



## **Sempra Energy and SDG&E Reaffirm Strong Financial Position in Response to Pg&E Bankruptcy**

SAN DIEGO, April 6, 2001 – Sempra Energy and San Diego Gas & Electric (SDG&E) officials took the opportunity of today's Chapter 11 bankruptcy announcement by Pacific Gas & Electric (PG&E) to reaffirm their companies' strong financial position and the significant regulatory and legislative differences between SDG&E and PG&E.

"We want to reassure our customers and shareholders that Sempra Energy and SDG&E remain very strong and financially viable companies," said Stephen L. Baum, chairman, president and chief executive officer of Sempra Energy, the parent company of SDG&E. "SDG&E is continuing its record of providing safe and reliable gas and electric service for our 1.2 million customers today, tomorrow and for years to come. There are several significant financial, legislative and regulatory differences that distinguish Sempra Energy and SDG&E from PG&E."

SDG&E is covered under Assembly Bill 265, a law signed by the Governor last September which guaranteed that SDG&E will be able to collect the difference between the capped price of electricity and the wholesale cost of power, providing the power was prudently purchased. PG&E is not covered by AB 265 and that guarantee. At the end of February, the under-collection in the balancing account was \$681 million. Since the DWR has been purchasing power for SDG&E, the growth of the company's balancing account has slowed significantly.

Unlike PG&E, SDG&E has been able to pay its wholesale electric bills to the California Independent System Operator (Cal-ISO), the California Power Exchange (Cal-PX), Qualifying Facilities that cogenerate power for the utility and the state's power procurement agency, the Department of Water Resources. Additionally, the Sempra Energy companies have no significant credit exposure to PG&E. "Sempra Energy and SDG&E have long advocated that the Federal Energy Regulatory Commission (FERC) institute temporary regional wholesale price caps to help stem the financial problems such as those experienced by PG&E," Baum added. "We are also committed to promoting and instituting comprehensive energy conservation programs for all customers to help control bills and decrease the chances of rotating outages this summer."

Sempra Energy (NYSE: SRE), based in San Diego, is a Fortune 500 energy services holding company with 12,000 employees and annual revenues of \$5.4 billion. Through its eight principal subsidiaries -- SoCalGas, SDG&E, 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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