



## **Second-Quarter 2011 Earnings Results**

August 9, 2011

# Safe Harbor Statement

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This presentation contains statements that are not historical fact and constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements can be identified by words like “believes,” “expects,” “anticipates,” “intends,” “plans,” “estimates,” “may,” “will,” “would,” “could,” “should,” “potential,” “target,” “depends,” or similar expressions, or discussions of our guidance, strategies, plans or intentions. Forward-looking statements are not guarantees of performance. They involve risks, uncertainties and assumptions. Future results may differ materially from those expressed in the forward-looking statements. Forward-looking statements are necessarily based upon various assumptions involving judgments with respect to the future and other risks, including, among others: local, regional, national and international economic, competitive, political, legislative and regulatory conditions and developments; actions by the California Public Utilities Commission, California State Legislature, Federal Energy Regulatory Commission, Nuclear Regulatory Commission, California Energy Commission, California Air Resources Board, and other regulatory, governmental and environmental bodies in the United States and other countries where the company does business; capital market conditions and inflation, interest and exchange rates; energy markets, including the timing and extent of changes and volatility in commodity prices; the availability of electric power, natural gas and liquefied natural gas; weather conditions and conservation efforts; war and terrorist attacks; business, regulatory, environmental and legal decisions and requirements; the status of deregulation of retail natural gas and electricity delivery; the timing and success of business development efforts; the resolution of litigation; and other uncertainties, all of which are difficult to predict and many of which are beyond the control of the company. These risks and uncertainties are further discussed in the reports that Sempra Energy has filed with the Securities and Exchange Commission. These reports are available through the EDGAR system free-of-charge on the SEC’s website, [www.sec.gov](http://www.sec.gov), and on the company’s website at [www.sempra.com](http://www.sempra.com).

## Second-Quarter 2011 Results

<i>(Unaudited, dollars, except EPS, and shares in millions)</i>	Three months ended June 30,		Six months ended June 30,	
	2011	2010	2011	2010
Earnings (GAAP)	\$ 511	\$ 222	\$ 769	\$ 328
Remeasurement Gain on Chile/Peru Acquisition	(277)	-	(277)	-
Litigation Settlement	-	-	-	96
Earnings Excluding Gain and Litigation Settlement*	<u>\$ 234</u>	<u>\$ 222</u>	<u>\$ 492</u>	<u>\$ 424</u>
Diluted weighted-average shares outstanding	241	250	241	250
EPS (GAAP)	\$ 2.12	\$ 0.89	\$ 3.19	\$ 1.31
EPS - Excluding Gain and Litigation Settlement*	\$ 0.97	\$ 0.89	\$ 2.04	\$ 1.69

- ▶ Strong performance in Q2-11 and year-to-date
- ▶ Q2-11 EPS up 9%, excluding impact of gain related to South American acquisition
- ▶ On-track to meet earnings guidance for 2011

\* See appendix for information regarding non-GAAP financial measures.

## Sempra Utilities

<i>(Unaudited, dollars in millions)</i>	Three months ended June 30,		Six months ended June 30,	
	2011	2010	2011	2010
SDG&E Earnings	\$ 71	\$ 75	\$ 160	\$ 158
SoCalGas Earnings	59	69	127	134
Total	\$ 130	\$ 144	\$ 287	\$ 292

- ▶ SoCalGas Q2-11 earnings lower due to:
  - \$5 million lower storage revenues and higher expenses, net of higher authorized CPUC margin, and
  - \$4 million employee benefit cost adjustment

## Sempra Pipelines & Storage

<i>(Unaudited, dollars in millions)</i>	Three months ended June 30,		Six months ended June 30,	
	2011	2010	2011	2010
Earnings	\$ 337	\$ 39	\$ 391	\$ 77
Remeasurement Gain on Chile/Peru Acquisition	(277)	-	(277)	-
Earnings Excluding Gain*	\$ 60	\$ 39	\$ 114	\$ 77

- ▶ Q2-11 increase, excluding gain on acquisition, primarily due to:
  - \$14 million higher earnings from acquisition of controlling interests in utilities in Chile and Peru
  - \$5 million higher earnings related to pipeline assets in Mexico acquired in Q2-10

\* See appendix for information regarding non-GAAP financial measures.

## Sempra LNG

<i>(Unaudited, dollars in millions)</i>	Three months ended		Six months ended	
	June 30,		June 30,	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Earnings	\$ 18	\$ 13	\$ 51	\$ 45

- ▶ Q2-11 and year-to-date increases due primarily to customer payments related to non-delivery of contracted cargoes

## Sempra Generation

<i>(Unaudited, dollars in millions)</i>	Three months ended		Six months ended	
	June 30,		June 30,	
	2011	2010*	2011	2010*
Earnings	\$ 50	\$ 52	\$ 94	\$ 1

- ▶ Year-to-date increase driven by:
  - \$84 million litigation expense in Q1-10
  - \$15 million lower operation and maintenance costs as a result of 2010 scheduled plant maintenance and earthquake damage at Mexicali power plant, offset by
  - \$4 million higher depreciation

\* Earnings from Sempra Rockies Marketing have been reclassified in 2010 into Sempra Generation from our former Sempra Commodities segment. Sempra Rockies Marketing contributed \$3 million and \$4 million to earnings in Q2-11 and Q2-10, respectively.

# California Utility Regulatory Update

- ▶ General Rate Cases
  - Updated applications include effect of bonus depreciation
    - No impact to earnings guidance
  - Intervenor testimony: Sept. '11
  - Final CPUC decision: Mar. '12

	SDG&E	SoCalGas
Proposed 2012 Revenue Requirement (\$ in millions)		
Total	\$1,845	\$2,107
Electric	\$1,524	-
Gas	\$321	\$2,107
Increase over 2011 System Average Rates		
Electric	5.3%	
Gas	4.1%	5.5%

- ▶ Natural Gas Pipeline Safety
  - Safety enhancement plan to be filed with CPUC by August 26
  - Potential for investment of several hundred million dollars annually for 10 years

## SDG&E Project Update

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- ▶ Sunrise Powerlink
  - Project continues on-schedule
  - Construction ~30% complete
  - In-service 2H-12
- ▶ Smart Meter Program
  - Installation of meters nearly complete
  - 1.3 million electric and 850,000 gas meters installed
- ▶ Rim Rock
  - CPUC approved tax equity investment in 189-MW wind farm
    - Planned operations date in late 2012
    - \$250 million expected rate base investment
    - Additional shareholder investment of approximately \$40 million

# Sempra Generation Business Update

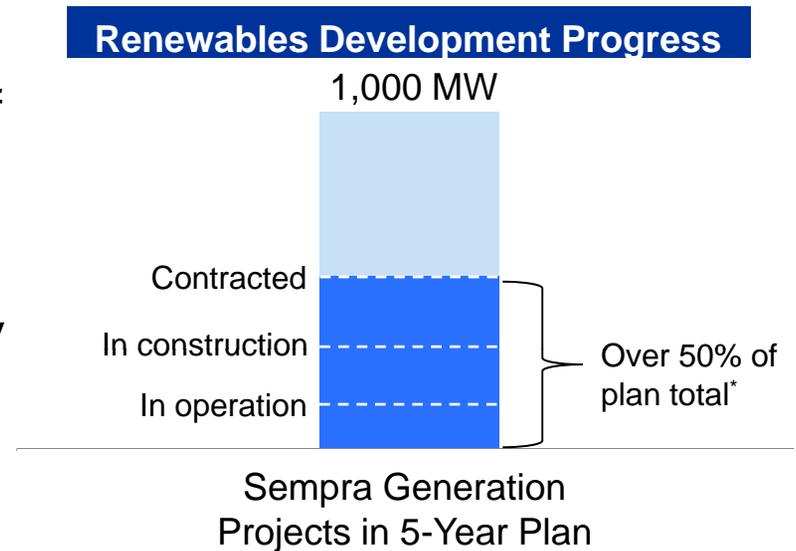
- ▶ Copper Mountain Solar 2 (150 MW)
  - Last week, announced expansion of Copper Mountain Solar complex in Boulder City, Nevada
  - Expect 92 MW complete by January 2013, and 58 MW complete in 2015
  - 25-year PPA with PG&E pending CPUC approval

- ▶ Cedar Creek 2 (125 MW\*)

- Wind farm in Colorado commenced operations end of Q2-11

- ▶ Natural Gas Plant Contracting

- Signed 25-year contract to supply 240 MW beginning in 2015



\* Reflects Sempra Generation's expected net ownership interests

## Summary

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- ▶ Q2-11 earnings per share up 9%\*, excluding impact of gain from acquisition
- ▶ Major projects at California utilities moving forward as planned
- ▶ Mexican pipeline and South American utility acquisitions providing strong contributions to bottom line
- ▶ Significant progress on expanding renewables portfolio of Sempra Generation
- ▶ On-track to meet EPS guidance of \$4.00 - \$4.30\* for 2011, excluding impact of gain from acquisition

\* See appendix for information regarding non-GAAP financial measures. Q2-11 earnings per share up 138% on a GAAP basis. 2011 EPS guidance is \$5.15 to \$5.45 on a GAAP basis.

# Appendix

# Sempra Generation Renewables Projects

Name	Location	MW	PPA Term	PPA Regulatory Approval	Full COD
<b><u>IN OPERATION</u></b>					
Copper Mountain Solar 1 (and El Dorado Solar)*	Nevada	58 MW (48+10 MW)	20 yrs	Yes	2010
Fowler Ridge 2 Wind*	Indiana	100 MW (50%)**	20 yrs	Yes	2009
Cedar Creek 2 Wind	Colorado	125 MW (50%)**	25 yrs	Yes	2011
<b><u>CONTRACTED &amp; UNDER CONSTRUCTION</u></b>					
Mesquite Solar 1	Arizona	150 MW	20 yrs	Yes	2013
<b><u>CONTRACTED</u></b>					
Auwahi Wind	Hawaii	21 MW	20 yrs	Yes	2012
Energía Sierra Juárez 1 Wind	Baja Cal, Mexico	78 MW (50%)**	20 yrs	Pending	2013
Copper Mountain Solar 2	Nevada	92 MW / 58 MW (150 MW total)	25 yrs	Pending	2013 / 2015

\* Commenced operations prior to January 1, 2011 and were not included in 1,000 MW renewables development plan provided at Analyst Conference in March 2011

\*\* Reflects Sempra Generation's expected net ownership interests

## Non-GAAP Financial Measures

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Sempra Energy Earnings, Earnings Per Share and 2011 Earnings Per Share guidance excluding a \$277 million gain from the remeasurement of equity method investments in Chilquinta Energía and Luz del Sur in the second quarter of 2011 and a \$96 million charge for a litigation settlement in the first quarter of 2010 are non-GAAP financial measures (GAAP represents accounting principles generally accepted in the United States). Statistics using these amounts, including percentage changes from period to period, also result in non-GAAP measures. Because of the significance and nature of these items, management believes that these non-GAAP financial measures provide a more meaningful comparison of the performance of Sempra Energy's business operations from 2011 to 2010 and to future periods. Accordingly, 2011 guidance of \$4 to \$4.30 per diluted share excludes the second quarter gain of \$277 million, or \$1.15 per diluted share, based on shares outstanding through June 30, 2011. Non-GAAP financial measures are supplementary information that should be considered in addition to, but not as a substitute for, the information prepared in accordance with GAAP. Slide 3 of this presentation and Table A of our financial tables in our second quarter earnings press release reconcile for historical periods these non-GAAP financial measures to Sempra Energy Earnings and Diluted Earnings Per Common Share, which we consider to be the most directly comparable financial measures calculated in accordance with GAAP. Our second quarter earnings release is available in the News section of our website at [www.sempra.com](http://www.sempra.com).