

## SEMPRA SETTLEMENT FUND DISTRIBUTION METHOD

Settlement funds shall be distributed by the State of Nevada Attorney General's Bureau of Consumer Protection ("BCP") among three groups of persons and entities in Southern Nevada. The underlying rationale for this plan is that harm to individuals is proportional to usage and that harm was ultimately experienced by end-use customers in Southern Nevada. Thus, refunds will be usage based and settlement dollars will be allocated across end-users in three groups: an electricity subclass, a core gas subclass and a non-core gas subclass.

The electricity subclass includes end-use consumers of electricity in Southern Nevada and will include end-use customers in the service territories of: (a) Alamo Power District, (b) City of Boulder City, (c) Lincoln County Power, (d) Nevada Power Company, (e) Overton Power District, (f) Panaca Power and Light, (g) Penoyer Valley Electric, and (h) Valley Electric Association. The core gas subclass includes end-users of natural gas at retail in the service territory of Southwest Gas Company in Southern Nevada, composed of residential and most business gas customers. The non-core gas subclass includes end-users of natural gas in the service territory of Southwest Gas Company in Southern Nevada, composed of large commercial and industrial gas users who purchased gas from a third party supplier instead of a utility, including those customers who paid the utility a transportation charge to deliver third-party gas to their facilities.

Individual allocation factors for each subclass, and for each member of each subclass when appropriate, will be determined as follows:

(1) Natural gas usage will be totaled across all three groups and subclass (or, where appropriate, individual) allocation factors will be given by dividing subclass or individual usage by total usage.

(2) Natural gas usage of the core gas subclass will be given by total retail natural gas sales by Southwest Gas Corporation (in therms) for the period January 1, 2000 through May 31, 2001.

(3) Natural gas usage of the non-core gas subclass will be given by total therm deliveries to transportation customers for the period January 1, 2000 through May 31, 2001.

(4) Natural gas usage of the electric subclass will include two amounts:

(a) An amount determined by converting the net kilowatt-hours of wholesale electricity purchases (wholesale purchases less wholesale sales) in the period January 1, 2000 through May 31, 2001 to their natural gas equivalent using an appropriate heat rate and subsequently weighted to approximate the percentage of purchased power produced by natural gas. The BCP anticipates using a heat rate of 10,250 BTU's per kWh and a natural gas weighting of 12.8% for all purchased power other than purchased power described in (5) below. Sources: Annual

Energy Outlook 2006, February 2006, DOE/EIA-0383(2006) and Electric Power Monthly, April 2006, DOE/EIA (2006/04).

(b) An amount that reflects the actual amount of natural gas directly consumed by Nevada Power in generating electricity for sale at retail to the members of the electricity subclass.

(5) Since the underlying rationale for this plan is that harm to individuals is proportional to usage and that harm was ultimately experienced by end-use customers, the natural gas usage of any individual in the non-core gas subclass that used the natural gas to generate electricity that was subsequently sold at wholesale in Southern Nevada to either: (a) Alamo Power District, (b) City of Boulder City, (c) Lincoln County Power, (d) Nevada Power Company, (e) Overton Power District, (f) Panaca Power and Light, (g) Penoyer Valley Electric, and (h) Valley Electric Association will be reduced by an amount that reflects the natural gas equivalent of the wholesale electricity sales in Southern Nevada with appropriate credit being given to the electric subclass as given in (4) above. The BCP anticipates using a heat rate of 5,658 BTU's per kWh for this conversion. Source, U.S. EPA, Catalogue of CHP Technologies, Table 1, Gas Turbine CHP – Typical Performance Parameters, average of net heat rates.

The claims process and allocation of settlement proceeds will be implemented as follows:

(6) The BCP will obtain from Southwest Gas Corporation total retail natural gas sales by Southwest Gas Corporation (in therms) for the period January 1, 2000 through May 31, 2001. Settlement dollars will be allocated within the core gas subclass by crediting refunds to end-users in this group in the same proportion that the utility serving these customers allocates the cost of natural gas purchases to those customers.

(7) Settlement dollars will be allocated within the electric subclass by crediting refunds to customers in this group in the same proportion that the utility serving these customers allocates the cost of purchased power to those customers. The BCP will obtain the information required to make this allocation as follows:

(a) The BCP will obtain the net wholesale electricity purchases in kilowatt-hours for the period January 1, 2000 through May 31, 2001 from each electric utility serving end-use customers in the electricity subclass and if the electric utility serving these customers served these customers using purchased power of which at least a portion was generated using natural gas, then the BCP will convert these net purchases to natural gas equivalents as set forth in (4) and (5), above.

(b) The BCP will obtain from Nevada Power Company the amount of natural gas directly consumed by Nevada Power in generating electricity for sale at retail to the members of the electricity subclass.

(8) Non-core gas customers who filed a claim for settlement dollars with the Bureau of Consumer Protection as part of the settlement of its class action lawsuits against El Paso Corporation, El Paso Natural Gas Co., and El Paso Merchant Energy L.P. (together “El Paso”) will not be required to file a claim with the Bureau of Consumer Protection and their allocation will be based on usage amounts provided in conjunction with the El Paso settlement.

(9) Non-core gas customers who did not file a claim for settlement dollars with the Bureau of Consumer Protection as part of the settlement of its class action lawsuits against El Paso will be required to file a claim with the Bureau of Consumer Protection providing total therms delivered to facilities in Southern Nevada for the period of January 1, 2000 through May 31, 2001.

Using the above approach yields the allocation factors given on the following page and which the Bureau of Consumer Protection will rely upon if it receives no additional claims from non-core gas customers who did not file a claim for settlement dollars with the Bureau of Consumer Protection as part of the settlement of its class action lawsuits against El Paso.

SEMPRA DISTRIBUTIONS			Less Gas Equivalent of Southern Nevada Wholesale Electric Sales		Allocation Percentage
		Therms		Net Therms	
<b>TRANSPORTATION CUSTOMERS</b>					
Clark County Department of Aviation		1,905,930	0	1,905,930	0.1772%
Riviera Hotel & Casino		1,199,250	0	1,199,250	0.1115%
Basic Food Flavors, Inc.		673,820	0	673,820	0.0627%
Koch Performance Asphalt		1,854,110	0	1,854,110	0.1724%
Bellagio LLC		4,777,690	0	4,777,690	0.4442%
Circus Circus Hotel & Casino		1,624,650	0	1,624,650	0.1511%
Colorado Belle Hotel and Casino		591,040	0	591,040	0.0550%
Edgewater Hotel & Casino		597,670	0	597,670	0.0556%
Excalibur Hotel & Casino		1,698,540	0	1,698,540	0.1579%
Golden Nugget		1,085,820	0	1,085,820	0.1010%
GRAND Laundry Inc.		855,060	0	855,060	0.0795%
Luxor Hotel and Casino		3,715,780	0	3,715,780	0.3455%
Mandalay Bay		5,324,860	0	5,324,860	0.4951%
MGM Grand Hotel LLC.		4,901,330	0	4,901,330	0.4557%
Monte Carlo Resort & Casino		1,624,750	0	1,624,750	0.1511%
New York New York Hotel and Casino LLC		1,290,080	0	1,290,080	0.1200%
The Mirage Casino-Hotel		3,969,210	0	3,969,210	0.3691%
The Primadona Company LLC.		937,720	0	937,720	0.0872%
Treasure Island Corporation		2,167,210	0	2,167,210	0.2015%
Las Vegas Valley Water District		3,434,190	0	3,434,190	0.3193%
Mission Industries		9,248,180	0	9,248,180	0.8599%
Desert Inn		433,347	0	433,347	0.0403%
Kerr-McGee Chemical LLC		13,686,140	0	13,686,140	1.2725%
Coast Hotels and Casinos, Inc.		2,944,630	0	2,944,630	0.2738%
Nevada Cogeneration Assoc. #1		91,761,066	57,939,278	33,821,788	3.1447%
Nevada Cogeneration Assoc. #2		94,728,787	58,282,945	36,445,842	3.3887%
Boulder Station, Inc		866,830	0	866,830	0.0806%
Palace Station Hotel & Casino, Inc.		928,270	0	928,270	0.0863%
Sunset Station, Inc.		1,374,850	0	1,374,850	0.1278%
Texas Station, LLC.		833,690	0	833,690	0.0775%
Mountainview Hospital		641,134	0	641,134	0.0596%
Sunrise Hospital and Medical Center		898,427	0	898,427	0.0835%
New Frontier Hotel & Casino		624,318	0	624,318	0.0580%
Regional Transportation Commission of Clark County		1,619,950	0	1,619,950	0.1506%
Georgia-Pacific Corporation		1,998,710	0	1,998,710	0.1858%
PABCO Gypsum		17,875,600	0	17,875,600	1.6621%
BPB Gypsum, Inc.		17,793,260	0	17,793,260	1.6544%
Good Humor - Breyers Ice Cream		514,636	0	514,636	0.0479%
Saguaro Power Company		103,870,890	60,432,419	43,438,471	4.0389%
Fremont		660,340	0	660,340	0.0614%
Sam's Town Hotel & Casino		926,490	0	926,490	0.0861%
Stardust Hotel and Casino		1,557,620	0	1,557,620	0.1448%
Las Vegas Cogeneration		33,294,502	17,108,208	16,186,294	1.5050%
Titanium Metals Corporation		1,650,218	0	1,650,218	0.1534%
Tropicana Hotel & Casino		1,106,510	0	1,106,510	0.1029%
Harrah's Las Vegas, Inc.		1,578,010	0	1,578,010	0.1467%
Harrah's Laughlin, Inc.		725,100	0	725,100	0.0674%
Rio Suites Hotel and Casino		2,920,350	0	2,920,350	0.2715%
Chemical Lime Company		6,449,790	0	6,449,790	0.5997%
Sahara Hotel and Casino		1,125,970	0	1,125,970	0.1047%
Venetian Resort Hotel & Casino		3,705,519	0	3,705,519	0.3445%
Southern California Edison		8,722,800	0	8,722,800	0.8110%
Bally's Casino		2,218,560	0	2,218,560	0.2063%
Caesars Palace		3,148,000	0	3,148,000	0.2927%
Flamingo Las Vegas		3,331,170	0	3,331,170	0.3097%
Flamingo Laughlin		1,051,360	0	1,051,360	0.0978%
Las Vegas Hilton		2,625,580	0	2,625,580	0.2441%
Paris Casino Resort		2,228,960	0	2,228,960	0.2072%
Northwind Aladdin		724,040	0	724,040	0.0673%
Nevada Power		65,336,567	0	65,336,567	6.0750%
<b>TOTAL TRANSPORTATION THERMS</b>				<b>358,196,031</b>	<b>33.30%</b>
<b>RETAIL CONSUMERS OF NATURAL GAS</b>					
Southwest Gas					
	Residential Sales	303,787,854			28.2461%
	All Other Sales	124,085,156			11.5374%
<b>TOTAL RETAIL GAS THERMS</b>				<b>427,873,010</b>	<b>39.7835%</b>
<b>RETAIL CONSUMERS OF ELECTRICITY</b>					
<b>(Gas Equivalent of Power Purchases)</b>		<b>Net Wholesale Purchases (kwh)</b>	<b>Heat Rate BTU/kwh</b>	<b>Percent Generation Natural Gas</b>	
Nevada Power					
	From Cogens	3,424,582,000	5,658	1	275,268,462
	All Others	6,212,318,000	10,250	0.128	193,762,850
					81,505,612
Lincoln County					-
	From Cogens	-	5,658	1	-
	All Others	-	10,250	0.128	-
Valley Electric					8,119,876
	From Cogens	-	5,658	1	-
	All Others	618,893,000	10,250	0.128	8,119,876
Boulder City					2,674,538
	From Cogens	-	5,658	1	-
	All Others	203,852,000	10,250	0.128	2,674,538
Overton					3,371,210
	From Cogens	-	5,658	1	-
	All Others	256,952,000	10,250	0.128	3,371,210
Alamo Power District					-
	From Cogens	-	5,658	1	-
	All Others	-	10,250	0.128	-
Panaca Power and Light					-
	From Cogens	-	5,658	1	-
	All Others	-	10,250	0.128	-
Penoyer Valley Electric					-
	From Cogens	-	5,658	1	-
	All Others	-	10,250	0.128	-
<b>TOTAL RETAIL ELECTRIC THERMS</b>					<b>289,434,086</b>
<b>TOTAL THERMS FOR ALLOCATION DENOMINATOR</b>				<b>1,075,503,128</b>	<b>100.0000%</b>