

SEMPRA ENERGY

Third Quarter 2017 Earnings Results

October 30, 2017



Information Regarding Forward-Looking Statements

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 such as "believes," "expects," "anticipates," "plans," "estimates," "projects," "forecasts," "contemplates," "assumes," "depends," "should," "could," "would," "will," "confident," "may," "can," "potential," "possible," "proposed," "target," "pursue," "outlook," "maintain," or similar expressions or discussions of guidance, strategies, plans, goals, opportunities, projections, 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.

Factors, among others, that could cause actual results and future actions to differ materially from those described in any forward-looking statements include risks and uncertainties relating to: actions and the timing of actions, including decisions, new regulations, and issuances of permits and other authorizations by the California Public Utilities Commission, U.S. Department of Energy, California Division of Oil, Gas, and Geothermal Resources, Federal Energy Regulatory Commission, U.S. Environmental Protection Agency, Pipeline and Hazardous Materials Safety Administration, Los Angeles County Department of Public Health, states, cities and counties, and other regulatory and governmental bodies in the United States and other countries in which we operate; the timing and success of business development efforts and construction projects, including risks in obtaining or maintaining permits and other authorizations on a timely basis, risks in completing construction projects on schedule and on budget, and risks in obtaining the consent and participation of partners; the resolution of civil and criminal litigation and regulatory investigations; deviations from regulatory precedent or practice that result in a reallocation of benefits or burdens among shareholders and ratepayers; modifications of settlements; delays in, or disallowance or denial of, regulatory agency authorizations to recover costs in rates from customers (including with respect to regulatory assets associated with the San Onofre Nuclear Generating Station facility and 2007 wildfires) or regulatory agency approval for projects required to enhance safety and reliability; the availability of electric power, natural gas and liquefied natural gas, and natural gas pipeline and storage capacity, including disruptions caused by failures in the transmission grid, moratoriums or limitations on the withdrawal or injection of natural gas from or into storage facilities, and equipment failures; changes in energy markets; volatility in commodity prices; moves to reduce or eliminate reliance on natural gas; the impact on the value of our investment in natural gas storage and related assets from low natural gas prices, low volatility of natural gas prices and the inability to procure favorable long-term contracts for storage services; risks posed by actions of third parties who control the operations of our investments, and risks that our partners or counterparties will be unable or unwilling to fulfill their contractual commitments; weather conditions, natural disasters, accidents, equipment failures, computer system outages, explosions, terrorist attacks and other events that disrupt our operations, damage our facilities and systems, cause the release of greenhouse gases, radioactive materials and harmful emissions, cause wildfires and subject us to third-party liability for property damage or personal injuries, fines and penalties, some of which may not be covered by insurance (including costs in excess of applicable policy limits) or may be disputed by insurers; cybersecurity threats to the energy grid, storage and pipeline infrastructure, the information and systems used to operate our businesses and the confidentiality of our proprietary information and the personal information of our customers and employees; capital markets and economic conditions, including the availability of credit and the liquidity of our investments; fluctuations in inflation, interest and currency exchange rates and our ability to effectively hedge the risk of such fluctuations; changes in the tax code as a result of potential federal tax reform, uncertainty as to what proposals will be enacted, if any, and if enacted, how they would be applied; changes in foreign and domestic trade policies and laws, including border tariffs, revisions to international trade agreements, such as the North American Free Trade Agreement, and changes that make our exports less competitive or otherwise restrict our ability to export or resolve trade disputes; the ability to win competitively bid infrastructure projects against a number of strong and aggressive competitors; expropriation of assets by foreign governments and title and other property disputes; the impact on reliability of San Diego Gas & Electric Company's (SDG&E) electric transmission and distribution system due to increased amount and variability of power supply from renewable energy sources; the impact on competitive customer rates due to the growth in distributed and local power generation and the corresponding decrease in demand for power delivered through SDG&E's electric transmission and distribution system and from possible departing retail load resulting from customers transferring to Direct Access and Community Choice Aggregation or other forms of distributed and local power generation, and the potential risk of nonrecovery for stranded assets and contractual obligations; and other uncertainties, some of which may be difficult to predict and are beyond our control.

Forward-looking statements also include statements about the anticipated benefits of the proposed merger involving Sempra Energy, Energy Future Holdings Corp. (EFH) and EFH's indirect interest in Oncor Electric Delivery Company LLC (Oncor), including future financial or operating results of Sempra Energy or Oncor, Sempra Energy's, EFH's or Oncor's plans, objectives, expectations or intentions, the expected financing plans for the transaction, the expected timing of completion of the transaction, and other statements that are not historical facts. Additional factors that could cause actual results and future actions to differ materially from those described in any such forward-looking statements include risks and uncertainties relating to: the risk that Sempra Energy, EFH or Oncor may be unable to obtain bankruptcy court and governmental and regulatory approvals required for the merger, or that required bankruptcy court and governmental and regulatory approvals may delay the merger or result in the imposition of conditions that could cause the parties to abandon the transaction or be onerous to Sempra Energy; the risk that a condition to closing of the merger may not be satisfied, including receipt of a satisfactory supplemental private letter ruling from the Internal Revenue Service; the risk that the transaction may not be completed for other reasons, or may not be completed on the terms or timing currently contemplated; the risk that the anticipated benefits from the transaction may not be fully realized or may take longer to realize than expected; the risk that Sempra Energy may be unable to obtain the external financing necessary to pay the consideration and expenses related to the merger on terms favorable to Sempra Energy, if at all; disruption from the transaction making it more difficult to maintain relationships with customers, employees or suppliers; and the diversion of management time and attention to merger-related issues and related legal, accounting and other costs, whether or not the merger is completed.

These risks and uncertainties are further discussed in the reports that Sempra Energy has filed with the U.S. Securities and Exchange Commission (SEC). 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. Investors should not rely unduly on any forward-looking statements. These forward-looking statements speak only as of October 30, 2017, 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 South American Utilities, Sempra Infrastructure, Sempra LNG & Midstream, Sempra Renewables, Sempra Mexico and Infraestructura Energética Nova, S.A.B. de C.V. (IEnova) are not the same as the California Utilities, San Diego Gas & Electric Company (SDG&E) or Southern California Gas Company (SoCalGas), and are not regulated by the California Public Utilities Commission.

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Business Summary

- Reporting Q3-2017 adjusted earnings of \$1.04⁽¹⁾ per share compared to Q3-2016 of \$1.02⁽¹⁾ per share and strong YTD-2017 adjusted earnings of \$3.87⁽¹⁾ per share compared to YTD-2016 of \$3.51⁽¹⁾ per share
- Expecting to be at the upper end of our 2017 adjusted earnings guidance of \$5.00 to \$5.30⁽²⁾ per share, based on year-to-date performance
- Delivering on Sempra's value proposition
 - Added or filed for ~\$1.9B of development opportunities since Analyst Conference, and
 - Filed 2019 General Rate Case (GRC) applications⁽³⁾ with significant proposed increase in rate base required to support continued system safety and reliability
- Confirming no change with Cameron schedule, as we continue to expect Trains 1-3 to be producing LNG in 2019⁽⁴⁾
- Expanding Sempra's Texas / Gulf Coast growth platform with \$9.45B Oncor transaction⁽⁵⁾



1) Sempra Energy Adjusted Earnings-Per-Share (EPS) is a non-GAAP financial measure. Q3-2017 GAAP EPS and Q3-2016 GAAP EPS were \$0.22 and \$2.46, respectively. YTD-2017 GAAP EPS and YTD-2016 GAAP EPS were \$2.99 and \$3.93, respectively. See appendix for information regarding non-GAAP financial measures and descriptions of adjustments.
2) Sempra Energy 2017 Adjusted EPS guidance is a non-GAAP financial measure. 2017 updated GAAP EPS guidance range is \$4.13 - \$4.43. See appendix for information regarding non-GAAP financial measures and descriptions of adjustments.
3) Our GRC Applications are subject to the approval of the CPUC and our final approved plans may differ materially and adversely from the requested Revenue Requirements, Weighted Average Rate Base and average Attrition set forth in our filings.
4) The ability to successfully complete major construction projects, including the Cameron LNG facility currently under construction, is subject to a number of risks and uncertainties. Please refer to the "Risk Factors" and "Factors Influencing Future Performance" sections of our most recent Annual Report on Form 10-K and the "Factors Influencing Future Performance" section of our most recent Form 10-Q for a description of the risks and other factors associated with these opportunities.
5) The transaction is subject to closing conditions, including the approval of the Public Utility Commission of Texas (PUC), U.S. Bankruptcy Court of Delaware, and Federal Energy Regulatory Commission, among others.

Third Quarter 2017 Financial Results

<i>(Unaudited; Dollars, except EPS, and shares, in millions)</i>	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	2017	2016
GAAP Earnings	\$ 57	\$ 622	\$ 757	\$ 991
Impairment of Wildfire Regulatory Asset ⁽¹⁾	208	-	208	-
Gain in Connection with GdC Acquisition	-	(350)	-	(350)
Gain on Sale of EnergySouth	-	(78)	-	(78)
Impairments and Losses Related to Termoeléctrica de Mexicali (TdM)	-	65	42	91
(Recoveries) Losses Related to Permanent Releases of Pipeline Capacity	-	-	(28)	123
Tax Repairs Adjustments Related to 2016 General Rate Case (GRC)	-	-	-	80
Loss Related to Rockies Express Pipeline	-	-	-	27
Adjusted Earnings ⁽²⁾	<u>\$ 265</u>	<u>\$ 259</u>	<u>\$ 979</u>	<u>\$ 884</u>
Diluted weighted-average shares outstanding	253	252	253	252
GAAP EPS	\$ 0.22	\$ 2.46	\$ 2.99	\$ 3.93
Adjusted EPS ⁽²⁾	\$ 1.04	\$ 1.02	\$ 3.87	\$ 3.51



- 1) While the CPUC has not issued a final decision, under applicable accounting guidance, we concluded that the Wildfire Regulatory Asset should be impaired. We strongly disagree with the California Public Utilities Commission's Administrative Law Judges' Preliminary Decision (PD) and will pursue available avenues to favorably resolve our issue, including administrative and legal actions.
- 2) Sempra Energy Adjusted Earnings and Adjusted EPS are non-GAAP financial measures. See appendix for information regarding non-GAAP financial measures and descriptions of adjustments above.

Year-to-Date 2017 Key Drivers

- \$979M adjusted earnings⁽¹⁾ reported YTD-2017 compared to \$884M adjusted earnings⁽¹⁾ reported YTD-2016. The ~11%⁽²⁾ increase is primarily due to:

Utilities

- \$25M higher CPUC base operating margin, net of operating expenses at SDG&E
- \$14M higher earnings from PSEP and AMI at SoCalGas
- \$13M impairment in Q2-2016 of development costs associated with the North-South Pipeline project at SoCalGas

Infrastructure

- \$34M improved results due to unfavorable results in midstream activities in 2016 at LNG & Midstream
- Strong operational earnings at Sempra Mexico; however, more than offset by lower earnings due to unfavorable impact from FX and inflation effects, net of hedge impact⁽³⁾, and lower ownership



1) Sempra Energy Adjusted Earnings is a non-GAAP financial measure. YTD-2017 GAAP Earnings and YTD-2016 GAAP Earnings were \$757M and \$991M, respectively, a 24% decrease. See appendix for information regarding non-GAAP financial measures and descriptions of adjustments.
2) Sempra Energy Adjusted Earnings percent change is a non-GAAP financial measure. YTD GAAP percent change is a 24% decrease. See appendix for information regarding non-GAAP financial measures and descriptions of adjustments.
3) Variance explanations are shown after noncontrolling interests.

Sempra's Value Proposition

Recap

- Leading long-term EPS growth with roughly double the growth of our utility peers
- Planning 8% - 9% Dividend Per Share annual growth⁽¹⁾
- Providing visibility to 5-year capital plan with opportunities to increase / extend earnings through growth drivers

Update

- Added or filed for ~\$1.9B of new capital projects since April Analyst Conference
- Announced \$9.45B Oncor transaction⁽²⁾; expected to increase U.S. earnings contribution
- Filed 2019 GRC applications⁽⁴⁾ including Risk Assessment Mitigation Phase (RAMP) spending focused on safety and reliability

Growth Drivers	Key Sempra Opportunities
Safety & Reliability	<ul style="list-style-type: none"> ▪ Pipeline Integrity Programs ▪ RAMP
System Modernization	<ul style="list-style-type: none"> ▪ Electric transmission infrastructure ▪ Integration of distributed generation
Electrification & Decarbonization	<ul style="list-style-type: none"> ▪ Electric vehicle infrastructure ▪ Renewable power
Global Gas & Liquids Demand	<ul style="list-style-type: none"> ▪ Additional liquefaction projects⁽³⁾ ▪ Natural gas and liquids infrastructure

Identified \$15B+ in potential development opportunities through 2021 & beyond



1) 8% - 9% growth rate assumed as a planning convention from 2017 - 2021. The amount and timing of dividends payable and the dividend policy are at the sole discretion of the Sempra Energy Board of Directors and, if declared and paid, dividends may be in amounts that are less than projected.
 2) The transaction is subject to closing conditions, including the approval of the PUCT, U.S. Bankruptcy Court of Delaware, and Federal Energy Regulatory Commission, among others.
 3) Cameron Trains 4 and 5, Port Arthur, and the ECA Liquefaction opportunities are subject to a number of risks and uncertainties. Please refer to the "Risk Factors" and "Factors Influencing Future Performance" sections of our most recent Annual Report on Form 10-K and the "Factors Influencing Future Performance" section of our most recent Form 10-Q for a description of the risks and other factors associated with these opportunities.
 4) Our GRC Applications are subject to the approval of the CPUC and our final approved plans may differ materially and adversely from the requested Revenue Requirements, Weighted Average Rate Base and average Attrition set forth in our filings.

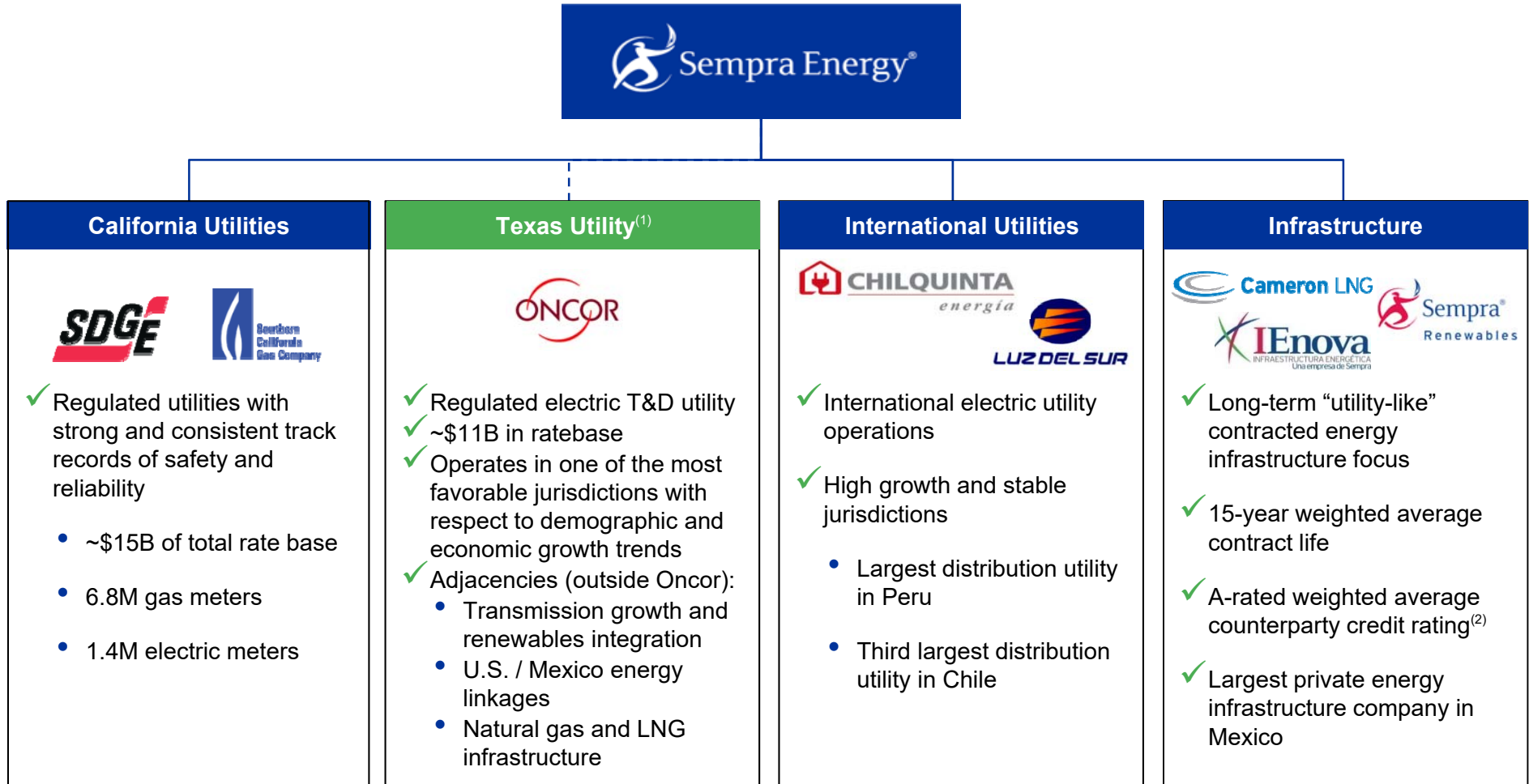
New Capital Growth Since Analyst Conference

Segment	Project	Estimated Total	Expected In-Service Date
Mexico	Los Ramones Norte increasing indirect ownership from 25% to 50% ⁽¹⁾	~\$520M ⁽²⁾	Q4-2017 ⁽³⁾
Renewables	California solar project 200 MW	\$375M – \$425M ⁽⁴⁾	1H-2018 ⁽⁵⁾
Mexico	Pima Solar 110 MW	~\$115M	Q4-2018
Mexico	3 Liquids Terminals at Port of Veracruz, Puebla and Mexico City	~\$275M ⁽⁶⁾	2018 - 2019
CA Utilities	Mobile Home Park Master Meter expansion ⁽¹⁾	\$200M – \$300M	2019 - 2023
S.A. Utilities	Eletrans III transmission line in northern Chile	~\$50M ⁽⁷⁾	2021
SDG&E	Customer Information System replacement ⁽¹⁾	~\$250M	2021+
		~\$1.9B Total	



- 1) Subject to respective regulatory approvals.
- 2) The acquisition is comprised of an estimated cash payment of \$231M plus the proportional amount of total outstanding debt in TAG Norte Holding of approximately \$289M. The Los Ramones Norte pipeline outstanding debt will not be consolidated in IEnova's financial statements.
- 3) Expected closing date of acquisition. Project went into service in 2016.
- 4) Before consideration of tax equity proceeds.
- 5) Commercial operations and corresponding PPAs are expected to commence in phases during Q4-2017 and 1H-2018.
- 6) Valero option to buy 50% equity at CODs, and is subject to regulatory approvals.
- 7) \$50M represents Sempra South American Utilities' share of capex in 50/50 JV with Sociedad Austral de Electricidad S.A. (SAESA); total expected project capex is \$100M.

Strategic Fit: Oncor



1) The transaction is subject to closing conditions, including the approval of the PUCT, U.S. Bankruptcy Court of Delaware, and Federal Energy Regulatory Commission, among others.
 2) Counterparty weighting is based on projected 2021 pretax income (income before income taxes and equity earnings of certain unconsolidated subsidiaries) to Sempra from the counterparty and average based on standard S&P/Moody's Credit Ratings where available or parent rating if direct counterparty is not rated.

Regional Platform

The Oncor transaction adds to our regional platform for growth by overlaying Texas' largest electric T&D business with Sempra's existing investments and development projects in the Texas / Gulf Coast region

Gulf Coast Assets

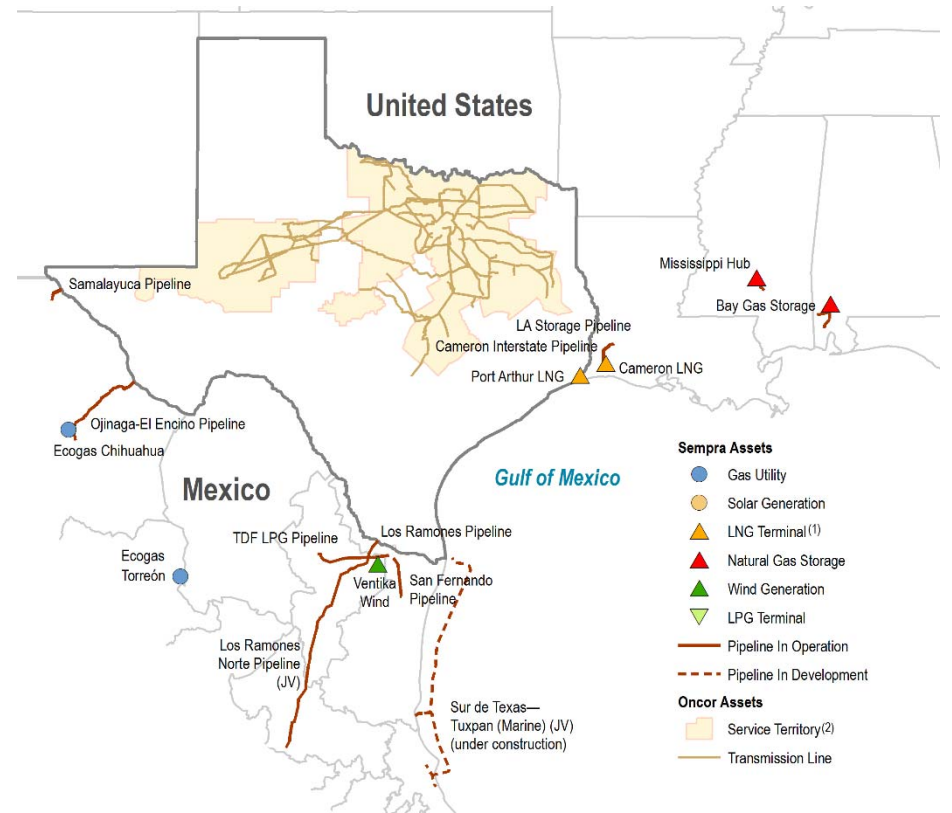
Asset Footprint

Existing Sempra

- ✓ \$20B+ of LNG export facilities either under construction or in development⁽¹⁾
- ✓ 42 Bcf of natural gas storage
- ✓ 7+ Bcf of gas pipelines near or connecting to U.S. – Mexico border
- ✓ 252 MW of wind generation in Mexico

Adding Oncor⁽³⁾

- ✓ Largest T&D utility in Texas
 - \$11.0B ratebase
 - 3.4M meters
 - \$8.4B projected capital plan (2018-2022)



1) Cameron LNG is under construction and the Port Arthur LNG facility remains under development. The ability to successfully complete major construction projects, including the Cameron LNG facility currently under construction, is subject to a number of risks and uncertainties. Please refer to the "Risk Factors" and "Factors Influencing Future Performance" sections of our most recent Annual Report on Form 10-K and the "Factors Influencing Future Performance" section of our most recent Form 10-Q for a description of the risks and other factors associated with these opportunities.

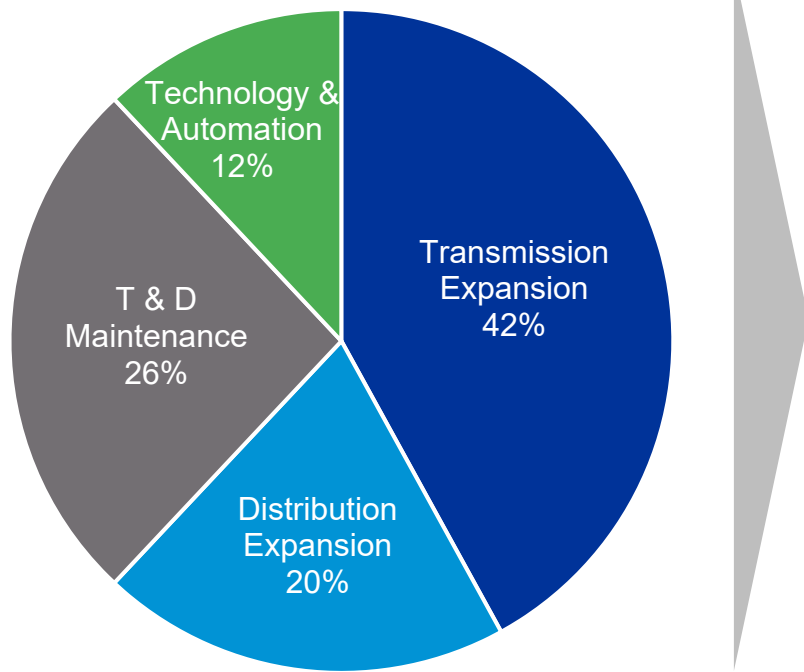
2) Includes proposed asset swap with Sharyland Utilities.

3) Transaction is for 100% of EFH, with indirect ownership of ~80% of Oncor. The transaction is subject to closing conditions, including the approval of the PUCT, U.S. Bankruptcy Court of Delaware, and Federal Energy Regulatory Commission, among others.

Oncor Capital Plan

Visibility to ~\$8.4B of capital spending in transmission and distribution investments; Sempra committed to minimum of \$7.5B

2018 – 2022 Capital Plan by Segment



	2018 – 2022 Capital Plan (\$B)	% Total
Transmission Expansion	\$3.5	42%
Transmission Maintenance	\$0.7	8%
Distribution Expansion	\$1.7	20%
Distribution Maintenance	\$1.5	18%
Automation	\$0.4	5%
Information Technology	\$0.6	7%
Total	~\$8.4	100%

Oncor’s capital expenditures are aimed at reducing rates, improving service, growing the system, optimizing the ERCOT market and improving system performance

Future Growth from Texas / Gulf Coast

Why we expect future growth opportunities

Leadership by Texas⁽¹⁾

- #1 in total energy production
- #1 in crude oil production
- #1 in natural gas production
- #1 in electricity production
- #1 in wind energy production

Growth Trends in Region

- Population projected to grow by ~25% to ~35 million through 2030⁽²⁾
- Gross State Product projected to grow by ~150% to ~\$3.9 trillion through 2030⁽²⁾
- Up to ~160 Mtpa of proposed and commissioning LNG-export capacity through 2026, which will help cover growing LNG demand worldwide⁽³⁾

Together, Sempra and Oncor's combined competencies in the #1 US energy market are expected to lead to new long-term growth opportunities



1) Energy production statistics from Energy Information Administration (EIA).
2) These are projections based on The Perryman Group, 2017 Economic Forecast Workbook www.perrymangroup.com, and actual results may differ materially from these projections.
3) Projection from Wood Mackenzie as of October 24, 2017 includes in-construction and possible new export in Texas / Gulf Coast. Actual results may differ materially from this projection.

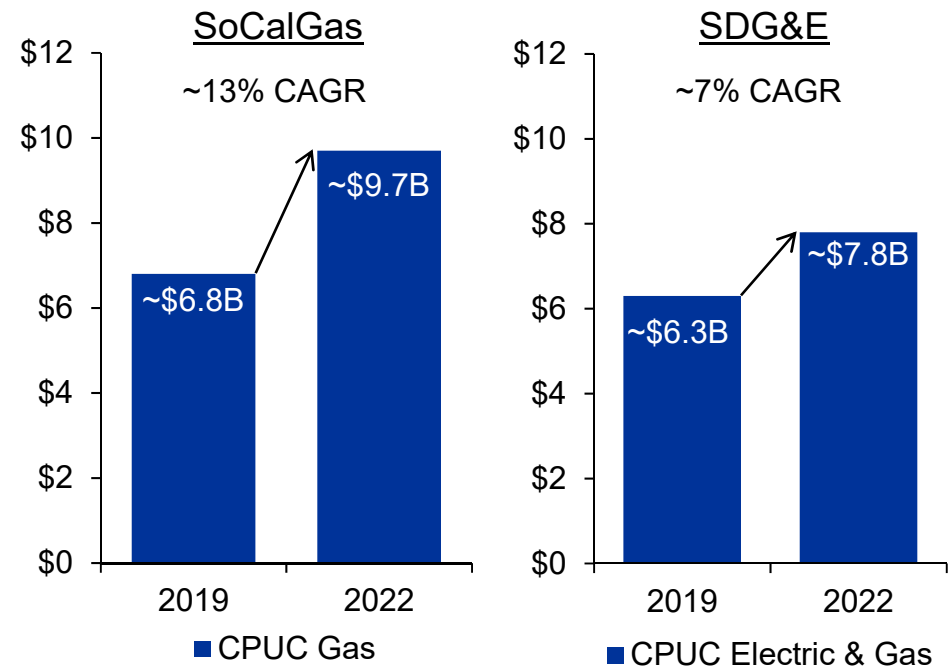
California Utilities Update

General Rate Case Applications

- 3-year GRC applications filed, with request for 4th year extension, on October 6th and expect decision before end of Dec-2018⁽¹⁾

Dollars in Millions	SoCalGas	SDG&E
2019 Total Revenue Requirement	\$2,989	\$2,199
Increase from estimated 2018 (\$)	\$480	\$218
Increase from estimated 2018 (%)	19%	11%
2020-2022 Average Attrition	~7%	~6%

Weighted Average Rate Base from Rate Case Filings



- Rate base figures above do not include incremental projects for SDG&E and SoCalGas, and FERC for SDG&E

California Utilities Update (cont.)

2007 Wildfires

- ALJs issued a Proposed Decision (PD) in August denying SDG&E's request to recover ~\$350M of 2007 wildfire excess liability costs⁽¹⁾; CPUC has yet to rule
- We strongly disagree with the PD and will pursue available avenues to favorably resolve our issue, including administrative and legal actions
- California Courts have applied inverse condemnation to utilities, in part, on the notion that utilities can pass through the costs to ratepayers

Wildfire Mitigation⁽²⁾

- Over the past decade, SDG&E has developed, and continues to improve, a comprehensive fire risk mitigation program
 - Installed over ~13,000 new steel distribution and transmission poles
 - Developed the largest utility weather network in the nation, with 170 weather stations
 - Contracted for supplemental firefighting resources including fire crews and aerial resources, including one of the largest heli-tankers in the world



1) In 2015, SDG&E filed an application with the CPUC requesting recovery of an estimated \$379 million of excess liability costs related to the October 2007 wildfires. The associated Wildfire Regulatory Asset of \$351 million was fully impaired as of September 30, 2017.

2) There can be no assurance that our Wildfire Mitigation efforts will be successful.

Summary

- Reporting Q3-2017 adjusted earnings of \$1.04⁽¹⁾ per share compared to Q3-2016 of \$1.02⁽¹⁾ per share and strong YTD-2017 adjusted earnings of \$3.87⁽¹⁾ per share compared to YTD-2016 of \$3.51⁽¹⁾ per share
- Expecting to be at the upper end of our 2017 adjusted earnings guidance of \$5.00 to \$5.30⁽²⁾ per share, based on year-to-date performance
- Added or filed for ~\$1.9B of development opportunities since Analyst Conference in April, in addition to announced Oncor transaction⁽³⁾ and filing of 2019 GRC applications⁽⁴⁾
- Expanding Sempra's Texas / Gulf Coast growth platform with Oncor transaction⁽³⁾



1) Sempra Energy Adjusted Earnings-Per-Share (EPS) is a non-GAAP financial measure. Q3-2017 GAAP EPS and Q3-2016 GAAP EPS were \$0.22 and \$2.46, respectively. YTD-2017 GAAP EPS and YTD-2016 GAAP EPS were \$2.99 and \$3.93, respectively. See appendix for information regarding non-GAAP financial measures and descriptions of adjustments.

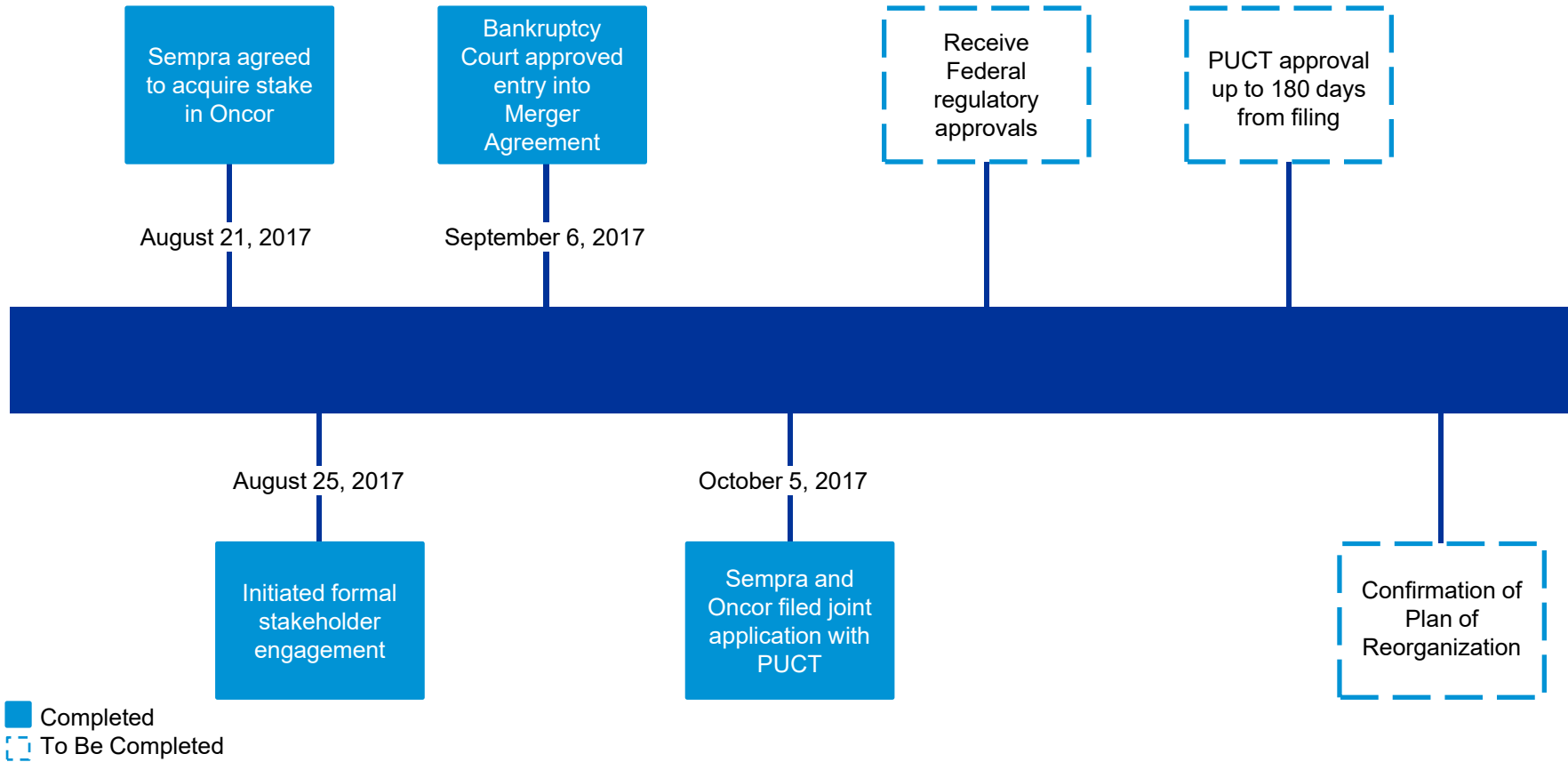
2) Sempra Energy 2017 Adjusted EPS guidance is a non-GAAP financial measure. 2017 updated GAAP EPS guidance range is \$4.13 - \$4.43. See appendix for information regarding non-GAAP financial measures and descriptions of adjustments.

3) The transaction is subject to closing conditions, including the approval of the PUCT, U.S. Bankruptcy Court of Delaware, and Federal Energy Regulatory Commission, among others.

4) Our GRC Applications are subject to the approval of the CPUC and our final approved plans may differ materially and adversely from the requested Revenue Requirements, Weighted Average Rate Base and average Attrition set forth in our filings.

APPENDIX

Oncor: Expected Timeline ⁽¹⁾⁽²⁾



Transaction closing expected in the first half of 2018



1) The transaction is subject to closing conditions, including the approval of the PUCT, U.S. Bankruptcy Court of Delaware, and Federal Energy Regulatory Commission, among others.
 2) The timeline dates are not intended to be to scale.

APPENDIX

Business Unit Earnings

SDG&E

<i>(Unaudited, Dollars in millions)</i>	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	2017	2016
SDG&E GAAP (Losses) Earnings	\$ (28)	\$ 183	\$ 276	\$ 419
Impairment of Wildfire Regulatory Asset ⁽¹⁾	208	-	208	-
Tax Repairs Adjustments Related to 2016 GRC FD	-	-	-	31
SDG&E Adjusted Earnings ⁽²⁾	\$ 180	\$ 183	\$ 484	\$ 450

- Q3-2017 adjusted earnings are in-line with Q3-2016 adjusted earnings

SoCalGas

<i>(Unaudited, Dollars in millions)</i>	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	2017	2016
SoCalGas GAAP Earnings (Losses)	\$ 7	\$ -	\$ 268	\$ 198
Tax Repairs Adjustments Related to 2016 GRC FD	-	-	-	49
SoCalGas Adjusted Earnings ⁽¹⁾	\$ 7	\$ -	\$ 268	\$ 247

- Q3-2017 adjusted earnings higher primarily due to:
 - \$4M higher earnings from PSEP and AMI

Sempra South American Utilities

<i>(Unaudited, Dollars in millions)</i>	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	2017	2016
Sempra South American Utilities GAAP Earnings	\$ 42	\$ 46	\$ 134	\$ 127

- Q3-2017 earnings are in-line with Q3-2016 earnings

Sempra Mexico⁽¹⁾

<i>(Unaudited, Dollars in millions)</i>	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	2017	2016
Sempra Mexico GAAP Earnings	\$ 66	\$ 332	\$ 105	\$ 407
Gain in Connection with GdC Acquisition	-	(350)	-	(350)
Impairments and Losses Related to Termoeléctrica de Mexicali (TdM) Held For Sale	-	65	42	91
Sempra Mexico Adjusted Earnings ⁽²⁾	\$ 66	\$ 47	\$ 147	\$ 148

- Q3-2017 adjusted earnings higher primarily due to:
 - \$17M higher operational earnings from transportation earnings from GdC acquisition completed in September 2016, net of related interest, and other pipeline assets placed in service, and
 - \$14M higher earnings due to FX and inflation effects, net of hedge impact⁽³⁾, partially offset by
 - \$8M lower AFUDC equity

Sempra LNG & Midstream

<i>(Unaudited, Dollars in millions)</i>	Three months ended		Nine months ended	
	September 30,		September 30,	
	2017	2016	2017	2016
Sempra LNG & Midstream GAAP (Losses) Earnings	\$ (4)	\$ 77	\$ 24	\$ (104)
Loss Related to REX	-	-	-	27
Gain on Sale of Energy South	-	(78)	-	(78)
(Recoveries) Losses Related to Permanent Releases of Pipeline Capacity	-	-	(28)	123
Sempra LNG & Midstream Adjusted Losses ⁽¹⁾	\$ (4)	\$ (1)	\$ (4)	\$ (32)

- Q3-2017 adjusted losses higher primarily due to higher results in midstream activities in 2016

Sempra Renewables

<i>(Unaudited, Dollars in millions)</i>	Three months ended		Nine months ended	
	September 30,		September 30,	
	2017	2016	2017	2016
Sempra Renewables GAAP Earnings	\$ 15	\$ 17	\$ 49	\$ 43

- Q3-2017 earnings are in-line with Q3-2016 earnings

APPENDIX

Rules of Thumb

2017 Rules of Thumb

Key Commodity and Market Forecasts	Guidance Assumption	Change in Assumption	Approximate 2017 Forecasted Earnings Sensitivity
Natural Gas Prices ⁽¹⁾ (\$/MMBtu)	\$3.22	\$1.00 increase / decrease	\$15M / \$(15)M in Sempra LNG & Midstream
Foreign Currency Exchange Rates ⁽²⁾	21.8 MXN/USD 680 CLP/USD 3.46 PEN/USD	5% appreciation / depreciation 5% appreciation / depreciation 5% appreciation / depreciation	\$(5)M-\$(10)M / \$25M-\$30M in Mexico \$3M / \$(3)M in Chile \$6M / \$(6)M in Peru



1) Annual average SoCal Border price.
 2) Source: Bloomberg forward curve at year-end for Mexico and average forecasted exchange rates from LatinFocus (December 2016) for South America. For Mexico, the earnings sensitivity excludes any offset related to inflation and is asymmetrical due to the hedge program put in place this year. For South America, earnings sensitivities reflect the translation impact on earnings and exclude foreign exchange rate impacts on tariff adjustments. In all cases, we engage in hedging activity from time to time that may limit earnings sensitivity for larger changes in currency rates than those reflected above. The rules of thumbs are applicable on a full-year basis.

Foreign Currency Exposure

Country	Exposure	Current Cash Flow Exposure?	Hedged?	Local currency appreciates +5% against US\$?	Comments
Mexico	US\$ debt positions translated to local currency for Mexico tax purposes	Yes, increases or decreases tax payments	Yes	Immaterial downside earnings impact for full year due to hedge	<ul style="list-style-type: none"> ▪ Largest potential exposure when unhedged ▪ Hedge protects downside risk; upside if peso depreciates against US\$ from plan ▪ Debt position versus hedge impacts may cause inter-quarter volatility
Mexico	Deferred tax balances translated to US\$ ⁽¹⁾	No	No	Lower earnings of ~\$5-\$10M⁽¹⁾	<ul style="list-style-type: none"> ▪ Second largest exposure ▪ Not hedged, generally, since exposure doesn't lead to current cash flow exposure
Chile & Peru	Earnings translated from local currency to US\$	No	No	Higher earnings of ~\$9M	<ul style="list-style-type: none"> ▪ Impact generally occurs throughout year as earnings realized

APPENDIX

Non-GAAP Financial Measures



Adjusted Earnings and Adjusted Earnings Per Share (1 of 6)

Sempra Energy Adjusted Earnings and Adjusted Earnings Per Share (unaudited) exclude items (after the effects of income taxes and, if applicable, noncontrolling interests) in 2017 and 2016 as follows:

In the three months ended September 30, 2017:

- \$(208) million impairment of wildfire regulatory asset at SDG&E

In the three months ended September 30, 2016:

- \$350 million noncash gain from the remeasurement of our equity method investment in IEnova Pipelines (formerly Gasoductos de Chihuahua or GdC), a 50-50 joint venture between our Mexican subsidiary, IEnova, and Petróleos Mexicanos (PEMEX), in connection with IEnova's September 2016 acquisition of PEMEX's 50-percent interest in GdC
- \$78 million gain at Sempra LNG & Midstream on the September 2016 sale of EnergySouth Inc., the parent company of Mobile Gas and Willmut Gas
- \$(90) million impairment of Sempra Mexico's Termoeléctrica de Mexicali (TdM) assets held for sale
- \$25 million reduction of deferred income tax liability related to the impairment in carrying value of TdM's assets

In the nine months ended September 30, 2017:

- \$(208) million impairment of wildfire regulatory asset
- \$(47) million impairment of TdM assets held for sale
- \$5 million deferred income tax benefit on the TdM assets held for sale
- \$28 million of recoveries related to 2016 permanent release of pipeline capacity

In the nine months ended September 30, 2016:

- \$350 million noncash gain from the remeasurement of our equity method investment in IEnova Pipelines
- \$78 million gain on the sale of EnergySouth
- \$(123) million losses from the permanent releases of pipeline capacity at Sempra LNG & Midstream
- \$(80) million adjustments related to tax repairs deductions reallocated to ratepayers as a result of the 2016 General Rate Case Final Decision (2016 GRC FD) at the California Utilities
- \$(27) million impairment charge related to Sempra LNG & Midstream's investment in Rockies Express Pipeline LLC (Rockies Express)
- \$(90) million impairment of TdM assets held for sale
- \$(1) million deferred income tax expense on the TdM assets held for sale

Sempra Energy Adjusted Earnings and Adjusted Earnings Per Share are non-GAAP financial measures (GAAP represents accounting principles generally accepted in the United States of America). Because of the significance and/or nature of the excluded items, management believes that these non-GAAP financial measures provide a meaningful comparison of the performance of Sempra Energy's business operations from 2017 to 2016 and to future periods. 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. The table below reconciles for historical periods these non-GAAP financial measures to Sempra Energy GAAP Earnings and GAAP Diluted Earnings Per Common Share, which we consider to be the most directly comparable financial measures calculated in accordance with GAAP.

Adjusted Earnings and Adjusted Earnings Per Share (2 of 6)

	Three months ended September 30, 2017				Three months ended September 30, 2016			
	Pretax amount	Income tax (benefit) expense ⁽¹⁾	Non-controlling interests	Earnings	Pretax amount	Income tax (benefit) expense ⁽¹⁾	Non-controlling interests	Earnings
<i>(Dollars in millions, except per share amounts)</i>								
Sempra Energy GAAP Earnings	\$ 57				\$ 622			
Excluded items:								
Impairment of wildfire regulatory asset	\$ 351	\$ (143)	\$ -	208	\$ -	\$ -	\$ -	-
Remeasurement gain in connection with GdC acquisition	-	-	-	-	(617)	185	82	(350)
Gain on sale of EnergySouth	-	-	-	-	(130)	52	-	(78)
Impairment of TdM assets held for sale	-	-	-	-	131	(20)	(21)	90
Reduction of deferred income tax liability associated with TdM	-	-	-	-	-	(31)	6	(25)
Sempra Energy Adjusted Earnings	\$ 265				\$ 259			
Diluted earnings per common share:								
Sempra Energy GAAP Earnings	\$ 0.22				\$ 2.46			
Sempra Energy Adjusted Earnings	\$ 1.04				\$ 1.02			
Weighted-average number of shares outstanding, diluted (thousands)	253,364				252,405			
	Nine months ended September 30, 2017				Nine months ended September 30, 2016			
Sempra Energy GAAP Earnings	\$ 757				\$ 991			
Excluded items:								
Impairment of wildfire regulatory asset	\$ 351	\$ (143)	\$ -	208	\$ -	\$ -	\$ -	-
Impairment of TdM assets held for sale	71	-	(24)	47	131	(20)	(21)	90
Deferred income tax (benefit) expense associated with TdM	-	(8)	3	(5)	-	1	-	1
Recoveries related to 2016 permanent release of pipeline capacity	(47)	19	-	(28)	-	-	-	-
Remeasurement gain in connection with GdC acquisition	-	-	-	-	(617)	185	82	(350)
Gain on sale of EnergySouth	-	-	-	-	(130)	52	-	(78)
Permanent releases of pipeline capacity	-	-	-	-	206	(83)	-	123
SDG&E tax repairs adjustments related to 2016 GRC FD	-	-	-	-	52	(21)	-	31
SoCalGas tax repairs adjustments related to 2016 GRC FD	-	-	-	-	83	(34)	-	49
Impairment of investment in Rockies Express	-	-	-	-	44	(17)	-	27
Sempra Energy Adjusted Earnings	\$ 979				\$ 884			
Diluted earnings per common share:								
Sempra Energy GAAP Earnings	\$ 2.99				\$ 3.93			
Sempra Energy Adjusted Earnings	\$ 3.87				\$ 3.51			
Weighted-average number of shares outstanding, diluted (thousands)	252,987				251,976			
% Decrease in YTD 2017 GAAP Earnings compared to YTD 2016 GAAP Earnings	(24)%							
% Increase in YTD 2017 Adj. Earnings compared to YTD 2016 Adj. Earnings	11%							

(1) Income taxes were calculated based on applicable statutory tax rates, except for adjustments that are solely income tax. Income taxes associated with TdM were calculated based on the applicable statutory tax rate, including translation from historic to current exchange rates. An income tax benefit of \$12 million associated with the 2017 impairment has been fully reserved.

Adjusted Earnings and Adjusted Earnings Per Share (3 of 6)

SDG&E Adjusted Earnings (Losses) (Unaudited) Exclude:

In the three months ended September 30, 2017:

- \$(208) million impairment of wildfire regulatory asset

In the nine months ended September 30, 2017:

- \$(208) million impairment of wildfire regulatory asset

In the nine months ended September 30, 2016:

- \$(31) million tax repairs adjustments related to 2016 GRC FD

SDG&E Adjusted Earnings (Losses) is a non-GAAP financial measure. Because of the significance and/or nature of the excluded items, management believes that this non-GAAP financial measure provides a meaningful comparison of the performance of SDG&E's business operations from 2017 to 2016 and to future periods. 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. The table below reconciles for historical periods this non-GAAP financial measure to SDG&E GAAP Earnings (Losses), which we consider to be the most directly comparable financial measure calculated in accordance with GAAP.

	Three months ended September 30, 2017			Three months ended September 30, 2016		
	Pretax amount	Income tax benefit ⁽¹⁾	Earnings	Pretax amount	Income tax benefit ⁽¹⁾	Earnings
<i>(Dollars in millions)</i>						
SDGE GAAP (Losses) Earnings			\$ (28)			\$ 183
Excluded items:						
Impairment of wildfire regulatory asset	\$ 351	\$ (143)	208	\$ -	\$ -	-
SDGE Adjusted Earnings			<u>\$ 180</u>			<u>\$ 183</u>
	Nine months ended September 30, 2017			Nine months ended September 30, 2016		
SDGE GAAP Earnings			\$ 276			\$ 419
Excluded item:						
Impairment of wildfire regulatory asset	\$ 351	\$ (143)	208	\$ -	\$ -	-
Tax repairs adjustments related to 2016 GRC FD	-	-	-	52	(21)	31
SDGE Adjusted Earnings			<u>\$ 484</u>			<u>\$ 450</u>

(1) Income taxes were calculated based on applicable statutory tax rates.

Adjusted Earnings and Adjusted Earnings Per Share (4 of 6)

SoCalGas Adjusted Earnings (Unaudited) Exclude:

In the nine months ended September 30, 2016:

- \$(49) million tax repairs adjustment related to 2016 GRC FD

SoCalGas Adjusted Earnings is a non-GAAP financial measure. Because of the significance and/or nature of the excluded items, management believes that this non-GAAP financial measure provides a meaningful comparison of the performance of SoCalGas' business operations from 2017 to 2016 and to future periods. 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. The table below reconciles for historical periods this non-GAAP financial measure to SoCalGas GAAP Earnings, which we consider to be the most directly comparable financial measure calculated in accordance with GAAP.

	Nine months ended September 30, 2017			Nine months ended September 30, 2016		
	Pretax amount	Income tax benefit ⁽¹⁾	Earnings	Pretax amount	Income tax benefit ⁽¹⁾	Earnings
<i>(Dollars in millions)</i>						
SoCalGas GAAP Earnings			\$ 268			\$ 198
Excluded item:						
Tax repairs adjustments related to 2016 GRC FD	\$ -	\$ -	-	\$ 83	\$ (34)	49
SoCalGas Adjusted Earnings			<u>\$ 268</u>			<u>\$ 247</u>

(1) Income taxes were calculated based on applicable statutory tax rates.

Adjusted Earnings and Adjusted Earnings Per Share (5 of 6)

Sempra Mexico Adjusted Earnings (Unaudited) Exclude:

In the three months ended September 30, 2016:

- \$350 million noncash gain from the remeasurement of our equity method investment in IEnova Pipelines (formerly Gasoductos de Chihuahua or GdC), a 50-50 joint venture between our Mexican subsidiary, IEnova, and Petróleos Mexicanos (PEMEX), in connection with IEnova's September 2016 acquisition of PEMEX's 50-percent interest in GdC
- \$(90) million impairment of Termoeléctrica de Mexicali (TdM) assets held for sale
- \$25 million reduction of deferred income tax liability related to the impairment in carrying value of TdM's assets

In the nine months ended September 30, 2017:

- \$(47) million impairment of TdM assets held for sale
- \$5 million deferred income tax benefit on the TdM assets held for sale

In the nine months ended September 30, 2016:

- \$350 million noncash gain from the remeasurement of our equity method investment in IEnova Pipelines
- \$(90) million impairment of TdM assets held for sale
- \$(1) million deferred income tax expense on the TdM assets held for sale

Sempra Mexico Adjusted Earnings is a non-GAAP financial measure. Because of the significance and/or nature of the excluded items, management believes that this non-GAAP financial measure provides a meaningful comparison of the performance of Sempra Mexico's business operations from 2017 to 2016 and to future periods. 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. The table below reconciles for historical periods this non-GAAP financial measure to Sempra Mexico GAAP Earnings, which we consider to be the most directly comparable financial measure calculated in accordance with GAAP.

<i>(Dollars in millions)</i>	Three months ended September 30, 2017				Three months ended September 30, 2016			
	Pretax amount	Income tax benefit ⁽¹⁾	Non-controlling interests	Earnings	Pretax amount	Income tax (expense) benefit ⁽¹⁾	Non-controlling interests	Earnings
Sempra Mexico GAAP Earnings				\$ 66				\$ 332
Excluded items:								
Remeasurement gain in connection with GdC acquisition	\$ -	\$ -	\$ -	-	\$ (617)	\$ 185	\$ 82	(350)
Impairment of TdM assets held for sale	-	-	-	-	131	(20)	(21)	90
Reduction of deferred income tax liability associated with TdM	-	-	-	-	-	(31)	6	(25)
Sempra Mexico Adjusted Earnings				<u>\$ 66</u>				<u>\$ 47</u>
	Nine months ended September 30, 2017				Nine months ended September 30, 2016			
Sempra Mexico GAAP Earnings				\$ 105				\$ 407
Excluded items:								
Impairment of TdM assets held for sale	\$ 71	\$ -	\$ (24)	47	\$ 131	\$ (20)	\$ (21)	90
Deferred income tax (benefit) expense associated with TdM	-	(8)	3	(5)	-	1	-	1
Remeasurement gain in connection with GdC acquisition	-	-	-	-	(617)	185	82	(350)
Sempra Mexico Adjusted Earnings				<u>\$ 147</u>				<u>\$ 148</u>

(1) Income taxes were calculated based on applicable statutory tax rates, except for adjustments that are solely income tax. Income taxes associated with TdM were calculated based on the applicable statutory tax rate, including translation from historic to current exchange rates. An income tax benefit of \$12 million associated with the 2017 impairment has been fully reserved.

Adjusted Earnings and Adjusted Earnings Per Share (6 of 6)

Sempra LNG & Midstream Adjusted Earnings (Losses) (Unaudited) Exclude:

In the three months ended September 30, 2016:

- \$78 million gain on the September 2016 sale of EnergySouth Inc., the parent company of Mobile Gas and Willmut Gas

In the nine months ended September 30, 2017:

- \$28 million of recoveries related to 2016 permanent release of pipeline capacity

In the nine months ended September 30, 2016:

- \$78 million gain on the sale of EnergySouth
- \$(123) million losses from the permanent releases of pipeline capacity
- \$(27) million impairment charge related to our investment in Rockies Express Pipeline LLC (Rockies Express)

Sempra LNG & Midstream Adjusted Earnings (Losses) is a non-GAAP financial measure. Because of the significance and/or nature of the excluded items, management believes that this non-GAAP financial measure provides a meaningful comparison of the performance of Sempra LNG & Midstream's business operations from 2017 to 2016 and to future periods. 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. The table below reconciles for historical periods this non-GAAP financial measure to Sempra LNG & Midstream GAAP Earnings (Losses), which we consider to be the most directly comparable financial measure calculated in accordance with GAAP.

	Three months ended September 30, 2017		Three months ended September 30, 2016	
	Pretax amount	Income tax expense ⁽¹⁾	Pretax amount	Income tax expense (benefit) ⁽¹⁾
<i>(Dollars in millions)</i>				
LNG & Midstream GAAP (Losses) Earnings				
Excluded item:				
Gain on sale of EnergySouth	\$ -	\$ -	\$ (130)	\$ 52
LNG & Midstream Adjusted Losses				
		\$ (4)		\$ (78)
		\$ (4)		\$ (1)
LNG & Midstream GAAP Earnings (Losses)				
Excluded items:				
Recoveries related to 2016 permanent release of pipeline capacity	\$ (47)	\$ 19	\$ -	\$ -
Gain on sale of EnergySouth	-	-	(130)	52
Permanent releases of pipeline capacity	-	-	206	(83)
Impairment of investment in Rockies Express	-	-	44	(17)
LNG & Midstream Adjusted Losses				
		\$ (4)		\$ (104)
		\$ (4)		\$ (32)

(1) Income taxes were calculated based on applicable statutory tax rates.

2017 Adjusted Earnings-Per-Share Guidance Range

Sempra Energy 2017 Adjusted Earnings-Per-Share (EPS) Guidance Range (Unaudited) Excludes:

- \$(208) million impairment of wildfire regulatory asset
- \$(47) million impairment of Sempra Mexico's Termoeléctrica de Mexicali (TdM) assets held for sale
- \$28 million of recoveries related to 2016 permanent release of pipeline capacity
- \$5 million deferred income tax benefit on the TdM assets held for sale

Sempra Energy 2017 Adjusted EPS Guidance is a non-GAAP financial measure. Because of the significance and nature of the excluded items, management believes this non-GAAP financial measure provides additional clarity into the ongoing results of the business and the comparability of such results to prior and future periods and also as a base for projected earnings-per-share compound annual growth rate. Sempra Energy 2017 Adjusted Earnings-Per-Share Guidance should not be considered an alternative to diluted EPS guidance determined in accordance with GAAP. The table below reconciles Sempra Energy 2017 Adjusted EPS Guidance Range to Sempra Energy 2017 GAAP EPS Guidance Range, which we consider to be the most directly comparable financial measure calculated in accordance with GAAP.

	Full Year 2017	
Sempra Energy GAAP EPS Guidance Range (1)	\$ 4.13	to \$ 4.43
Excluded Items:		
Impairment of wildfire regulatory asset	0.82	0.82
Impairment of TdM assets held for sale	0.18	0.18
Recoveries related to 2016 permanent release of pipeline capacity	(0.11)	(0.11)
Deferred income tax benefit associated with TdM	(0.02)	(0.02)
Total Adjustments	0.87	0.87
Sempra Energy Adjusted EPS Guidance Range (1)	\$ 5.00	to \$ 5.30



1) Sempra Energy GAAP EPS Guidance Range and Sempra Energy Adjusted EPS Guidance Range are calculated using a weighted average number of shares (diluted) of 254 million. The effects of taxes and noncontrolling interests for excluded items are provided on slide 30 in the reconciliation of Sempra Energy GAAP Earnings to Sempra Energy Adjusted Earnings.