Sempra Defendants conspired with El Paso Corporation and its subsidiaries to eliminate competing pipeline projects under development which would have increased supplies of natural gas to Southern Nevada and reduced or averted natural gas shortages and high natural gas and electricity prices experienced in Southern Nevada in 2000-2001. El Paso Corporation previously settled with the Representative Plaintiffs. The Sempra Defendants deny these allegations. The lawsuit filed by the Representative Plaintiffs sought damages and restitution based on the higher energy costs.

II. WHO IS COVERED BY THE SETTLEMENT?

This settlement class includes all individuals and entities in Southern Nevada who purchased gas and/or electric power, including those who purchased gas or transportation service from Southwest Gas Corporation and/or electric power from Nevada Power Company, from September 1, 1996 through January 4, 2006.

III. WHAT ARE THE TERMS OF THE SETTLEMENT?

The material terms of the settlement include:

- In exchange for the release of pending claims, the Sempra Defendants will provide total consideration to the class of up to \$30 million less attorneys' fees and costs awarded by the Court.
- The \$30 million is payable to the Attorney General for the State of Nevada, acting as chief law enforcement officer for his state and in his parens patriae capacity, and to Robert L. & Colette L. Moore, individually and on behalf of the Nevada Class, in eight equal annual installments payments.
- Representative Plaintiffs must also file an Allocation Agreement, subject to Court approval that identifies how the \$30 million will be apportioned and distributed among the settlement class. Representative Plaintiffs anticipate the benefits of the settlement will be passed through to current gas ratepayers of Southwest Gas Corporation in Southern Nevada in the form of rate reductions, credits, and/or rebates. Similarly, Representative Plaintiffs anticipate the benefits of the settlement will be passed through to current electricity ratepayers of Alamo Power District, City of Boulder City, Lincoln County Power, Nevada Power Company, Overton Power District, Panaca Power and Light, Penoyer Valley Electric, and Valley Electric Association in Southern Nevada in the form of rate reductions, credits, and/or rebates. Representative Plaintiffs also anticipate transportation service customers of Southwest Gas Corporation will receive a monetary benefit from the settlement. However, transportation service customers who did not file a claim under an earlier, related settlement with El Paso Corporation will be required to file a claim to receive a benefit.

IV. WHAT ARE YOUR RIGHTS?

If you wish to remain in the settlement class, YOU NEED NOT TAKE ANY ACTION AT THIS TIME. However, you will be bound by the rulings of the Court if the settlement is approved. This will include a broad release of your claims against the Sempra Defendants.

If you do not wish to participate in the settlement or be bound by the settlement terms, you may be excluded from the action by mailing a letter requesting exclusion from the class which must be post marked on or before August 10, 2006, as outlined in the Court Order Conditionally Certifying Notice of Proposed Class Action Settlement; Granting Motion For Preliminary Approval; And Scheduling Hearing On Final Approval which is found on www.naturalgasantitrustlitigation.com or can be obtained by calling 1-888-262-4479.

A hearing will be held by the Court on September 8, 2006 to determine whether the proposed settlement should be approved and to consider (1) the application of the law firms representing the class for attorneys' fees and costs not to exceed \$4.7 million and (2) a payment not to exceed \$5,000 for each class representative.

If you wish to object to the settlement, you must remain a class member. You and/or your counsel may appear in opposition to the settlement following procedures outlined in the Court Order Conditionally Certifying Notice of Proposed Class Action Settlement; Granting Motion For Preliminary Approval; And Scheduling Hearing On Final Approval which is found on www.naturalgasantitrustlitigation.com or can be obtained by calling 1-888-262-4479.

**FOR FURTHER INFORMATION, INCLUDING A COPY OF THE SETTLEMENT AGREEMENT,
VISIT WWW.NATURALGASANTITRUSTLITIGATION.COM OR CALL 1-888-262-4479.**