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Sempra Energy Announces Third-Quarter 2012 Earnings

SAN DIEGO, Nov. 6, 2012 - [Sempra Energy](#) (NYSE: SRE) today reported third-quarter 2012 earnings of \$268 million, or \$1.09 per diluted share, compared with third-quarter 2011 earnings of \$289 million, or \$1.20 per diluted share.

Third-quarter 2012 earnings included a \$60 million non-cash charge related to a write-down on Sempra U.S. Gas & Power's 25-percent stake in the Rockies Express Pipeline. This \$60 million charge, in addition to a \$179 million charge taken in the second quarter 2012, totaled \$239 million for the first nine months of 2012. Nine-month results in 2011 included a gain of \$277 million in the second quarter 2011, reflecting the write-up in value of Sempra International's South American utility investments.

Excluding the \$60 million charge in 2012, adjusted third-quarter earnings increased to \$328 million, or \$1.33 per diluted share, in 2012 from \$289 million, or \$1.20 per diluted share, in 2011.

Sempra Energy's earnings for the first nine months of 2012 were \$566 million, or \$2.31 per diluted share, compared with \$1 billion, or \$4.32 per diluted share, during the first nine months of 2011. For the nine-month period, adjusted earnings increased to \$805 million, or \$3.29 per diluted share, in 2012 from \$769 million, or \$3.18 per diluted share in 2011.

"Our solid operating performance in the third quarter and through the first nine months keeps us on track to meet our 2012 earnings-per-share guidance of \$4 to \$4.30, excluding the impairment charges and assuming a final California Public Utilities Commission rate decision for our California utilities comes by year-end," said Debra L. Reed, chief executive officer of Sempra Energy.

As announced previously, on Jan. 1, Sempra Energy consolidated Sempra Generation, Sempra Pipelines & Storage and Sempra LNG into two new operating units: Sempra International and Sempra U.S. Gas & Power. Sempra International is comprised of two new reporting segments: Sempra South American Utilities and Sempra Mexico. Sempra U.S. Gas & Power also is comprised of two new reporting segments: Sempra Renewables and Sempra Natural Gas. Beginning in the first quarter 2012, in addition to San Diego Gas & Electric and Southern California Gas Co., Sempra Energy began reporting financial results under each of the above segments.

CALIFORNIA UTILITIES

San Diego Gas & Electric

Earnings for [San Diego Gas & Electric](#) (SDG&E) in the third quarter 2012 rose to \$174 million from \$113 million in the year-ago quarter, due primarily to lower taxes, higher transmission earnings and reduced expenses related to the 2007 wildfires.

For the first nine months of 2012, SDG&E's earnings were \$374 million, up from \$273 million in the first nine months last year.

Southern California Gas Co.

[Southern California Gas Co.](#) (SoCalGas) earnings were \$71 million in the third quarter 2012, compared with \$81 million in the third quarter 2011.

For the nine-month period, SoCalGas' earnings were \$190 million in 2012, compared with \$208 million in 2011.

As previously reported, the revenue requirement established in the General Rate Cases for SDG&E and SoCalGas will be retroactive to Jan. 1, 2012. Until the California Public Utilities Commission reaches a final decision, both utilities are recording revenues based on 2011 authorized levels, as adjusted for the recovery of incremental wildfire insurance premiums. SoCalGas and SDG&E will record the cumulative change in revenues, retroactive to the beginning of 2012, in the quarter a final decision is approved.

SEMPRA INTERNATIONAL

Sempra South American Utilities

In the third quarter 2012, Sempra South American Utilities had earnings of \$40 million, compared with earnings of \$50 million in

last year's third quarter. In the third quarter 2011, Sempra South American Utilities had a foreign-currency benefit of \$19 million.

For the first nine months of 2012, earnings for Sempra South American Utilities were \$118 million, compared with \$386 million in the first nine months of 2011. Nine-month earnings in 2011 were higher due to the \$277 million second-quarter gain from the write-up in value of the company's South American utility investments.

Sempra Mexico

Sempra Mexico recorded third-quarter earnings of \$54 million in 2012, up from \$47 million in 2011, due primarily to improved operating performance.

For the first nine months of 2012, Sempra Mexico had earnings of \$134 million, compared with \$121 million in the first nine months of 2011.

Last month, Sempra Mexico was awarded two bids by Comisión Federal Electricidad (CFE), Mexico's state-owned electric utility, to construct a \$1 billion natural gas pipeline network in northwestern Mexico. The new pipeline will be comprised of two segments that will interconnect with the U.S. interstate pipeline system and provide natural gas to existing CFE power plants. The capacity for each segment is fully contracted by the CFE for a 25-year term. The first pipeline is expected to begin operations in late 2014.

SEMPRA U.S. GAS & POWER

Sempra Renewables

Third-quarter earnings for Sempra Renewables increased to \$13 million in 2012 from \$1 million last year, due primarily to an increase in solar and wind assets.

During the first nine months of 2012, earnings for Sempra Renewables were \$47 million, up from \$9 million in the same period of 2011.

Sempra Natural Gas

Sempra Natural Gas posted a third-quarter loss of \$68 million in 2012, compared with earnings of \$41 million in last year's third quarter. Excluding the \$60 million charge related to the Rockies Express Pipeline, Sempra Natural Gas recorded an \$8 million loss in the third quarter 2012.

For the first nine months of 2012, Sempra Natural Gas recorded a loss of \$260 million, including the Rockies Express Pipeline charges. Excluding the charges, Sempra Natural Gas had a \$21 million loss in the first nine months of 2012, compared with \$151 million in earnings for the first nine months last year.

Kinder Morgan, a 50-percent owner of Rockies Express Pipeline, is in the process of selling its interest in the pipeline. In the third quarter 2012, Kinder Morgan provided more details about the sale transaction, which resulted in additional information on the fair value of the pipeline.

Excluding the Rockies Express Pipeline charges, both the quarterly and nine-month results for Sempra Natural Gas were impacted by lower natural gas and power prices, including the expiration of the 10-year California Department of Water Resources power-supply contract in the third quarter 2011.

EARNINGS GUIDANCE

Sempra Energy today said it expects to meet its 2012 earnings-per-share guidance of \$4 to \$4.30, excluding the charges related to the Rockies Express Pipeline (a \$0.98-per-share year-to-date negative impact) and a second-quarter deferred tax benefit at the parent company related to life-insurance contracts (a \$0.19-per-share year-to-date positive impact). This guidance also assumes that the California Public Utilities Commission issues a final decision in the general rate cases for SDG&E and SoCalGas by year-end. On a GAAP basis, the company's earnings-per-share guidance for 2012 is \$3.21 to \$3.51.

NON-GAAP FINANCIAL MEASURES

Adjusted earnings for 2012 and 2011, and 2012 earnings-per-share guidance, are non-GAAP financial measures. Additional information regarding these non-GAAP financial measures is in the appendix on Table A of the third-quarter financial tables.

INTERNET BROADCAST

Sempra Energy will broadcast a live discussion of its earnings results over the Internet today at 1 p.m. EST with senior management of the company. Access is available by logging onto the website at www.sempra.com. For those unable to log onto the live webcast, the teleconference will be available on replay a few hours after its conclusion by dialing (888) 203-1112 and entering passcode 7834926.

Sempra Energy, based in San Diego, is a Fortune 500 energy services holding company with 2011 revenues of \$10 billion. The Sempra Energy companies' 17,500 employees serve more than 31 million consumers worldwide.

This press release 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," "outlook," "depends," "pursue" or similar expressions, or discussions of guidance, strategies, plans, goals, initiatives, objectives 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 and the timing of actions by the California Public Utilities Commission, California State Legislature, Federal Energy Regulatory Commission, U.S. Department of Energy, 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, including the availability of credit and the liquidity of investments; inflation, interest and exchange rates; the impact of benchmark interest rates, generally the U.S. Treasury bond and Moody's A-rated utility bond yields, on the California utilities' cost of capital; the timing and success of business development efforts and construction, maintenance and capital projects, including risks inherent in the ability to obtain, and the timing of the granting of, permits, licenses, certificates and other authorizations; 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, including disruptions caused by failures in the North American transmission grid, pipeline explosions and equipment failures; weather conditions, natural disasters, catastrophic accidents, and conservation efforts; risks inherent in nuclear power generation and radioactive materials storage, including catastrophic release of such materials, the disallowance of the recovery of the investment in, or operating costs of, the generation facility due to an extended outage, and increased regulatory oversight; risks posed by decisions and actions of third parties who control the operations of investments in which the company does not have a controlling interest; wars, terrorist attacks and cyber security threats; business, regulatory, environmental and legal decisions and requirements; expropriation of assets by foreign governments and title and other property disputes; the status of deregulation of retail natural gas and electricity delivery; the inability or determination not to enter into long-term supply and sales agreements or long-term firm capacity agreements; 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, and on the company's website at www.sempra.com.

These forward-looking statements speak only as of the date hereof, and the company undertakes no obligation to update or revise these forecasts or projections or other forward-looking statements, whether as a result of new information, future events or otherwise.

Sempra International, LLC, and Sempra U.S. Gas & Power, LLC, are not the same companies as San Diego Gas & Electric (SDG&E) or Southern California Gas Company (SoCalGas) and Sempra International, LLC and Sempra U.S. Gas & Power, LLC are not regulated by the California Public Utilities Commission. Sempra International's underlying entities include Sempra Mexico and Sempra South American Utilities. Sempra U.S. Gas & Power's underlying entities include Sempra Renewables and Sempra Natural Gas.

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