

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act  
of 1934

Date of Report

(Date of earliest event reported): May 1, 2003  
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SEMPRA ENERGY

-----  
(Exact name of registrant as specified in its charter)

CALIFORNIA

1-14201

33-0732627

-----  
(State of incorporation  
or organization)

(Commission  
File Number)

(I.R.S. Employer  
Identification No.)

101 ASH STREET, SAN DIEGO, CALIFORNIA

92101

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(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code (619) 696-2034  
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(Former name or former address, if changed since last report.)

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FORM 8-K

Item 12. Results of Operations and Financial Condition

The information in this Current Report on Form 8-K, including exhibit 99.1 attached hereto, is being furnished, not filed, under Item 9 to satisfy the requirements of Item 12, "Results of Operations and Financial Condition" in accordance with SEC Release Nos. 33-8216 and 34-47583.

On May 1, 2003, Sempra Energy announced consolidated net income of \$88 million, or \$0.42 per diluted share of common stock, for the first quarter of 2003.

Item 7. Financial Statements and Exhibits.

(c) Exhibits

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

SEMPRA ENERGY  
(Registrant)

Date: May 1, 2003

By: /s/ F. H. Ault

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F. H. Ault  
Sr. Vice President and Controller

## News Release

Media Contacts: Doug Kline/Ralph Richardson  
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Sempra Energy  
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## SEMPRA ENERGY REPORTS FIRST-QUARTER 2003 EARNINGS

SAN DIEGO, May 1, 2003 -- Sempra Energy today reported unaudited first-quarter 2003 earnings of \$88 million, or \$0.42 per diluted share, compared with \$146 million, or \$0.71 per diluted share, for the same period of 2002.

The 2003 first-quarter results reflect the \$38 million, or \$0.18 per diluted share, negative effects of implementing new accounting principle EITF 02-3. The components of this non-cash reduction in earnings consist of \$29 million, or \$0.14 per diluted share, reflected as a cumulative-effect adjustment at Dec. 31, 2002, and an additional \$9 million, or \$0.04 per diluted share, for the first-quarter effect of the change. EITF 02-3 eliminated mark-to-market accounting for certain commodity-trading assets, changing the timing for revenue recognition.

For comparison purposes with the first quarter 2002, earnings for the first quarter 2003 would have been \$126 million, or \$0.60 per diluted share, except for the effects of EITF 02-3.

Revenues for Sempra Energy rose 27 percent to \$1.9 billion in the first quarter 2003 from \$1.5 billion in the first quarter 2002. Increased revenues during the first quarter this year resulted from higher commodity prices, primarily at Sempra Energy Utilities.

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"We expect our 2003 earnings per share to be \$2.60 to \$2.80, excluding the \$0.14-per-share cumulative effect of the change in accounting principle," said Stephen L. Baum, chairman, president and chief executive officer of Sempra Energy. "Our California utilities performed well in the first quarter. We also are making progress on several of our key strategic initiatives, especially our expansion into the liquefied natural gas market and bringing new generation facilities online in the Pacific Southwest. Furthermore, we expect our trading business to rebound from a difficult quarter -- as it has done in the past -- and post solid results by year-end."

Baum said Sempra Energy's liquidity remains strong with more than \$2.6 billion in cash and committed credit available at the end of the first quarter 2003. This liquidity position was strengthened in January 2003 through the company's issuance of \$400 million of 10-year, 6-percent notes.

### **Sempra Energy Utilities**

Sempra Energy Utilities contributed \$103 million in net income in the first quarter 2003, compared with net income of \$113 million in the first quarter last year.

This reduction in net income was primarily due to the termination at the end of 2002 of sharing in savings resulting from the 1998 merger that formed Sempra Energy.

SDG&E reported net income in the first quarter 2003 of \$45 million, down from \$53 million for the same period in 2002. In addition to the smaller impact from merger savings, earnings also decreased due to higher operating and depreciation expenses, partially offset by a gas-procurement award of \$4 million after-tax.

Net income for SoCalGas for the first quarter 2003 was \$58 million, compared with \$60 million in the same period in 2002.

### **Sempra Energy Trading**

Sempra Energy Trading reported a net loss of \$18 million for the first quarter of 2003, compared with net income of \$42 million in the year-earlier period. The quarter's loss was due to a combination of accounting changes and lower profits from energy trading. For comparison purposes, Sempra Energy Trading's earnings for the quarter would have been \$19 million, except for the \$37 million cumulative and first-quarter effects of EITF 02-3.

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### **Sempra Energy Resources**

Sempra Energy Resources, the wholesale power-generation subsidiary of Sempra Energy, reported net income of \$10 million in the first quarter 2003, compared with a net loss of \$3 million in the first quarter 2002. The increase in earnings was primarily due to scheduled deliveries under its long-term contract with the California Department of Water Resources and contributions from the Twin Oaks power plant, which was acquired in November 2002.

Sempra Energy Resources remains on schedule to bring online three new power plants, representing 1,510 megawatts of generation capacity, during May and June 2003, with an additional 625 megawatts being added by the end of this year. Through 2005, an average of 85 percent of Sempra Energy Resources' peak-generating capability is sold forward, which will provide the unit with predictable earnings and cash flow.

### **Sempra Energy International**

For the first quarter of 2003, Sempra Energy International's net income decreased to \$7 million from \$8 million during the same quarter in 2002. The reduction in earnings was primarily attributed to decreased operating earnings from Argentina, offset partially by a positive contribution from the Gasoducto Bajanorte natural gas pipeline in northern Mexico.

In April 2003, Sempra Energy International announced that it had received an environmental permit from Mexico's environmental agency for the Energía Costa Azul liquefied natural gas (LNG) receiving terminal in Baja California, Mexico. The company expects to receive the remaining two permits shortly. Energía Costa Azul will have the capacity to process up to 1 billion cubic feet per day of natural gas and is expected to be operational by 2006.

Last week, Sempra Energy LNG Corp., a newly formed affiliate of Sempra Energy International, completed the acquisition of an LNG project in Hackberry, La., from Dynegy Midstream Services LP. The project has been renamed "Cameron LNG" and is scheduled to begin commercial operation in early 2007, pending final regulatory approvals. The facility has the capacity to process up to 1.5 billion cubic feet per day of natural gas.

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"With natural gas demand outstripping supply in North America, we believe that LNG will be a critical part of the supply mix over the next decade," said Baum. "The Cameron LNG and Energía Costa Azul projects will give us a major presence in the North American LNG market."

### **Sempra Energy Solutions**

Sempra Energy Solutions, which offers energy outsourcing and commodity services to commercial and industrial customers, recorded a net loss of \$1 million in the first quarter 2003, compared with net income of \$1 million in the same period in 2002. The first-quarter loss resulted, in part, from a \$1 million cumulative effect related to accounting principle EITF 02-3.

## Internet Broadcast

Sempra Energy will broadcast a live discussion of its earnings results over the Internet today at 1 p.m. EDT with Baum; Neal E. Schmale, executive vice president and chief financial officer, Sempra Energy; Donald E. Felsing, group president, Sempra Energy Global Enterprises; Edwin A. Guiles, group president, Sempra Energy Utilities; Frank H. Ault, senior vice president and controller, Sempra Energy; and Dennis V. Arriola, vice president of investor relations, Sempra Energy. Access is available by logging onto the Web site at [www.sempra.com](http://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 (719) 457-0820 and entering passcode number 9599599.

Sempra Energy (NYSE: SRE), based in San Diego, is a Fortune 500 energy services holding company with 2002 revenues of \$6 billion. The Sempra Energy companies' 12,000 employees serve more than 9 million customers in the United States, Europe, Canada, Mexico, South America and Asia.

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*Sempra Energy Trading, Sempra Energy Resources, Sempra Energy International, Sempra Energy LNG Corp. and Sempra Energy Solutions are not the same as the utilities, San Diego Gas & Electric and Southern California Gas Co.*

*This press release contains statements that are not historical fact and constitute forward-looking statements within the meaning of the Private Securities Legislation Reform Act of 1995. When the company uses words like "believes," "expects," "anticipates," "intends," "plans," "estimates," "may," "would," "should" or similar expressions, or when the company discusses its strategy or plans, the company is making forward-looking statements. 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: national, international, regional and local economic, competitive, political, legislative and regulatory conditions and developments; actions by the California Public Utilities Commission, the California State Legislature, the California Department of Water Resources and the Federal Energy Regulatory Commission; capital market conditions, inflation rates and interest rates; energy and trading 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; 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 reports filed with the Securities and Exchange Commission that are available through the EDGAR system without charge at its Web site, [www.sec.gov](http://www.sec.gov).*

<b>SEMPRA ENERGY</b>		
<b>Table A</b>		
<b>CONSOLIDATED INCOME STATEMENT (Unaudited)</b>		
	Three Months Ended	
	March 31,	
(Dollars in millions, except per share amounts)	2003	2002
<b>Operating Revenues</b>		
California utilities:		
Natural gas	\$ 1,162	\$ 878
Electric	395	278
Other	366	314
<b>Total</b>	<b>1,923</b>	<b>1,470</b>
<b>Operating Expenses</b>		
California utilities:		
Cost of natural gas distributed	677	424
Electric fuel and net purchased power	163	61
Other cost of sales	219	132
Other operating expenses	445	410
Depreciation and amortization	148	148
Franchise fees and other taxes	56	44
<b>Total</b>	<b>1,708</b>	<b>1,219</b>
<b>Operating Income</b>	<b>215</b>	<b>251</b>
Other income (loss) - net	(5)	19
<b>Income before Financing Costs and Income Taxes</b>	<b>210</b>	<b>270</b>
Interest income	12	11

Interest expense	(74)	(69)
Preferred dividends / distributions by subsidiaries	(7)	(7)
<b>Income before Income Taxes</b>	141	205
Income taxes	24	59
<b>Income before Cumulative Effect of Change in Accounting Principle</b>	117	146
Cumulative effect of change in accounting principle, net of tax	(29)	-
<b>Net Income</b>	\$ 88	\$ 146
<b>Weighted-Average Number of Shares Outstanding:</b>		
Basic*	206,393	204,853
Diluted*	207,823	206,416
<b>Income before Cumulative Effect of Change in Accounting Principle</b>		
<b>per Share of Common Stock</b>		
Basic	\$ 0.57	\$ 0.71
Diluted	\$ 0.56	\$ 0.71
<b>Net Income per Share of Common Stock</b>		
Basic	\$ 0.43	\$ 0.71
Diluted	\$ 0.42	\$ 0.71
<b>Dividends Declared per Common Share</b>	\$ 0.25	\$ 0.25
*In thousands of shares		

<b>SEMPRA ENERGY</b>		
<b>Table B</b>		
<b>KEY CONSOLIDATED BALANCE SHEET STATISTICS (Unaudited)</b>		
	Balance at	
	March 31,	December 31,
(Dollars in millions, except per share amounts)	2003	2002
Short-Term Debt	\$ 412	\$ 570
Current Portion of Long-Term Debt	205	281
Long-Term Debt	4,324	4,083
<b>Total Debt</b>	4,941	4,934
Preferred Stock of Subsidiaries	203	204
Mandatorily Redeemable Trust Preferred Securities	200	200
Common Equity	2,892	2,825
<b>Total Capitalization</b>	\$ 8,236	\$ 8,163
Debt to Total Capitalization	60%	60%
Book Value per Share	\$ 13.97	\$ 13.79
Cash and Cash Equivalents	\$ 803	\$ 455
Available Credit Under Committed Lines - Net	\$ 1,832	\$ 1,650
<b>CAPITAL EXPENDITURES AND INVESTMENTS (Unaudited)</b>		

	Three Months Ended	
	March 31,	
(Dollars in millions)	2003	2002
<b>California Utilities:</b>		
Southern California Gas	\$ 58	\$ 70
San Diego Gas & Electric	89	77
Total California Utilities	147	147
<b>Global Enterprises:</b>		
Resources	84	56
Trading	7	50
International	26	25
Total Global Enterprises	117	131
Parent & Other	9	11
Consolidated Capital Expenditures and Investments	\$ 273	\$ 289

<b>SEMPRA ENERGY</b>			
<b>Table C</b>			
<b><i>BUSINESS UNIT EARNINGS (Unaudited)</i></b>			
	Three Months Ended		
	March 31,		
(Dollars in millions)	2003		2002
<b>Income before Financing Costs and Income Taxes</b>			
<b>California Utilities:</b>			
San Diego Gas & Electric	\$ 106		\$ 119
Southern California Gas	116		113
Total California Utilities	222		232
<b>Global Enterprises:</b>			
Trading	22		65
Resources	11		(5)
International	4		1
Solutions	1		3
Total Global Enterprises	38		64
Financial	(14)		(13)
Parent & Other	(36)		(13)
Consolidated Income before Financing Costs and Income Taxes	\$ 210		\$ 270
<b>Net Income</b>			

<b>California Utilities:</b>			
San Diego Gas & Electric	\$ 45		\$ 53
Southern California Gas	58		60
Total California Utilities	103		113
<b>Global Enterprises:</b>			
Trading	(18)	(1)	42
Resources	10		(3)
International	7		8
Solutions	(1)	(1)	1
Total Global Enterprises	(2)		48
Financial	11		7
Parent & Other (2)	(24)		(22)
Consolidated Net Income	\$ 88	(1)	\$ 146
(1) Consolidated net income includes (\$29M) cumulative effect of change in accounting principle. The effects to Trading and Solutions were (\$28M) and (\$1M), respectively.			
(2) Parent interest expense is not allocated to the business units.			

<b>SEMPRA ENERGY</b>			
<b>Table D</b>			
<b>OTHER OPERATING STATISTICS (Unaudited)</b>			
	Three Months Ended		
	March 31,		
<b>CALIFORNIA UTILITIES</b>	2003		2002
<b>Revenues (Dollars in millions)</b>			
SDG&E (excludes intercompany sales)	\$ 559		\$ 427
SoCalGas (excludes intercompany sales)	\$ 998		\$ 729
Gas Sales (BCF)	121		142
Transportation and Exchange (BCF)	134		138
Total Deliveries (BCF)	255		280
Total Gas Customers (Thousands)	6,146		6,072
Electric Sales (Millions of kWhs)	3,609		3,524
Direct Access (Millions of kWhs)	806		803
Total Deliveries (Millions of kWhs)	4,415		4,327
Total Electric Customers (Thousands)	1,284		1,263



<b>RESOURCES</b>		
Power Sold (Millions of kWhs)	1,403	506
<b>SOLUTIONS</b>		
Revenues (Dollars in millions)	42	38
<b>INTERNATIONAL</b>		
(Represents 100% of these subsidiaries, although only the Mexican subsidiaries are 100% owned by Sempra Energy).		
<b>Natural Gas Sales (BCF)</b>		
Argentina	42	38
Mexico	9	9
Chile	1	1
<b>Natural Gas Customers (Thousands)</b>		
Argentina	1,367	1,324
Mexico	85	72
Chile	36	35
<b>Electric Sales (Millions of kWhs)</b>		
Peru	1,018	976
Chile	481	468
<b>Electric Customers (Thousands)</b>		
Peru	721	709
Chile	487	476

## SEMPRA ENERGY

### Table D (Continued)

#### TRADING

	Three Months Ended				
	March 31,				
<i>Trading Margin (Dollars in millions)</i>	2003	2002			
<b>Geographical:</b>					
North America	\$ 62	\$ 90			
Europe/Asia	22	47			
Total	\$ 84	\$ 137			
<b>Product Line:</b>					
Gas	\$ 30	\$ 67			
Power	(2)	23			
Oil - Crude & Products	32	39			
Metals	7	4			
Other	17	4			
Total	\$ 84	\$ 137			
<i>Physical Statistics</i>					

Natural Gas (BCF/Day)	13.5	9.5			
Electric (Billions of kWhs)	66.1	22.8			
Oil & Liquid Products (Millions Bbls/Day)	1.4	2.4			
	Fair				
	Market Value				
	March 31,	Scheduled Maturity (in months)			
<i>Liquidity of Net Unrealized Revenue (Dollars in millions)</i>	2003	0 - 12	13 - 24	25 - 36	> 36
<b>Sources of Over-the-Counter (OTC) Fair Value:</b>					
Prices actively quoted	\$ 428	\$ 460	\$ (62)	\$ 28	\$ 2
Prices provided by other external sources	(1)	(4)	(2)	-	5
Prices based on models and other valuation methods	25	5	7	2	11
Total OTC Fair Value (1)	452	461	(57)	30	18
<b>Maturity of OTC Fair Value</b>					
Percentage	100.0%	102.0%	(12.6%)	6.6%	4.0%
Cumulative Percentages		102.0%	89.4%	96.0%	100.0%
Exchange Contracts (2)	(10)	\$ (18)	\$ 5	\$ (1)	\$ 4
Total Net Unrealized Revenue	\$ 442				
(1) The present value of unrealized revenue to be received or (paid) from outstanding OTC contracts					
(2) Cash (paid) or received associated with open Exchange Contracts					
	March 31,	December 31,	September 30,	June 30,	March 31,
<i>Credit Quality of Unrealized Trading Assets (net of margin)</i>	2003	2002	2002	2002	2002
Commodity Exchanges	7%	3%	6%	11%	12%
Investment Grade	62%	67%	69%	69%	64%
Below Investment Grade	31%	30%	25%	20%	24%
	Three Months Ended				
	March 31,				
<i>Risk Adjusted Performance Indicators</i>	2003	2002			
VaR at 95% (Dollars in millions) (1)	\$ 10.0	\$ 6.5			
VaR at 99% (Dollars in millions) (2)	\$ 14.1	\$ 9.2			
Risk Adjusted Return on Capital (RAROC) (3)	14%	34%			
(1) Average Daily Value-at-Risk for the period using a 95% confidence level					
(2) Average Daily Value-at-Risk for the period using a 99% confidence level					
(3) Average Daily Trading Margin/Average Daily VaR at 95% confidence level					

