



SEMPRA ENERGY SECOND-QUARTER EARNINGS RISE 34 PERCENT

Trading and International Operations Show Improved Results; SDG&E Earnings Decline

SAN DIEGO, July 27, 2000 – Based on increased profits at its energy trading and international units, Sempra Energy (NYSE: SRE) today reported unaudited consolidated net income of \$110 million, or 55 cents per diluted share of common stock, for the second quarter of 2000, up 34 percent over last year's second-quarter net income of \$82 million, or 35 cents per diluted share. Last year's second-quarter income included non-recurring business-combination costs of \$12 million after-tax, or 5 cents per diluted share.

Second-quarter revenues for Sempra Energy were \$1.5 billion in 2000, equal to revenues in the year-earlier period.

"We are now seeing significant contributions from new lines of business outside our California utilities," said Stephen L. Baum, vice chairman, president and chief executive officer of Sempra Energy. "These unregulated businesses provided 21 percent of our consolidated net income for the quarter, and we are well on our way to achieving our goal to derive one-third of our annual earnings from them by 2003."

The earnings from the unregulated businesses more than offset reduced or flat earnings at the company's two California utilities, San Diego Gas & Electric (SDG&E) and Southern California Gas Company. In California's newly deregulated energy market, SDG&E no longer generates nor prices electricity, but acts as an energy-delivery service provider. SDG&E buys electricity from the California Power Exchange (Cal-PX) and passes that cost directly onto its customers, with no mark-up.

The increase in corporate earnings was due primarily to oil and natural gas transactions by Sempra Energy Trading outside of California. More than 90 percent of the trading unit's earnings was derived from its activities in the eastern half of the United States and Europe.

"We continue to be concerned about the impact that high Cal-PX electricity prices are having on SDG&E's customers, and we are working with all the participants in California's deregulated energy market to arrive at short- and long-term solutions," Baum said. "We believe regulators need to move quickly to enable the installation of real-time hourly meters statewide to give consumers the ability to capture the full value of their energy conservation. Also, there are significant problems in the wholesale electricity marketplace and we advocate imposition of a wholesale price cap in the entire western region to bring more price stability. In the long term, California needs an infusion of new power generation and transmission to meet growing energy demand in the state."

Sempra Energy continues to pursue a focused, integrated business strategy to capitalize on opportunities in the \$160 billion U.S. retail energy services marketplace, Baum added. The company is concentrating on growth in six business lines: regulated energy delivery services; energy trading; international energy transmission and distribution; competitive retail energy services for the commercial, industrial and residential markets; wholesale electric generation; and technology ventures.

Energy Delivery Services

Net income for San Diego Gas & Electric (SDG&E) in the second quarter was \$40 million, down 15 percent from \$46 million for the same period in 1999. The decline in net income was due primarily to regulatory changes effective in mid-1999 related to California's electric industry restructuring and the elimination of a regulatory balancing account. With the elimination of the balancing account, SDG&E's net income now fluctuates with changes in natural gas demand, due to seasonal and other factors. During the second quarter 2000, this resulted in a \$4 million decrease in net income.

Southern California Gas Company recorded net income of \$47 million in the second quarter 2000, up from \$46 million in 1999's second quarter.

Parent Company and New Business Activities

In the second quarter of 2000, net income for Sempra Energy's non-utility and new-business operations - including Sempra Energy Trading, Sempra Energy International, Sempra Energy Solutions, Sempra Energy Financial, Sempra Energy Resources, Sempra Communications and the parent company – rose to \$23 million from a loss of \$10 million in the second quarter 1999.

Energy Trading

Sempra Energy Trading's net income grew to \$40 million in the second quarter 2000, compared to \$3 million in the year-earlier period. The dramatic increase is primarily due to improved results in oil and natural gas trading in the United States and Europe amidst volatile international commodity markets.

"We're pleased with these results – clearly Sempra Energy Trading has demonstrated its value as a key element in our strategic direction," said Baum. "We also are aware that energy trading is more volatile than the traditional utility business and Sempra Energy Trading's results will vary from quarter to quarter."

Sempra Energy Trading's physical trading volumes of natural gas increased 91 percent to 8.4 billion cubic feet per day (bcfd) during the quarter, compared to 4.4 bcfd during the same period last year. Trading volumes of crude oil and products increased 4 percent to 2.4 million barrels per day (mbd) in second quarter 2000, compared to 2.3 mbd in second quarter 1999.

During the quarter, the company entered the Asian energy trading market, opening a new office in Singapore.

In May 2000, Sempra Energy Trading was chosen as the preferred wholesale natural gas supplier to Utility.com, the world's first Internet utility company. Sempra Energy Trading will provide competitively priced natural gas to Utility.com, which currently serves consumers in California and Pennsylvania.

International Operations

Sempra Energy International's net income grew to \$7 million in the second quarter 2000 from a loss of \$2 million during the same quarter last year. The increase was due primarily to the profit contributions of Chilquinta Energía and Luz del Sur, two South American electric distribution utilities that Sempra Energy International jointly acquired with PSEG Global in mid-1999.

Sempra Energy International achieved three major milestones in its growth strategy during the second quarter. First, the company began delivering U.S. natural gas through the Rosarito Pipeline to the Presidente Juárez Power Plant in Baja California, Mexico, with a current load of approximately 87 million cubic feet per day. The company also announced a partnership with PG&E Corporation's National Energy Group and Mexico's Próxima Gas, S.A. de C.V., to build the proposed North Baja Pipeline, a \$230 million, 212-mile pipeline from Arizona across California and Baja California, Mexico. Finally, the international subsidiary signed an agreement with Dominion Resources Inc. to purchase Dominion's assets in Argentina, including an additional 21.5-percent interest in holding companies that control two natural gas distribution utilities. When the transaction is completed, Sempra Energy International will have raised its total stake in the Argentine utility holding companies to 43 percent.

Retail Energy Services

Revenues from Sempra Energy's retail energy services marketing operations in the second quarter 2000 nearly doubled to \$114 million, compared to \$59 million in the same quarter last year. These operations are concentrated primarily in Sempra Energy Solutions, which markets integrated energy-services solutions to commercial, industrial and institutional customers, and Energy America, which sells gas and electricity to residential and small-business customers.

During the quarter, Sempra Energy Solutions signed a three-year, \$85 million contract to offer energy-efficiency services to facilities associated with Premier Inc., a purchasing alliance serving 1,800 non-profit hospitals and health-care systems. The subsidiary also entered into an agreement to acquire full ownership of the energy infrastructure at The Venetian Hotel Resort Casino and Sands Expo & Convention Center in Las Vegas, and DreamWorks Animation Studios in Glendale, Calif., two of the company's largest energy service customers.

Earlier this month, Energy America acquired 50,000 residential and small-business customers from Titan Energy of Georgia for \$2.5 million. Energy America now sells electricity and natural gas to 425,000 customers in six states.

Continued start-up costs at Sempra Energy's retail energy services operations led to a loss of \$7 million in the second quarter 2000, compared to a loss of \$4 million during the same period last year.

Generation

Second-quarter earnings from Sempra Energy Resources' generation operations were \$3 million, compared to \$1 million last year, primarily due to the start-up of commercial operations at El Dorado Energy. The 480-megawatt power plant, jointly owned with Reliant Energy, was operational for approximately two-thirds of the quarter. Located near Las Vegas, the plant sells electricity into the wholesale power markets of Nevada, California and the southwestern United States. Over the next five years, Sempra Energy Resources will develop a portfolio of electric generation plants to meet customer needs as part of Sempra Energy's overall retail energy marketing strategy.

Share Repurchases

The weighted average number of common shares outstanding (diluted) for the second quarter was 201 million, down from 237 million for the same period in 1999. The decrease in shares outstanding resulted from Sempra Energy's repurchase of 36 million shares of common stock through a Dutch Auction self-tender.

In July, Sempra Energy repurchased approximately 160,000 additional shares of common stock on the open market, as part of a board-approved \$100 million buyback program.

Sempra Energy (NYSE: SRE), based in San Diego, is a Fortune 500 energy services holding company with 12,000 employees and revenues of nearly \$5.5 billion. Through its eight principal subsidiaries -- Southern California Gas Company, San Diego Gas & Electric, Sempra Energy Solutions, Sempra Energy Trading, Sempra Energy International, Sempra Energy Resources, Sempra Communications and Sempra Energy Financial -- Sempra Energy serves more than 9 million customers in the United States, Europe, Canada, Mexico and South America.

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This press release contains statements that are not historical fact and constitute projections, forecasts or forward-looking statements. When we use words like "believes," "expects," "anticipates," "intends," "plans," "estimates," "may," "should" or similar expressions, or when we discuss our strategy or plans, we are making projections, forecasts or forward-looking statements. These statements are not guarantees of performance. They involve risks, uncertainties and assumptions that could cause the company's future results to differ materially from those expressed in these statements. Many of the factors that will determine these results are beyond the company's ability to control or predict. These statements are necessarily based upon various assumptions involving judgments with respect to the future. These risks and uncertainties, include, among others: national, international, regional and local economic, competitive and regulatory conditions and developments; capital market conditions, inflation rates and interest rates; energy markets, including the timing and extent of changes in commodity prices; weather conditions; business, regulatory and legal decisions; the pace of deregulation of retail natural gas and electricity delivery; technological developments; the timing and success of business development efforts; and other uncertainties, all of which are difficult to predict and many of which are beyond the company's control. These risks and uncertainties are further discussed in the company's Annual Report on Form 10-K for the fiscal year ended Dec. 31, 1999, which has been filed with the Securities and Exchange Commission and is available through the EDGAR system without charge at its Web site, www.sec.gov.

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TABLE B

BUSINESS UNIT EARNINGS (Unaudited)

	Three Months Ended June 30			Six Months Ended June 30		
	2000	1999	Change	2000	1999	Change
Delivery Services:						
SoCal Gas	\$ 47	\$ 46	\$ 1	\$ 97	\$ 93	\$ 4
SDG&E	40	46	(6)	92	99	(7)
Subtotal	87	92	(5)	189	192	(3)
Energy Trading	40	3	37	58	4	54
International	7	(2)	9	12	(8)	20
Generation	3	1	2	3	2	1
Retail Services	(7)	(4)	(3)	(13)	(8)	(5)
Technology Ventures	(3)	(1)	(2)	(5)	(3)	(2)
Financial	7	7	-	15	14	1
Parent and Other	(24)	(2)	(22)	(36)	-	(36)
Subtotal	23	2	21	34	1	33
Business-Combination Costs	-	(12)	12	-	(12)	12
Total Net Income	\$ 110	\$ 82	\$ 28	\$ 223	\$ 181	\$ 42
Shares Outstanding (in millions)	201	237		215	237	
Earnings per Share	\$ 0.55	\$ 0.35	\$ 0.20	\$ 1.04	\$ 0.76	\$ 0.28



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Table C

OPERATING STATISTICS (Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2000	1999	2000	1999
Delivery Services (California Utilities)				
Revenues (\$ Millions)				
SDG&E	574	740	1,045	1,201
SoCalGas (excludes intercompany sales)	615	612	1,314	1,209
Gas Sales (BCF)	79	106	212	265
Transportation and Exchange (BCF)	166	117	304	226
Total Deliveries (BCF)	245	223	516	491
Total Gas Customers (Thousands)			5,764	5,677
Electric Sales (Millions of Kwhs)	3,674	3,449	7,468	7,186
Direct Access (Millions of Kwhs)	865	746	1,744	1,403
Total Deliveries (Millions of Kwhs)	4,539	4,195	9,212	8,589
Total Electric Customers (Thousands)			1,228	1,209
Energy Trading				
Operating Margins (\$ Millions)				
North America	103	17	145	31
Europe/Asia	31	14	62	20
Natural Gas (Physical, BCF/Day)	8.4	4.4	8.2	5.1
Electric (Physical, Millions of Kwhs)	12,644	4,200	17,357	9,192
Oil & Liquid Products (Physical, Millions Ebbls/Day)	2.4	2.3	2.2	1.3
International (1)				
Revenues (\$ Millions)	199	192	469	452
Natural Gas Sales (BCF)				
Argentina	42	53	105	125
Mexico	4	2	8	5
Natural Gas Customers (Thousands)				
Argentina			1,287	1,244
Mexico			37	14
Electric Sales (Millions of Kwhs)				
Chile	395	363	773	707
Peru	891	843	1,792	1,685
Electric Customers (Thousands)				
Chile			387	383
Peru			683	650
Retail Services				
Revenues (\$ Millions)				
Commercial and Industrial	73	36	119	68
Mass Market	41	23	91	41
Mass Market Customers (Thousands)			377	320
Mass Market Gas Volumes (BCF)	9	7	23	13
Mass Market Electricity Volumes (Millions of Kw)	89	-	93	-

(1) Represents 100 percent of these subsidiaries, although all are less than 100 percent owned by Sempra