




UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

(Mark One)

- QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended March 31, 2024
- or
- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____

Commission File No.	Exact Name of Registrant as Specified in its Charter, Address of Principal Executive Office and Telephone Number	State of Incorporation	I.R.S. Employer Identification No.	Former name, former address and former fiscal year, if changed since last report
1-14201	SEMPRA 488 8th Avenue San Diego, California 92101 (619) 696-2000	California	33-0732627	No change
				
1-03779	SAN DIEGO GAS & ELECTRIC COMPANY 8330 Century Park Court San Diego, California 92123 (619) 696-2000	California	95-1184800	No change
				
1-01402	SOUTHERN CALIFORNIA GAS COMPANY 555 West 5th Street Los Angeles, California 90013 (213) 244-1200	California	95-1240705	No change
				

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
SEMPRA:		
Common Stock, without par value	SRE	New York Stock Exchange ⁽¹⁾
5.75% Junior Subordinated Notes Due 2079, \$25 par value	SREA	New York Stock Exchange
SAN DIEGO GAS & ELECTRIC COMPANY:		
None		
SOUTHERN CALIFORNIA GAS COMPANY:		
None		

⁽¹⁾ Sempra's common shares are also registered with the National Securities Registry of the CNBV in Mexico. The registration of Sempra's common shares with the National Securities Registry does not imply certification regarding the investment quality of the securities, the solvency of the issuer or the accuracy or completeness of the information included in the quarterly report, nor does it confirm acts that may have been performed in contravention of the law. This quarterly report has been filed in Mexico in accordance with the general provisions applicable to issuers and other securities market participants.

Indicate by check mark whether the Registrants (1) have filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrants were required to file such reports), and (2) have been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the Registrants have submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the Registrants were required to submit such files).

Yes No

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Sempra:

Large Accelerated Filer Accelerated Filer Non-accelerated Filer Smaller Reporting Company Emerging Growth Company

San Diego Gas & Electric Company:

Large Accelerated Filer Accelerated Filer Non-accelerated Filer Smaller Reporting Company Emerging Growth Company

Southern California Gas Company:

Large Accelerated Filer Accelerated Filer Non-accelerated Filer Smaller Reporting Company Emerging Growth Company

If an emerging growth company, indicate by check mark if the Registrants have elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the Registrants are a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

Indicate the number of shares outstanding of each of the issuers’ classes of common stock, as of the latest practicable date.

Common stock outstanding as of April 30, 2024:

Sempra	632,845,743 shares
San Diego Gas & Electric Company	Wholly owned by Enova Corporation, which is wholly owned by Sempra
Southern California Gas Company	Wholly owned by Pacific Enterprises, which is wholly owned by Sempra

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This combined Form 10-Q is separately filed by Sempra, San Diego Gas & Electric Company and Southern California Gas Company. Information contained herein relating to any one of these individual Registrants is filed by such entity on its own behalf. Each such Registrant makes statements herein only as to itself and its consolidated entities and makes no statement whatsoever as to any other entity.

You should read this report in its entirety as it pertains to each respective Registrant. No one section of the report deals with all aspects of the subject matter. A separate Part I – Item 1 is provided for each Registrant, except for the Notes to Condensed Consolidated Financial Statements, which are combined for all the Registrants. All Items other than Part I – Item 1 are combined for the three Registrants.

None of the website references in this report are active hyperlinks, and the information contained on or that can be accessed through any such website is not and shall not be deemed to be part of or incorporated by reference in this report or any other document that we file with or furnish to the SEC.

The following terms and abbreviations appearing in this report have the meanings indicated below.

GLOSSARY	
AB	California Assembly Bill
ADIA	Black Silverback ZC 2022 LP (assignee of Black River B 2017 Inc.), a wholly owned affiliate of Abu Dhabi Investment Authority
AFUDC	allowance for funds used during construction
amparo	an extraordinary constitutional appeal governed by Articles 103 and 107 of the Mexican Constitution and filed in Mexican federal court
Annual Report	Annual Report on Form 10-K for the year ended December 31, 2023
AOCI	accumulated other comprehensive income (loss)
ASEA	Agencia de Seguridad, Energía y Ambiente (Mexico's National Agency for Industrial Safety and Environmental Protection)
ASU	Accounting Standards Update
Bcf	billion cubic feet
bps	basis points
Cameron LNG JV	Cameron LNG Holdings, LLC
Cameron LNG Phase 1 facility	Cameron LNG JV liquefaction facility
Cameron LNG Phase 2 project	Cameron LNG JV liquefaction expansion project
CCA	Community Choice Aggregation
CCM	cost of capital adjustment mechanism
CFE	Comisión Federal de Electricidad (Mexico's Federal Electricity Commission)
CFIN	Cameron LNG FINCO, LLC, a wholly owned and unconsolidated affiliate of Cameron LNG JV
CNBV	Comisión Nacional Bancaria y de Valores (Mexico's National Banking and Securities Commission)
CODM	chief operating decision maker as defined in Accounting Standards Codification 280
ConocoPhillips	ConocoPhillips Company
CPUC	California Public Utilities Commission
CRE	Comisión Reguladora de Energía (Mexico's Energy Regulatory Commission)
CRR	congestion revenue right
DOE	U.S. Department of Energy
ECA LNG	ECA LNG Phase 1 and ECA LNG Phase 2, collectively
ECA LNG Phase 1	ECA LNG Holdings B.V.
ECA LNG Phase 2	ECA LNG II Holdings B.V.
ECA Regas Facility	Energía Costa Azul, S. de R.L. de C.V. LNG regasification facility
Ecogas	Ecogas México, S. de R.L. de C.V.
Edison	Southern California Edison Company, a subsidiary of Edison International
EFH	Energy Future Holdings Corp. (renamed Sempra Texas Holdings Corp.)
EPC	engineering, procurement and construction
EPS	earnings per common share
ETR	effective income tax rate
Exchange Act	Securities Exchange Act of 1934, as amended
FERC	Federal Energy Regulatory Commission
Fitch	Fitch Ratings, Inc.
FTA	Free Trade Agreement
GCIM	Gas Cost Incentive Mechanism
GHG	greenhouse gas
GRC	General Rate Case
HOA	Heads of Agreement
IEnova	Infraestructura Energética Nova, S.A.P.I. de C.V.
IMG	Infraestructura Marina del Golfo
INEOS	INEOS Energy Trading Limited, a subsidiary of INEOS Limited
IOU	investor-owned utility
IRA	Inflation Reduction Act of 2022
IRS	U.S. Internal Revenue Service

GLOSSARY (CONTINUED)

ISO	Independent System Operator
ITC	investment tax credit
JV	joint venture
KKR Denali	KKR Denali Holdco LLC, an affiliate of Kohlberg Kravis Roberts & Co. L.P.
KKR Pinnacle	KKR Pinnacle Investor L.P. (as successor-in-interest to KKR Pinnacle Aggregator L.P.), an affiliate of Kohlberg Kravis Roberts & Co. L.P.
Leak	the leak at the SoCalGas Aliso Canyon natural gas storage facility injection-and-withdrawal well, SS25, discovered by SoCalGas on October 23, 2015
LNG	liquefied natural gas
MD&A	Management's Discussion and Analysis of Financial Condition and Results of Operations
MMBtu	million British thermal units (of natural gas)
Moody's	Moody's Investors Service, Inc.
MOU	Memorandum of Understanding
Mtpa	million tonnes per annum
MW	megawatt
MWh	megawatt hour
NCI	noncontrolling interest(s)
NDT	nuclear decommissioning trusts
NEIL	Nuclear Electric Insurance Limited
O&M	operation and maintenance expense
OCI	other comprehensive income (loss)
OII	Order Instituting Investigation
Oncor	Oncor Electric Delivery Company LLC
Oncor Holdings	Oncor Electric Delivery Holdings Company LLC
ORLEN	Polski Koncern Naftowy Orlen S.A.
Other Sempra	All Sempra consolidated entities, except for SDG&E and SoCalGas
PA LNG Phase 1 project	initial phase of the Port Arthur LNG liquefaction project
PA LNG Phase 2 project	second phase of the Port Arthur LNG liquefaction project
PBOP	postretirement benefits other than pension
Port Arthur LNG	Port Arthur LNG, LLC, an indirect subsidiary of SI Partners that owns the PA LNG Phase 1 project
PP&E	property, plant and equipment
PPA	power purchase agreement
PUCT	Public Utility Commission of Texas
RBS Sempra Commodities	RBS Sempra Commodities LLP
Registrants	has the meaning set forth in Rule 12b-2 under the Exchange Act and consists of Sempra, SDG&E and SoCalGas for purposes of this report
ROE	return on equity
RSU	restricted stock unit
S&P	S&P Global Ratings, a division of S&P Global Inc.
SB	California Senate Bill
SDG&E	San Diego Gas & Electric Company
SDSRA	Senior Debt Service Reserve Account
SEC	U.S. Securities and Exchange Commission
SEDATU	Secretaría de Desarrollo Agrario, Territorial y Urbano (Mexico's agency in charge of agriculture, land and urban development)
SENER	Secretaría de Energía de México (Mexico's Ministry of Energy)
series A preferred stock	Sempra's 6% mandatory convertible preferred stock, series A
series B preferred stock	Sempra's 6.75% mandatory convertible preferred stock, series B
series C preferred stock	Sempra's 4.875% fixed-rate reset cumulative redeemable perpetual preferred stock, series C
SI Partners	Sempra Infrastructure Partners, LP, the holding company for most of Sempra's subsidiaries not subject to California or Texas utility regulation
SoCalGas	Southern California Gas Company
SOFR	Secured Overnight Financing Rate

GLOSSARY (CONTINUED)

SONGS	San Onofre Nuclear Generating Station
SPA	sale and purchase agreement
Support Agreement	support agreement, dated July 28, 2020 and amended on June 29, 2021, among Sempra and Sumitomo Mitsui Banking Corporation
TAG Norte	TAG Norte Holding, S. de R.L. de C.V.
TAG Pipelines	TAG Pipelines Norte, S. de R.L. de C.V.
TCEQ	Texas Commission on Environmental Quality
TdM	Termoeléctrica de Mexicali
TO5	Electric Transmission Owner Formula Rate, effective June 1, 2019
U.S. GAAP	generally accepted accounting principles in the United States of America
VIE	variable interest entity
Wildfire Fund	the fund established pursuant to AB 1054
Wildfire Legislation	AB 1054 and AB 111

In this report, references to “Sempra” are to Sempra and its consolidated entities, collectively, and references to “we,” “our,” “us” and “our company” are to the applicable Registrant and its consolidated entities, collectively, in each case unless otherwise stated or indicated by the context. All references in this report to our reportable segments are not intended to refer to any legal entity with the same or similar name.

Throughout this report, we refer to the following as Condensed Consolidated Financial Statements and Notes to Condensed Consolidated Financial Statements when discussed together or collectively:

- the Condensed Consolidated Financial Statements and related Notes of Sempra;
- the Condensed Financial Statements and related Notes of SDG&E; and
- the Condensed Financial Statements and related Notes of SoCalGas.

INFORMATION REGARDING FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are based on assumptions about the future, involve risks and uncertainties, and are not guarantees. Future results may differ materially from those expressed or implied in any forward-looking statement. These forward-looking statements represent our estimates and assumptions only as of the filing date of this report. We assume no obligation to update or revise any forward-looking statement as a result of new information, future events or otherwise.

Forward-looking statements can be identified by words such as “believe,” “expect,” “intend,” “anticipate,” “contemplate,” “plan,” “estimate,” “project,” “forecast,” “envision,” “should,” “could,” “would,” “will,” “confident,” “may,” “can,” “potential,” “possible,” “proposed,” “in process,” “construct,” “develop,” “opportunity,” “preliminary,” “initiative,” “target,” “outlook,” “optimistic,” “poised,” “positioned,” “maintain,” “continue,” “progress,” “advance,” “goal,” “aim,” “commit,” or similar expressions, or when we discuss our guidance, priorities, strategy, goals, vision, mission, opportunities, projections, intentions or expectations.

Factors, among others, that could cause actual results and events to differ materially from those expressed or implied in any forward-looking statement include:

- California wildfires, including potential liability for damages regardless of fault and any inability to recover all or a substantial portion of costs from insurance, the Wildfire Fund, rates from customers or a combination thereof
- decisions, investigations, inquiries, regulations, denials or revocations of permits, consents, approvals or other authorizations, renewals of franchises, and other actions, including the failure to honor contracts and commitments, by the (i) CPUC, CRE, DOE, FERC, PUCT, IRS and other regulatory bodies and (ii) U.S., Mexico and states, counties, cities and other jurisdictions therein and in other countries where we do business
- the success of business development efforts, construction projects, acquisitions, divestitures, and other significant transactions, including risks related to (i) being able to make a final investment decision, (ii) completing construction projects or other transactions on schedule and budget, (iii) realizing anticipated benefits from any of these efforts if completed, (iv) obtaining third-party consents and approvals and (v) third parties honoring their contracts and commitments
- macroeconomic trends or other factors that could change our capital expenditure plans and their potential impact on rate base or other growth
- litigation, arbitrations, property disputes and other proceedings, and changes to laws and regulations, including those related to tax and trade policy and the energy industry in Mexico
- cybersecurity threats, including by state and state-sponsored actors, of ransomware or other attacks on our systems or the systems of third parties with which we conduct business, including the energy grid or other energy infrastructure
- the availability, uses, sufficiency, and cost of capital resources and our ability to borrow money or otherwise raise capital on favorable terms and meet our obligations, including due to (i) actions by credit rating agencies to downgrade our credit ratings or place those ratings on negative outlook, (ii) instability in the capital markets, or (iii) rising interest rates and inflation
- the impact on affordability of SDG&E’s and SoCalGas’ customer rates and their cost of capital and on SDG&E’s, SoCalGas’ and Sempra Infrastructure’s ability to pass through higher costs to customers due to (i) volatility in inflation, interest rates and commodity prices, (ii) with respect to SDG&E’s and SoCalGas’ businesses, the cost of meeting the demand for lower carbon and reliable energy in California, and (iii) with respect to Sempra Infrastructure’s business, volatility in foreign currency exchange rates
- the impact of climate and sustainability policies, laws, rules, regulations, trends and required disclosures, including actions to reduce or eliminate reliance on natural gas, increased uncertainty in the political or regulatory environment for California natural gas distribution companies, the risk of nonrecovery for stranded assets, and uncertainty related to emerging technologies
- weather, natural disasters, pandemics, accidents, equipment failures, explosions, terrorism, information system outages or other events, such as work stoppages, that disrupt our operations, damage our facilities or systems, cause the release of harmful materials or fires or subject us to liability for damages, fines and penalties, some of which may not be recoverable through regulatory mechanisms or insurance or may impact our ability to obtain satisfactory levels of affordable insurance
- the availability of electric power, natural gas and natural gas storage capacity, including disruptions caused by failures in the transmission grid, pipeline system or limitations on the withdrawal of natural gas from storage facilities
- Oncor’s ability to reduce or eliminate its quarterly dividends due to regulatory and governance requirements and commitments, including by actions of Oncor’s independent directors or a minority member director
- other uncertainties, some of which are difficult to predict and beyond our control

We caution you not to rely unduly on any forward-looking statements. You should review and carefully consider the risks, uncertainties and other factors that affect our businesses as described herein, in our Annual Report and in other reports we file with the SEC.

PART I – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

SEMPRA CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Dollars in millions, except per share amounts; shares in thousands)

	Three months ended March 31,	
	2024	2023
	(unaudited)	
REVENUES		
Utilities:		
Natural gas	\$ 2,109	\$ 4,412
Electric	1,056	1,027
Energy-related businesses	475	1,121
Total revenues	3,640	6,560
EXPENSES AND OTHER INCOME		
Utilities:		
Cost of natural gas	(554)	(2,683)
Cost of electric fuel and purchased power	(89)	(114)
Energy-related businesses cost of sales	(109)	(193)
Operation and maintenance	(1,212)	(1,209)
Depreciation and amortization	(594)	(539)
Franchise fees and other taxes	(184)	(192)
Other income, net	99	41
Interest income	13	24
Interest expense	(305)	(366)
Income before income taxes and equity earnings	705	1,329
Income tax expense	(172)	(376)
Equity earnings	348	219
Net income	881	1,172
Earnings attributable to noncontrolling interests	(69)	(192)
Preferred dividends	(11)	(11)
Earnings attributable to common shares	\$ 801	\$ 969
Basic EPS:		
Earnings	\$ 1.27	\$ 1.54
Weighted-average common shares outstanding	632,821	629,838
Diluted EPS:		
Earnings	\$ 1.26	\$ 1.53
Weighted-average common shares outstanding	635,354	632,248

See Notes to Condensed Consolidated Financial Statements.

SEMPRA
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(Dollars in millions)

	Sempra shareholders' equity			Noncontrolling interests (after tax)	Total
	Pretax amount	Income tax (expense) benefit	Net-of-tax amount		
(unaudited)					
Three months ended March 31, 2024 and 2023					
2024:					
Net income	\$ 984	\$ (172)	\$ 812	\$ 69	\$ 881
Other comprehensive income (loss):					
Foreign currency translation adjustments	3	—	3	1	4
Financial instruments	43	(4)	39	114	153
Pension and other postretirement benefits	5	(1)	4	—	4
Total other comprehensive income	51	(5)	46	115	161
Comprehensive income	\$ 1,035	\$ (177)	\$ 858	\$ 184	\$ 1,042
2023:					
Net income	\$ 1,356	\$ (376)	\$ 980	\$ 192	\$ 1,172
Other comprehensive income (loss):					
Foreign currency translation adjustments	10	—	10	4	14
Financial instruments	(61)	16	(45)	(50)	(95)
Pension and other postretirement benefits	(12)	—	(12)	—	(12)
Total other comprehensive loss	(63)	16	(47)	(46)	(93)
Comprehensive income	\$ 1,293	\$ (360)	\$ 933	\$ 146	\$ 1,079

See Notes to Condensed Consolidated Financial Statements.

SEMPRA
CONDENSED CONSOLIDATED BALANCE SHEETS
(Dollars in millions)

	March 31, 2024	December 31, 2023 ⁽¹⁾
	(unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 606	\$ 236
Restricted cash	121	49
Accounts receivable – trade, net	2,075	2,151
Accounts receivable – other, net	552	561
Due from unconsolidated affiliates	46	31
Income taxes receivable	79	94
Inventories	458	482
Prepaid expenses	286	273
Regulatory assets	52	226
Fixed-price contracts and other derivatives	124	122
Greenhouse gas allowances	1,176	1,189
Other current assets	65	56
Total current assets	5,640	5,470
Other assets:		
Restricted cash	107	104
Regulatory assets	3,982	3,771
Greenhouse gas allowances	532	301
Nuclear decommissioning trusts	886	872
Dedicated assets in support of certain benefit plans	559	549
Deferred income taxes	134	129
Right-of-use assets – operating leases	715	723
Investment in Oncor Holdings	14,545	14,266
Other investments	2,235	2,244
Goodwill	1,602	1,602
Other intangible assets	311	318
Wildfire fund	262	269
Other long-term assets	1,776	1,603
Total other assets	27,646	26,751
Property, plant and equipment:		
Property, plant and equipment	74,226	72,495
Less accumulated depreciation and amortization	(17,908)	(17,535)
Property, plant and equipment, net	56,318	54,960
Total assets	\$ 89,604	\$ 87,181

⁽¹⁾ Derived from audited financial statements.

See Notes to Condensed Consolidated Financial Statements.

SEMPRA
CONDENSED CONSOLIDATED BALANCE SHEETS (CONTINUED)
(Dollars in millions)

	March 31, 2024	December 31, 2023 ⁽¹⁾
	(unaudited)	
LIABILITIES AND EQUITY		
Current liabilities:		
Short-term debt	\$ 1,659	\$ 2,342
Accounts payable – trade	1,955	2,211
Accounts payable – other	234	224
Due to unconsolidated affiliates	—	5
Dividends and interest payable	737	691
Accrued compensation and benefits	376	526
Regulatory liabilities	952	553
Current portion of long-term debt and finance leases	593	975
Greenhouse gas obligations	1,176	1,189
Other current liabilities	1,382	1,374
Total current liabilities	9,064	10,090
Long-term debt and finance leases	29,519	27,759
Deferred credits and other liabilities:		
Due to unconsolidated affiliates	298	307
Regulatory liabilities	3,887	3,739
Greenhouse gas obligations	146	—
Pension and other postretirement benefit plan obligations, net of plan assets	431	407
Deferred income taxes	5,588	5,254
Asset retirement obligations	3,663	3,642
Deferred credits and other	2,347	2,329
Total deferred credits and other liabilities	16,360	15,678
Commitments and contingencies (Note 11)		
Equity:		
Preferred stock (50,000,000 shares authorized):		
Preferred stock, series C (900,000 shares outstanding)	889	889
Common stock (1,125,000,000 shares authorized; 632,606,408 and 631,431,732 shares outstanding at March 31, 2024 and December 31, 2023, respectively; no par value)	12,209	12,204
Retained earnings	16,141	15,732
Accumulated other comprehensive income (loss)	(104)	(150)
Total Sempra shareholders' equity	29,135	28,675
Preferred stock of subsidiary	20	20
Other noncontrolling interests	5,506	4,959
Total equity	34,661	33,654
Total liabilities and equity	\$ 89,604	\$ 87,181

⁽¹⁾ Derived from audited financial statements.

See Notes to Condensed Consolidated Financial Statements.

SEMPRA
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Dollars in millions)

	Three months ended March 31,	
	2024	2023
	(unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 881	\$ 1,172
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	594	539
Deferred income taxes and investment tax credits	137	253
Equity earnings	(348)	(219)
Share-based compensation expense	21	17
Fixed-price contracts and other derivatives	16	(374)
Bad debt expense	42	114
Other	7	27
Net change in working capital components	319	451
Distributions from investments	232	199
Changes in other noncurrent assets and liabilities, net	(50)	(199)
Net cash provided by operating activities	<u>1,851</u>	<u>1,980</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Expenditures for property, plant and equipment	(1,933)	(1,830)
Expenditures for investments	(193)	(85)
Purchases of nuclear decommissioning and other trust assets	(197)	(181)
Proceeds from sales of nuclear decommissioning and other trust assets	217	199
Other	(1)	2
Net cash used in investing activities	<u>(2,107)</u>	<u>(1,895)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Common dividends paid	(362)	(360)
Issuances of common stock	10	—
Repurchases of common stock	(40)	(31)
Issuances of debt (maturities greater than 90 days)	2,044	1,986
Payments on debt (maturities greater than 90 days) and finance leases	(846)	(1,803)
(Decrease) increase in short-term debt, net	(498)	168
Advances from unconsolidated affiliates	45	14
Proceeds from sale of noncontrolling interests	—	265
Distributions to noncontrolling interests	(111)	(43)
Contributions from noncontrolling interests	474	97
Settlement of cross-currency swaps	—	(99)
Other	(16)	(43)
Net cash provided by financing activities	<u>700</u>	<u>151</u>
Effect of exchange rate changes on cash, cash equivalents and restricted cash	1	5
Increase in cash, cash equivalents and restricted cash	445	241
Cash, cash equivalents and restricted cash, January 1	389	462
Cash, cash equivalents and restricted cash, March 31	<u>\$ 834</u>	<u>\$ 703</u>

See Notes to Condensed Consolidated Financial Statements.

SEMPRA
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)*(Dollars in millions)*

	Three months ended March 31,	
	2024	2023
	(unaudited)	
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest payments, net of amounts capitalized	\$ 274	\$ 305
Income tax payments, net of refunds	25	50
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Repayments of advances from unconsolidated affiliate in lieu of distributions	\$ 62	\$ —
Accrued capital expenditures	915	1,171
Increase in finance lease obligations for investment in PP&E	7	17
Preferred dividends declared but not paid	11	11
Common dividends issued in stock	14	—
Common dividends declared but not paid	392	374

See Notes to Condensed Consolidated Financial Statements.

SEMPRA
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Dollars in millions)

	Preferred stock	Common stock	Retained earnings	Accumulated other comprehensive income (loss)	Sempra shareholders' equity	Non-controlling interests	Total equity
(unaudited)							
Three months ended March 31, 2024							
Balance at December 31, 2023	\$ 889	\$ 12,204	\$ 15,732	\$ (150)	\$ 28,675	\$ 4,979	\$ 33,654
Net income			812		812	69	881
Other comprehensive income				46	46	115	161
Share-based compensation expense		21			21		21
Dividends declared:							
Series C preferred stock (\$12.19/share)			(11)		(11)		(11)
Common stock (\$0.62/share)			(392)		(392)		(392)
Issuances of common stock		24			24		24
Repurchases of common stock		(40)			(40)		(40)
Noncontrolling interest activities:							
Contributions						474	474
Distributions						(111)	(111)
Balance at March 31, 2024	\$ 889	\$ 12,209	\$ 16,141	\$ (104)	\$ 29,135	\$ 5,526	\$ 34,661
Three months ended March 31, 2023							
Balance at December 31, 2022	\$ 889	\$ 12,160	\$ 14,201	\$ (135)	\$ 27,115	\$ 2,141	\$ 29,256
Net income			980		980	192	1,172
Other comprehensive loss				(47)	(47)	(46)	(93)
Share-based compensation expense		17			17		17
Dividends declared:							
Series C preferred stock (\$12.19/share)			(11)		(11)		(11)
Common stock (\$0.60/share)			(374)		(374)		(374)
Repurchases of common stock		(31)			(31)		(31)
Noncontrolling interest activities:							
Contributions						97	97
Distributions						(43)	(43)
Sale		18			18	237	255
Balance at March 31, 2023	\$ 889	\$ 12,164	\$ 14,796	\$ (182)	\$ 27,667	\$ 2,578	\$ 30,245

See Notes to Condensed Consolidated Financial Statements.

SAN DIEGO GAS & ELECTRIC COMPANY
CONDENSED STATEMENTS OF OPERATIONS*(Dollars in millions)*

	Three months ended March 31,	
	2024	2023
	(unaudited)	
Operating revenues:		
Electric	\$ 1,060	\$ 1,031
Natural gas	319	622
Total operating revenues	<u>1,379</u>	<u>1,653</u>
Operating expenses:		
Cost of electric fuel and purchased power	107	135
Cost of natural gas	102	379
Operation and maintenance	411	427
Depreciation and amortization	298	262
Franchise fees and other taxes	104	96
Total operating expenses	<u>1,022</u>	<u>1,299</u>
Operating income	357	354
Other income, net	33	28
Interest income	1	1
Interest expense	(128)	(118)
Income before income taxes	263	265
Income tax expense	(40)	(7)
Net income/Earnings attributable to common shares	<u>\$ 223</u>	<u>\$ 258</u>

See Notes to Condensed Financial Statements.

SAN DIEGO GAS & ELECTRIC COMPANY
CONDENSED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)*(Dollars in millions)*

	Pretax amount	Income tax expense	Net-of-tax amount
	(unaudited)		
	Three months ended March 31, 2024 and 2023		
2024:			
Net income/Comprehensive income	\$ 263	\$ (40)	\$ 223
2023:			
Net income/Comprehensive income	\$ 265	\$ (7)	\$ 258

See Notes to Condensed Financial Statements.

SAN DIEGO GAS & ELECTRIC COMPANY
CONDENSED BALANCE SHEETS
(Dollars in millions)

	March 31, 2024	December 31, 2023 ⁽¹⁾
	(unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 293	\$ 50
Accounts receivable – trade, net	818	870
Accounts receivable – other, net	170	141
Income taxes receivable, net	221	236
Inventories	154	153
Prepaid expenses	149	165
Regulatory assets	26	19
Greenhouse gas allowances	158	158
Other current assets	17	31
Total current assets	2,006	1,823
Other assets:		
Regulatory assets	1,906	1,968
Greenhouse gas allowances	225	202
Nuclear decommissioning trusts	886	872
Right-of-use assets – operating leases	367	368
Wildfire fund	262	269
Other long-term assets	142	134
Total other assets	3,788	3,813
Property, plant and equipment:		
Property, plant and equipment	31,435	30,918
Less accumulated depreciation and amortization	(7,555)	(7,369)
Property, plant and equipment, net	23,880	23,549
Total assets	\$ 29,674	\$ 29,185

⁽¹⁾ Derived from audited financial statements.

See Notes to Condensed Financial Statements.

SAN DIEGO GAS & ELECTRIC COMPANY
CONDENSED BALANCE SHEETS (CONTINUED)
(Dollars in millions)

	March 31, 2024	December 31, 2023 ⁽¹⁾
	(unaudited)	
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current liabilities:		
Accounts payable	\$ 689	\$ 808
Due to unconsolidated affiliates	93	73
Interest payable	101	81
Accrued compensation and benefits	91	145
Accrued franchise fees	76	112
Regulatory liabilities	369	447
Current portion of long-term debt and finance leases	40	441
Greenhouse gas obligations	158	158
Asset retirement obligations	115	116
Other current liabilities	359	216
Total current liabilities	2,091	2,597
Long-term debt and finance leases	10,034	9,453
Deferred credits and other liabilities:		
Regulatory liabilities	2,615	2,534
Greenhouse gas obligations	29	—
Pension obligation, net of plan assets	86	79
Deferred income taxes	2,943	2,873
Asset retirement obligations	776	778
Deferred credits and other	975	969
Total deferred credits and other liabilities	7,424	7,233
Commitments and contingencies (Note 11)		
Shareholder's equity:		
Preferred stock (45,000,000 shares authorized; none issued)	—	—
Common stock (255,000,000 shares authorized; 116,583,358 shares outstanding; no par value)	1,660	1,660
Retained earnings	8,473	8,250
Accumulated other comprehensive income (loss)	(8)	(8)
Total shareholder's equity	10,125	9,902
Total liabilities and shareholder's equity	\$ 29,674	\$ 29,185

⁽¹⁾ Derived from audited financial statements.

See Notes to Condensed Financial Statements.

SAN DIEGO GAS & ELECTRIC COMPANY
CONDENSED STATEMENTS OF CASH FLOWS
(Dollars in millions)

	Three months ended March 31,	
	2024	2023
	(unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 223	\$ 258
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	298	262
Deferred income taxes and investment tax credits	25	(11)
Bad debt expense	6	37
Other	(5)	(11)
Net change in working capital components	(1)	(51)
Changes in noncurrent assets and liabilities, net	130	(112)
Net cash provided by operating activities	676	372
CASH FLOWS FROM INVESTING ACTIVITIES		
Expenditures for property, plant and equipment	(624)	(624)
Purchases of nuclear decommissioning trust assets	(168)	(145)
Proceeds from sales of nuclear decommissioning trust assets	181	156
Net cash used in investing activities	(611)	(613)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuances of debt (maturities greater than 90 days)	594	792
Payments on debt (maturities greater than 90 days) and finance leases	(411)	(9)
Decrease in short-term debt, net	—	(205)
Debt issuance costs	(5)	(8)
Net cash provided by financing activities	178	570
Increase in cash and cash equivalents	243	329
Cash and cash equivalents, January 1	50	7
Cash and cash equivalents, March 31	\$ 293	\$ 336
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest payments, net of amounts capitalized	\$ 107	\$ 94
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Accrued capital expenditures	\$ 182	\$ 186
Increase in finance lease obligations for investment in PP&E	2	2

See Notes to Condensed Financial Statements.

SAN DIEGO GAS & ELECTRIC COMPANY
CONDENSED STATEMENTS OF CHANGES IN SHAREHOLDER'S EQUITY*(Dollars in millions)*

	Common stock	Retained earnings	Accumulated other comprehensive income (loss)	Total shareholder's equity
	(unaudited)			
	Three months ended March 31, 2024			
Balance at December 31, 2023	\$ 1,660	\$ 8,250	\$ (8)	\$ 9,902
Net income		223		223
Balance at March 31, 2024	\$ 1,660	\$ 8,473	\$ (8)	\$ 10,125
	Three months ended March 31, 2023			
Balance at December 31, 2022	\$ 1,660	\$ 7,414	\$ (7)	\$ 9,067
Net income		258		258
Balance at March 31, 2023	\$ 1,660	7,672	\$ (7)	\$ 9,325

See Notes to Condensed Financial Statements.

SOUTHERN CALIFORNIA GAS COMPANY
CONDENSED STATEMENTS OF OPERATIONS*(Dollars in millions)*

	Three months ended March 31,	
	2024	2023
	(unaudited)	
Operating revenues	\$ 1,805	\$ 3,794
Operating expenses:		
Cost of natural gas	465	2,347
Operation and maintenance	613	625
Depreciation and amortization	223	206
Franchise fees and other taxes	74	89
Total operating expenses	1,375	3,267
Operating income	430	527
Other income (expense), net	47	(8)
Interest income	2	4
Interest expense	(77)	(69)
Income before income taxes	402	454
Income tax expense	(43)	(94)
Net income/Earnings attributable to common shares	\$ 359	\$ 360

See Notes to Condensed Financial Statements.

SOUTHERN CALIFORNIA GAS COMPANY
CONDENSED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)*(Dollars in millions)*

	Pretax amount	Income tax expense	Net-of-tax amount
	(unaudited)		
	Three months ended March 31, 2024 and 2023		
2024:			
Net income	\$ 402	\$ (43)	\$ 359
Other comprehensive income (loss):			
Pension and other postretirement benefits	1	—	1
Total other comprehensive income	1	—	1
Comprehensive income	\$ 403	\$ (43)	\$ 360
2023:			
Net income	\$ 454	\$ (94)	\$ 360
Other comprehensive income (loss):			
Pension and other postretirement benefits	1	—	1
Total other comprehensive income	1	—	1
Comprehensive income	\$ 455	\$ (94)	\$ 361

See Notes to Condensed Financial Statements.

SOUTHERN CALIFORNIA GAS COMPANY
CONDENSED BALANCE SHEETS
(Dollars in millions)

	March 31, 2024	December 31, 2023 ⁽¹⁾
	(unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 54	\$ 2
Accounts receivable – trade, net	995	985
Accounts receivable – other, net	83	102
Due from unconsolidated affiliates	45	22
Inventories	265	277
Regulatory assets	24	204
Greenhouse gas allowances	936	950
Other current assets	115	100
Total current assets	2,517	2,642
Other assets:		
Regulatory assets	1,988	1,715
Greenhouse gas allowances	250	62
Right-of-use assets – operating leases	25	29
Other long-term assets	666	645
Total other assets	2,929	2,451
Property, plant and equipment:		
Property, plant and equipment	27,405	27,025
Less accumulated depreciation and amortization	(7,969)	(7,852)
Property, plant and equipment, net	19,436	19,173
Total assets	\$ 24,882	\$ 24,266

⁽¹⁾ Derived from audited financial statements.

See Notes to Condensed Financial Statements.

**SOUTHERN CALIFORNIA GAS COMPANY
CONDENSED BALANCE SHEETS (CONTINUED)**
(Dollars in millions)

	March 31, 2024	December 31, 2023 ⁽¹⁾
	(unaudited)	
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Short-term debt	\$ 143	\$ 946
Accounts payable – trade	676	811
Accounts payable – other	176	184
Due to unconsolidated affiliates	33	38
Accrued compensation and benefits	162	213
Regulatory liabilities	580	103
Current portion of long-term debt and finance leases	523	523
Greenhouse gas obligations	936	950
Asset retirement obligations	77	73
Other current liabilities	475	566
Total current liabilities	3,781	4,407
Long-term debt and finance leases	6,780	6,288
Deferred credits and other liabilities:		
Regulatory liabilities	1,269	1,202
Greenhouse gas obligations	106	—
Pension obligation, net of plan assets	245	231
Deferred income taxes	1,770	1,586
Asset retirement obligations	2,796	2,774
Deferred credits and other	365	368
Total deferred credits and other liabilities	6,551	6,161
Commitments and contingencies (Note 11)		
Shareholders' equity:		
Preferred stock (11,000,000 shares authorized; 862,043 shares outstanding)	22	22
Common stock (100,000,000 shares authorized; 91,300,000 shares outstanding; no par value)	2,316	2,316
Retained earnings	5,454	5,095
Accumulated other comprehensive income (loss)	(22)	(23)
Total shareholders' equity	7,770	7,410
Total liabilities and shareholders' equity	\$ 24,882	\$ 24,266

⁽¹⁾ Derived from audited financial statements.

See Notes to Condensed Financial Statements.

SOUTHERN CALIFORNIA GAS COMPANY
CONDENSED STATEMENTS OF CASH FLOWS
(Dollars in millions)

	Three months ended March 31,	
	2024	2023
	(unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 359	\$ 360
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	223	206
Deferred income taxes and investment tax credits	40	86
Bad debt expense	26	77
Other	(4)	—
Net change in working capital components	405	(244)
Changes in noncurrent assets and liabilities, net	(162)	(159)
Net cash provided by operating activities	887	326
CASH FLOWS FROM INVESTING ACTIVITIES		
Expenditures for property, plant and equipment	(519)	(458)
Net cash used in investing activities	(519)	(458)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuances of debt (maturities greater than 90 days)	497	—
Payments on finance leases	(6)	(5)
(Decrease) increase in short-term debt, net	(803)	123
Debt issuance costs	(4)	—
Net cash (used in) provided by financing activities	(316)	118
Increase (decrease) in cash and cash equivalents	52	(14)
Cash and cash equivalents, January 1	2	21
Cash and cash equivalents, March 31	\$ 54	\$ 7
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest payments, net of amounts capitalized	\$ 52	\$ 65
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Accrued capital expenditures	\$ 204	\$ 219
Increase in finance lease obligations for investment in PP&E	5	15

See Notes to Condensed Financial Statements.

SOUTHERN CALIFORNIA GAS COMPANY
CONDENSED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Dollars in millions)

	Preferred stock	Common stock	Retained earnings	Accumulated other comprehensive income (loss)	Total shareholders' equity
	(unaudited)				
	Three months ended March 31, 2024				
Balance at December 31, 2023	\$ 22	\$ 2,316	\$ 5,095	\$ (23)	\$ 7,410
Net income			359		359
Other comprehensive income				1	1
Dividends declared:					
Preferred stock (\$0.38/share)			—		—
Balance at March 31, 2024	\$ 22	\$ 2,316	\$ 5,454	\$ (22)	\$ 7,770
	Three months ended March 31, 2023				
Balance at December 31, 2022	\$ 22	\$ 2,316	\$ 4,384	\$ (24)	\$ 6,698
Net income			360		360
Other comprehensive income				1	1
Dividends declared:					
Preferred stock (\$0.38/share)			—		—
Balance at March 31, 2023	\$ 22	\$ 2,316	\$ 4,744	\$ (23)	\$ 7,059

See Notes to Condensed Financial Statements.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. GENERAL INFORMATION AND OTHER FINANCIAL DATA

PRINCIPLES OF CONSOLIDATION

Sempra

Sempra's Condensed Consolidated Financial Statements include the accounts of Sempra, a California-based holding company, and its consolidated entities, which invest in, develop and operate energy infrastructure in North America, and provide electric and gas services to customers.

Sempra has three separate reportable segments, which we describe in Note 12. In the fourth quarter of 2023, Sempra realigned its reportable segments to reflect changes in how the CODM oversees our three platforms: Sempra California, Sempra Texas Utilities and Sempra Infrastructure. Our former SDG&E and SoCalGas reportable segments were combined into one operating and reportable segment, Sempra California, which is consistent with how the CODM assesses performance due to the similarities of their operations, including geographic location and regulatory framework in California. Sempra's historical segment disclosures have been restated to conform with the current presentation, so that all discussions reflect the revised segment information of its three reportable segments. All references in these Notes to our reportable segments are not intended to refer to any legal entity with the same or similar name.

SDG&E

SDG&E's common stock is wholly owned by Enova Corporation, which is a wholly owned subsidiary of Sempra. SDG&E is a regulated public utility that provides electric service to San Diego and southern Orange counties and natural gas service to San Diego County. SDG&E has one reportable segment.

SoCalGas

SoCalGas' common stock is wholly owned by Pacific Enterprises, which is a wholly owned subsidiary of Sempra. SoCalGas is a regulated public natural gas distribution utility, serving customers throughout most of Southern California and part of central California. SoCalGas has one reportable segment.

BASIS OF PRESENTATION

This is a combined report of Sempra, SDG&E and SoCalGas. We provide separate information for SDG&E and SoCalGas as required. We have eliminated intercompany accounts and transactions within the condensed consolidated financial statements of each Registrant.

We have prepared our Condensed Consolidated Financial Statements in conformity with U.S. GAAP and in accordance with the interim period reporting requirements of Form 10-Q and applicable rules of the SEC. The financial statements reflect all adjustments that are necessary for a fair presentation of the results for the interim periods. These adjustments are only of a normal, recurring nature. Results of operations for interim periods are not necessarily indicative of results for the entire year or for any other period. We evaluated events and transactions that occurred after March 31, 2024 through the date the financial statements were issued and, in the opinion of management, the accompanying statements reflect all adjustments necessary for a fair presentation.

All December 31, 2023 balance sheet information in the Condensed Consolidated Financial Statements has been derived from our audited 2023 Consolidated Financial Statements in the Annual Report. Certain information and note disclosures normally included in annual financial statements prepared in accordance with U.S. GAAP have been condensed or omitted pursuant to the interim period reporting provisions of U.S. GAAP and the SEC.

We describe our significant accounting policies in Note 1 of the Notes to Consolidated Financial Statements in the Annual Report and the impact of the adoption of new accounting standards on those policies in Note 2 below. We follow the same accounting policies for interim period reporting purposes.

The information contained in this report should be read in conjunction with the Annual Report.

REGULATED OPERATIONS

SDG&E, SoCalGas and Sempra Infrastructure's natural gas distribution utility, Ecogas, prepare their financial statements in accordance with the provisions of U.S. GAAP governing rate-regulated operations. We discuss revenue recognition and the effects of regulation at our utilities in Notes 3 and 4 below and in Notes 1, 3 and 4 of the Notes to Consolidated Financial Statements in the Annual Report.

Our Sempra Texas Utilities segment is comprised of our equity method investments in holding companies that own interests in regulated electric transmission and distribution utilities in Texas.

Our Sempra Infrastructure segment includes the operating companies of our subsidiary, SI Partners, as well as certain holding companies and risk management activity. Certain business activities at Sempra Infrastructure are regulated by the CRE and the FERC and meet the regulatory accounting requirements of U.S. GAAP.

VARIABLE INTEREST ENTITIES

We consolidate a VIE if we are the primary beneficiary of the VIE. Our determination of whether we are the primary beneficiary is based on qualitative and quantitative analyses, which assess:

- the purpose and design of the VIE;
- the nature of the VIE's risks and the risks we absorb;
- the power to direct activities that most significantly impact the economic performance of the VIE; and
- the obligation to absorb losses or the right to receive benefits that could be significant to the VIE.

We will continue to evaluate our VIEs for any changes that may impact our determination of whether an entity is a VIE and if we are the primary beneficiary.

SDG&E

SDG&E's power procurement is subject to reliability requirements that may require SDG&E to enter into various PPAs that include variable interests. SDG&E evaluates the respective entities to determine if variable interests exist and, based on the qualitative and quantitative analyses described above, if SDG&E, and indirectly Sempra, is the primary beneficiary.

SDG&E has agreements under which it purchases power generated by facilities for which it supplies all of the natural gas to fuel the power plant (i.e., tolling agreements). SDG&E's obligation to absorb natural gas costs may be a significant variable interest. In addition, SDG&E has the power to direct the dispatch of electricity generated by these facilities. Based on our analysis, the ability to direct the dispatch of electricity may have the most significant impact on the economic performance of the entity owning the generating facility because of the associated exposure to the cost of natural gas, which fuels the plants, and the value of electricity produced. To the extent that SDG&E (1) is obligated to purchase and provide fuel to operate the facility, (2) has the power to direct the dispatch, and (3) purchases all of the output from the facility for a substantial portion of the facility's useful life, SDG&E may be the primary beneficiary of the entity owning the generating facility. SDG&E determines if it is the primary beneficiary in these cases based on a qualitative approach in which it considers the operational characteristics of the facility, including its expected power generation output relative to its capacity to generate and the financial structure of the entity, among other factors. If SDG&E determines that it is the primary beneficiary, SDG&E and Sempra consolidate the entity that owns the facility as a VIE.

In addition to tolling agreements, other variable interests involve various elements of fuel and power costs, and other components of cash flows expected to be paid to or received by our counterparties. In most of these cases, the expectation of variability is not substantial, and SDG&E generally does not have the power to direct activities, including the operation and maintenance activities of the generating facility, that most significantly impact the economic performance of the other VIEs. If our ongoing evaluation of these VIEs were to conclude that SDG&E becomes the primary beneficiary and consolidation by SDG&E becomes necessary, the effects could be significant to the financial position and liquidity of SDG&E and Sempra.

SDG&E determined that none of its PPAs and tolling agreements resulted in SDG&E being the primary beneficiary of a VIE at March 31, 2024 and December 31, 2023. PPAs and tolling agreements that relate to SDG&E's involvement with VIEs are primarily accounted for as finance leases. The carrying amounts of the assets and liabilities under these contracts are included in PP&E, net, and finance lease liabilities with balances of \$1,159 million and \$1,166 million at March 31, 2024 and December 31, 2023, respectively. SDG&E recovers costs incurred on PPAs, tolling agreements and other variable interests through CPUC-approved long-term power procurement plans. SDG&E has no residual interest in the respective entities and has not provided or guaranteed any debt or equity support, liquidity arrangements, performance guarantees or other commitments associated with these contracts other than the purchase commitments described in Note 16 of the Notes to Consolidated Financial Statements in the Annual Report. As a result, SDG&E's potential exposure to loss from its variable interest in these VIEs is not significant.

Other Sempra

Oncor Holdings

Oncor Holdings is a VIE. Sempra is not the primary beneficiary of this VIE because of the structural and operational ring-fencing and governance measures in place that prevent us from having the power to direct the significant activities of Oncor Holdings. As a result, we do not consolidate Oncor Holdings and instead account for our ownership interest as an equity method investment. See Note 6 of the Notes to Consolidated Financial Statements in the Annual Report for additional information about our equity method investment in Oncor Holdings and restrictions on our ability to influence its activities. Our maximum exposure to loss, which fluctuates over time, from our interest in Oncor Holdings does not exceed the carrying value of our investment, which was \$14,545 million and \$14,266 million at March 31, 2024 and December 31, 2023, respectively.

Cameron LNG JV

Cameron LNG JV is a VIE principally due to contractual provisions that transfer certain risks to customers. Sempra is not the primary beneficiary of this VIE because we do not have the power to direct the most significant activities of Cameron LNG JV, including LNG production and operation and maintenance activities at the liquefaction facility. Therefore, we account for our investment in Cameron LNG JV under the equity method. The carrying value of our investment, including amounts recognized in AOCI related to interest-rate cash flow hedges at Cameron LNG JV, was \$1,025 million at March 31, 2024 and \$1,008 million at December 31, 2023. Our maximum exposure to loss, which fluctuates over time, includes the carrying value of our investment and our obligation under the SDSRA, which we discuss in Note 5.

CFIN

As we discuss in Note 5, in July 2020, Sempra entered into a Support Agreement for the benefit of CFIN, which is a VIE. Sempra is not the primary beneficiary of this VIE because we do not have the power to direct the most significant activities of CFIN, including modification, prepayment, and refinance decisions related to the financing arrangement with external lenders and Cameron LNG JV's four project owners as well as the ability to determine and enforce remedies in the event of default. The conditional obligations of the Support Agreement represent a variable interest that we measure at fair value on a recurring basis (see Note 8). Sempra's maximum exposure to loss under the terms of the Support Agreement is \$979 million.

ECA LNG Phase 1

ECA LNG Phase 1 is a VIE because its total equity at risk is not sufficient to finance its activities without additional subordinated financial support. We expect that ECA LNG Phase 1 will require future capital contributions or other financial support to finance the construction of the facility. Sempra is the primary beneficiary of this VIE because we have the power to direct the activities related to the construction and future operation and maintenance of the liquefaction facility. As a result, we consolidate ECA LNG Phase 1. Sempra consolidated \$1,638 million and \$1,580 million of assets at March 31, 2024 and December 31, 2023, respectively, consisting primarily of PP&E, net, attributable to ECA LNG Phase 1 that could be used only to settle obligations of this VIE and that are not available to settle obligations of Sempra, and \$1,087 million and \$1,029 million of liabilities at March 31, 2024 and December 31, 2023, respectively, consisting primarily of long-term debt, accounts payable and short-term debt attributable to ECA LNG Phase 1 for which creditors do not have recourse to the general credit of Sempra. Additionally, as we discuss in Note 6, IEnova and TotalEnergies SE have provided guarantees for 83.4% and 16.6%, respectively, of the loan facility supporting construction of the liquefaction facility.

Port Arthur LNG

Port Arthur LNG is a VIE because its total equity at risk is not sufficient to finance its activities without additional subordinated financial support. We expect that Port Arthur LNG will require future capital contributions or other financial support to finance the construction of the PA LNG Phase 1 project. Sempra is the primary beneficiary of this VIE because we have the power to direct the activities related to the construction and future operation and maintenance of the liquefaction facility. As a result, we consolidate Port Arthur LNG. Sempra consolidated \$4,605 million and \$3,927 million of assets at March 31, 2024 and December 31, 2023, respectively, consisting primarily of PP&E, net, and other long-term assets attributable to Port Arthur LNG that could be used only to settle obligations of this VIE and that are not available to settle obligations of Sempra, and \$582 million and \$600 million of liabilities at March 31, 2024 and December 31, 2023, respectively, consisting primarily of accounts payable and long-term debt attributable to Port Arthur LNG for which creditors do not have recourse to the general credit of Sempra.

CASH, CASH EQUIVALENTS AND RESTRICTED CASH

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported on Sempra's Condensed Consolidated Balance Sheets to the sum of such amounts reported on Sempra's Condensed Consolidated Statements of Cash Flows. We provide information about the nature of restricted cash in Note 1 of the Notes to Consolidated Financial Statements in the Annual Report.

RECONCILIATION OF CASH, CASH EQUIVALENTS AND RESTRICTED CASH

(Dollars in millions)

	March 31, 2024	December 31, 2023
Sempra:		
Cash and cash equivalents	\$ 606	\$ 236
Restricted cash, current	121	49
Restricted cash, noncurrent	107	104
Total cash, cash equivalents and restricted cash on the Condensed Consolidated Statements of Cash Flows	\$ 834	\$ 389

CREDIT LOSSES

We are exposed to credit losses from financial assets measured at amortized cost, including trade and other accounts receivable, amounts due from unconsolidated affiliates, our net investment in sales-type leases and a note receivable. We are also exposed to credit losses from off-balance sheet arrangements through Sempra's guarantee related to Cameron LNG JV's SDSRA, which we discuss in Note 5.

We regularly monitor and evaluate credit losses and record allowances for expected credit losses, if necessary, for trade and other accounts receivable using a combination of factors, including past-due status based on contractual terms, trends in write-offs, the age of the receivables and customer payment patterns, historical and industry trends, counterparty creditworthiness, economic conditions and specific events, such as bankruptcies, pandemics and other factors. We write off financial assets measured at amortized cost in the period in which we determine they are not recoverable. We record recoveries of amounts previously written off when it is known that they will be recovered.

The implementation of customer assistance programs and higher 2023 winter season customer billings have resulted in certain SDG&E and SoCalGas customers exhibiting slower payment and higher levels of nonpayment than has been the case historically. In January 2024, the CPUC directed SDG&E and SoCalGas to offer long-term repayment plans to eligible residential customers with past-due balances until October 2026.

SDG&E and SoCalGas have regulatory mechanisms to recover credit losses and thus record changes in the allowances for credit losses related to Accounts Receivable – Trade that are probable of recovery in regulatory accounts. We discuss regulatory accounts in Note 4 below and in Note 4 of the Notes to Consolidated Financial Statements in the Annual Report.

Changes in allowances for credit losses for trade receivables and other receivables are as follows:

CHANGES IN ALLOWANCES FOR CREDIT LOSSES		
<i>(Dollars in millions)</i>		
	2024	2023
Sempra:		
Allowances for credit losses at January 1	\$ 533	\$ 181
Provisions for expected credit losses	42	117
Write-offs	(50)	(20)
Allowances for credit losses at March 31	\$ 525	\$ 278
SDG&E:		
Allowances for credit losses at January 1	\$ 144	\$ 78
Provisions for expected credit losses	6	38
Write-offs	(17)	(11)
Allowances for credit losses at March 31	\$ 133	\$ 105
SoCalGas:		
Allowances for credit losses at January 1	\$ 331	\$ 98
Provisions for expected credit losses	26	77
Write-offs	(33)	(9)
Allowances for credit losses at March 31	\$ 324	\$ 166

Allowances for credit losses related to trade receivables and other receivables are included in the Condensed Consolidated Balance Sheets as follows:

ALLOWANCES FOR CREDIT LOSSES		
<i>(Dollars in millions)</i>		
	March 31, 2024	December 31, 2023
Sempra:		
Accounts receivable – trade, net	\$ 457	\$ 480
Accounts receivable – other, net	57	52
Other long-term assets	11	1
Total allowances for credit losses	\$ 525	\$ 533
SDG&E:		
Accounts receivable – trade, net	\$ 97	\$ 116
Accounts receivable – other, net	28	27
Other long-term assets	8	1
Total allowances for credit losses	\$ 133	\$ 144
SoCalGas:		
Accounts receivable – trade, net	\$ 292	\$ 306
Accounts receivable – other, net	29	25
Other long-term assets	3	—
Total allowances for credit losses	\$ 324	\$ 331

As we discuss below in “Note Receivable,” we have an interest-bearing promissory note due from KKR Pinnacle. On a quarterly basis, we evaluate credit losses and record allowances for expected credit losses on this note receivable, including compounded interest and unamortized transaction costs, based on published default rate studies, the maturity date of the instrument and an internally developed credit rating. At both March 31, 2024 and December 31, 2023, \$6 million of expected credit losses are included in Other Long-Term Assets on Sempra’s Condensed Consolidated Balance Sheets.

As we discuss in Note 5, Sempra provided a guarantee for the benefit of Cameron LNG JV related to amounts withdrawn by Sempra Infrastructure from the SDSRA. On a quarterly basis, we evaluate credit losses and record liabilities for expected credit losses on this off-balance sheet arrangement based on external credit ratings, published default rate studies and the maturity date of the arrangement. At both March 31, 2024 and December 31, 2023, \$5 million of expected credit losses are included in Deferred Credits and Other on Sempra’s Condensed Consolidated Balance Sheets.

TRANSACTIONS WITH AFFILIATES

We summarize amounts due from and to unconsolidated affiliates at the Registrants in the following table.

AMOUNTS DUE FROM (TO) UNCONSOLIDATED AFFILIATES

(Dollars in millions)

	March 31, 2024	December 31, 2023
Sempra:		
Tax sharing arrangement with Oncor Holdings	\$ 41	\$ 25
Various affiliates	5	6
Total due from unconsolidated affiliates – current	\$ 46	\$ 31
TAG Pipelines – 5.5% Note due January 9, 2024⁽¹⁾		
	\$ —	\$ (5)
Total due to unconsolidated affiliates – current	\$ —	\$ (5)
TAG Pipelines⁽¹⁾:		
5.5% Note due January 14, 2025	\$ —	\$ (24)
5.5% Note due July 16, 2025	—	(23)
5.5% Note due January 14, 2026	(8)	(20)
5.5% Note due July 14, 2026	(12)	(11)
5.5% Note due January 19, 2027	(15)	(14)
5.5% Note due July 21, 2027	(18)	(17)
5.5% Note due January 19, 2028	(45)	—
TAG Norte – 5.74% Note due December 17, 2029 ⁽¹⁾	(200)	(198)
Total due to unconsolidated affiliates – noncurrent	\$ (298)	\$ (307)
SDG&E:		
Sempra	\$ (39)	\$ (44)
SoCalGas	(41)	(21)
Various affiliates	(13)	(8)
Total due to unconsolidated affiliates – current	\$ (93)	\$ (73)
Income taxes due from Sempra ⁽²⁾	\$ 232	\$ 246
SoCalGas:		
SDG&E	\$ 43	\$ 21
Various affiliates	2	1
Total due from unconsolidated affiliates – current	\$ 45	\$ 22
Sempra	\$ (33)	\$ (38)
Total due to unconsolidated affiliates – current	\$ (33)	\$ (38)
Income taxes due from Sempra ⁽²⁾	\$ 4	\$ 6

⁽¹⁾ U.S. dollar-denominated loans at fixed interest rates. Amounts include principal balances plus accumulated interest outstanding and value added tax payable to the Mexican government.

⁽²⁾ SDG&E and SoCalGas are included in the consolidated income tax return of Sempra, and their respective income tax expense is computed as an amount equal to that which would result from each company having always filed a separate return. Amounts include current and noncurrent income taxes due to/from Sempra.

The following table summarizes income statement information from unconsolidated affiliates.

INCOME STATEMENT IMPACT FROM UNCONSOLIDATED AFFILIATES

(Dollars in millions)

	Three months ended March 31,	
	2024	2023
Sempra:		
Revenues	\$ 10	\$ 13
Interest expense	4	4
SDG&E:		
Revenues	\$ 6	\$ 4
Cost of sales	40	30
SoCalGas:		
Revenues	\$ 44	\$ 34
Cost of sales ⁽¹⁾	(3)	31

⁽¹⁾ Includes net commodity costs from natural gas transactions with unconsolidated affiliates.

Guarantees

Sempra provides guarantees related to Cameron LNG JV's SDSRA and CFIN's Support Agreement. We discuss these guarantees in Note 5.

INVENTORIES

The components of inventories are as follows:

INVENTORY BALANCES

(Dollars in millions)

	Sempra		SDG&E		SoCalGas	
	March 31, 2024	December 31, 2023	March 31, 2024	December 31, 2023	March 31, 2024	December 31, 2023
Natural gas	\$ 150	\$ 174	\$ 1	\$ 1	\$ 139	\$ 155
LNG	3	9	—	—	—	—
Materials and supplies	305	299	153	152	126	122
Total	\$ 458	\$ 482	\$ 154	\$ 153	\$ 265	\$ 277

DEDICATED ASSETS IN SUPPORT OF CERTAIN BENEFITS PLANS

In support of its Supplemental Executive Retirement, Cash Balance Restoration and Deferred Compensation Plans, Sempra maintains dedicated assets, including a Rabbi Trust and investments in life insurance contracts, which totaled \$559 million and \$549 million at March 31, 2024 and December 31, 2023, respectively.

NOTE RECEIVABLE

In November 2021, Sempra loaned \$300 million to KKR Pinnacle in exchange for an interest-bearing promissory note that is due in full no later than October 2029 and bears compound interest at 5% per annum, which may be paid quarterly or added to the outstanding principal at the election of KKR Pinnacle. At March 31, 2024 and December 31, 2023, Other Long-Term Assets includes \$336 million and \$332 million, respectively, of outstanding principal, compounded interest and unamortized transaction costs, net of allowance for credit losses, on Sempra's Condensed Consolidated Balance Sheets.

PROPERTY, PLANT AND EQUIPMENT

Sempra Infrastructure's Sonora natural gas pipeline consists of two segments, the Sasabe-Puerto Libertad-Guaymas segment and the Guaymas-El Oro segment. Each segment has its own service agreement with the CFE. Following the start of commercial operations of the Guaymas-El Oro segment, Sempra Infrastructure reported damage to the pipeline in the Yaqui territory that has made that section inoperable since August 2017. Sempra Infrastructure and the CFE have agreed to an amendment to their transportation services agreement and to re-route the portion of the pipeline that is in the Yaqui territory, whereby the CFE would pay for the re-routing with a new tariff. This amendment will terminate if certain conditions are not met, and Sempra Infrastructure retains the right to terminate the transportation services agreement and seek to recover its reasonable and documented costs and lost profit. Sempra Infrastructure continues to acquire and pursue the necessary rights-of-way and permits for the re-routed portion of the pipeline. At March 31, 2024, Sempra Infrastructure had \$408 million in PP&E, net, related to the Guaymas-El Oro segment of the Sonora pipeline, which could be subject to impairment if Sempra Infrastructure is unable to re-route a portion of the pipeline and resume operations or if Sempra Infrastructure terminates the contract and is unable to obtain recovery.

CAPITALIZED FINANCING COSTS

Capitalized financing costs include capitalized interest costs and AFUDC related to both debt and equity financing of construction projects. We capitalize interest costs incurred to finance capital projects and interest at equity method investments that have not commenced planned principal operations.

The table below summarizes capitalized financing costs, comprised of AFUDC and capitalized interest.

CAPITALIZED FINANCING COSTS

(Dollars in millions)

	Three months ended March 31,	
	2024	2023
Sempra	\$ 145	\$ 73
SDG&E	26	31
SoCalGas	24	15

COMPREHENSIVE INCOME

The following tables present the changes in AOCI by component and amounts reclassified out of AOCI to net income, after amounts attributable to NCI.

CHANGES IN ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS) BY COMPONENT⁽¹⁾

(Dollars in millions)

	Three months ended March 31, 2024 and 2023			
	Foreign currency translation adjustments	Financial instruments	Pension and PBOP	Total accumulated other comprehensive income (loss)
Sempra:				
Balance at December 31, 2023	\$ (36)	\$ 3	\$ (117)	\$ (150)
OCI before reclassifications	3	45	2	50
Amounts reclassified from AOCI	—	(6)	2	(4)
Net OCI	3	39	4	46
Balance at March 31, 2024	\$ (33)	\$ 42	\$ (113)	\$ (104)
Balance at December 31, 2022	\$ (59)	\$ 10	\$ (86)	\$ (135)
OCI before reclassifications	10	(40)	(13)	(43)
Amounts reclassified from AOCI	—	(5)	1	(4)
Net OCI	10	(45)	(12)	(47)
Balance at March 31, 2023	\$ (49)	\$ (35)	\$ (98)	\$ (182)
SDG&E:				
Balance at December 31, 2023 and March 31, 2024			\$ (8)	\$ (8)
Balance at December 31, 2022 and March 31, 2023			\$ (7)	\$ (7)
SoCalGas:				
Balance at December 31, 2023		\$ (11)	\$ (12)	\$ (23)
Amounts reclassified from AOCI		—	1	1
Net OCI		—	1	1
Balance at March 31, 2024		\$ (11)	\$ (11)	\$ (22)
Balance at December 31, 2022		\$ (12)	\$ (12)	\$ (24)
Amounts reclassified from AOCI		—	1	1
Net OCI		—	1	1
Balance at March 31, 2023		\$ (12)	\$ (11)	\$ (23)

⁽¹⁾ All amounts are net of income tax, if subject to tax, and after NCI.

RECLASSIFICATIONS OUT OF ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)
(Dollars in millions)

Details about AOCI components	Amounts reclassified from AOCI		Affected line item on Condensed Consolidated Statements of Operations
	Three months ended March 31,		
	2024	2023	
Sempra:			
Financial instruments:			
Interest rate instruments	\$ (3)	\$ —	Interest Expense
Interest rate instruments	(5)	(7)	Equity Earnings ⁽¹⁾
Foreign exchange instruments	(3)	—	Revenues: Energy-Related Businesses
	—	1	Other Income, Net
Foreign exchange instruments	(2)	1	Equity Earnings ⁽¹⁾
Interest rate and foreign exchange instruments	—	(6)	Other Income, Net
Total, before income tax	(13)	(11)	
	3	3	Income Tax Expense
Total, net of income tax	(10)	(8)	
	4	3	Earnings Attributable to Noncontrolling Interests
	\$ (6)	\$ (5)	
Pension and PBOP ⁽²⁾ :			
Amortization of actuarial loss	\$ 2	\$ —	Other Income, Net
Amortization of prior service cost	1	1	Other Income, Net
Total, before income tax	3	1	
	(1)	—	Income Tax Expense
Total, net of income tax	\$ 2	\$ 1	
Total reclassifications for the period, net of income tax and after NCI	\$ (4)	\$ (4)	
SoCalGas:			
Pension and PBOP ⁽²⁾ :			
Amortization of prior service cost	\$ 1	\$ 1	Other Income (Expense), Net
Total reclassifications for the period, net of income tax	\$ 1	\$ 1	

⁽¹⁾ Equity earnings at our foreign equity method investees are recognized after tax.

⁽²⁾ Amounts are included in the computation of net periodic benefit cost (see "Pension and PBOP" below).

For the three months ended March 31, 2024 and 2023, reclassifications out of AOCI to net income were negligible for SDG&E.

PENSION AND PBOP
Net Periodic Benefit Cost

The following tables provide the components of net periodic benefit cost. The components of net periodic benefit cost, other than the service cost component, are included in Other Income, Net.

NET PERIODIC BENEFIT COST
(Dollars in millions)

	Pension		PBOP	
	Three months ended March 31,			
	2024	2023	2024	2023
Sempra:				
Service cost	\$ 32	\$ 28	\$ 4	\$ 4
Interest cost	42	40	9	9
Expected return on assets	(45)	(43)	(17)	(17)
Amortization of:				
Prior service cost (credit)	1	1	(1)	(1)
Actuarial loss (gain)	3	2	(4)	(6)
Net periodic benefit cost (credit)	33	28	(9)	(11)
Regulatory adjustments	(25)	29	9	11
Total expense recognized	\$ 8	\$ 57	\$ —	\$ —
SDG&E:				
Service cost	\$ 10	\$ 8	\$ 1	\$ 1
Interest cost	11	10	2	2
Expected return on assets	(12)	(10)	(3)	(2)
Amortization of:				
Actuarial loss (gain)	2	1	—	(1)
Net periodic benefit cost	11	9	—	—
Regulatory adjustments	(10)	4	—	—
Total expense recognized	\$ 1	\$ 13	\$ —	\$ —
SoCalGas:				
Service cost	\$ 19	\$ 17	\$ 3	\$ 3
Interest cost	26	25	7	7
Expected return on assets	(30)	(29)	(15)	(15)
Amortization of:				
Prior service cost (credit)	1	1	(1)	(1)
Actuarial gain	—	—	(3)	(5)
Net periodic benefit cost (credit)	16	14	(9)	(11)
Regulatory adjustments	(15)	25	9	11
Total expense recognized	\$ 1	\$ 39	\$ —	\$ —

OTHER INCOME, NET

Other Income, Net, consists of the following:

	Three months ended March 31,	
	2024	2023
OTHER INCOME (EXPENSE), NET		
<i>(Dollars in millions)</i>		
Sempra:		
Allowance for equity funds used during construction	\$ 37	\$ 33
Investment gains, net ⁽¹⁾	16	12
Gains on interest rate and foreign exchange instruments, net	—	5
Foreign currency transaction gains, net	1	1
Non-service components of net periodic benefit cost	28	(25)
Interest on regulatory balancing accounts, net	18	18
Sundry, net	(1)	(3)
Total	\$ 99	\$ 41
SDG&E:		
Allowance for equity funds used during construction	\$ 20	\$ 23
Non-service components of net periodic benefit cost	10	(4)
Interest on regulatory balancing accounts, net	7	10
Sundry, net	(4)	(1)
Total	\$ 33	\$ 28
SoCalGas:		
Allowance for equity funds used during construction	\$ 17	\$ 10
Non-service components of net periodic benefit cost	21	(19)
Interest on regulatory balancing accounts, net	11	8
Sundry, net	(2)	(7)
Total	\$ 47	\$ (8)

⁽¹⁾ Represents net investment gains on dedicated assets in support of our executive retirement and deferred compensation plans. These amounts are offset by corresponding changes in compensation expense related to the plans, recorded in O&M on the Condensed Consolidated Statements of Operations.

INCOME TAXES

We provide our calculations of ETRs in the following table.

	Three months ended March 31,	
	2024	2023
INCOME TAX EXPENSE AND EFFECTIVE INCOME TAX RATES		
<i>(Dollars in millions)</i>		
Sempra:		
Income tax expense	\$ 172	\$ 376
Income before income taxes and equity earnings	\$ 705	\$ 1,329
Equity earnings, before income tax ⁽¹⁾	134	132
Pretax income	\$ 839	\$ 1,461
Effective income tax rate	21 %	26 %
SDG&E:		
Income tax expense	\$ 40	\$ 7
Income before income taxes	\$ 263	\$ 265
Effective income tax rate	15 %	3 %
SoCalGas:		
Income tax expense	\$ 43	\$ 94
Income before income taxes	\$ 402	\$ 454
Effective income tax rate	11 %	21 %

⁽¹⁾ We discuss how we recognize equity earnings in Note 6 of the Notes to Consolidated Financial Statements in the Annual Report.

Sempra, SDG&E and SoCalGas record income taxes for interim periods utilizing a forecasted ETR anticipated for the full year. Unusual and infrequent items and items that cannot be reliably estimated are recorded in the interim period in which they occur, which can result in variability in the ETR.

For SDG&E and SoCalGas, the CPUC requires flow-through rate-making treatment for the current income tax benefit or expense arising from certain property-related and other temporary differences between the treatment for financial reporting and income tax, which will reverse over time. Under the regulatory accounting treatment required for these flow-through temporary differences, deferred income tax assets and liabilities are not recorded to deferred income tax expense, but rather to a regulatory asset or liability, which impacts the ETR. As a result, changes in the relative size of these items compared to pretax income, from period to period, can cause variations in the ETR. The following items are subject to flow-through treatment:

- repairs expenditures related to a certain portion of utility plant fixed assets
- the equity portion of AFUDC, which is non-taxable
- a portion of the cost of removal of utility plant assets
- utility self-developed software expenditures
- depreciation on a certain portion of utility plant assets
- state income taxes

AFUDC related to equity recorded for regulated construction projects at Sempra Infrastructure has similar flow-through treatment.

Under the IRA, in 2023, the scope of projects eligible for ITCs was expanded to include standalone energy storage projects, which are transferable under the IRA. The IRA also provided an election through 2024 that permits ITCs related to standalone energy storage projects to be returned to utility customers over a period that is shorter than the life of the applicable asset.

In April 2023, the IRS issued Revenue Procedure 2023-15, which provides a safe harbor method of accounting for gas repairs expenditures. Sempra intends to elect this change in tax accounting method in its consolidated 2023 income tax return filing, and Sempra, SDG&E and SoCalGas have applied this methodology in the calculation of their 2024 forecasted ETRs.

Sempra, SDG&E, and SoCalGas record regulatory liabilities for benefits that will be flowed through to customers in the future.

NOTE 2. NEW ACCOUNTING STANDARDS

We describe below recent accounting pronouncements that have had or may have a significant effect on our results of operations, financial condition, cash flows or disclosures.

ASU 2023-07, “Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures”: ASU 2023-07 revises reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses. In addition, public entities are required to disclose the title and position of the CODM and explain how the CODM uses the reported measures of profit or loss to assess segment performance. The standard also requires interim disclosure of certain segment-related disclosures that previously were required only on an annual basis. ASU 2023-07 is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. Early adoption is permitted. Entities must adopt the changes to the segment reporting disclosures on a retrospective basis. We plan to adopt the standard on December 31, 2024.

ASU 2023-09, “Income Taxes (Topic 740): Improvements to Income Tax Disclosures”: ASU 2023-09 improves the transparency of income tax disclosures by requiring disaggregated information about each Registrant’s ETR reconciliation as well as information on income taxes paid. For each annual period, each Registrant will be required to disclose specific categories in the rate reconciliation and provide additional information for reconciling items that meet a quantitative threshold (if the effect of those reconciling items is equal to or greater than 5% of the amount computed by multiplying pretax income or loss by the applicable statutory income tax rate). ASU 2023-09 is effective for annual periods beginning after December 15, 2024. Early adoption is permitted for annual financial statements that have not yet been issued. We plan to adopt the standard on December 31, 2025 and are currently evaluating the effect of the standard on our financial reporting.

NOTE 3. REVENUES

We discuss revenue recognition for revenues from contracts with customers and from sources other than contracts with customers in Note 3 of the Notes to Consolidated Financial Statements in the Annual Report.

The following tables disaggregate our revenues from contracts with customers by major service line and market. We also provide a reconciliation to total revenues by segment for Sempra. The majority of our revenue is recognized over time.

DISAGGREGATED REVENUES

(Dollars in millions)

	Sempra			
	Sempra California	Sempra Infrastructure	Consolidating adjustments and Parent and other	Sempra
	Three months ended March 31, 2024			
By major service line:				
Utilities	\$ 3,479	\$ 30	\$ (6)	\$ 3,503
Energy-related businesses	—	212	(18)	194
Revenues from contracts with customers	\$ 3,479	\$ 242	\$ (24)	\$ 3,697
By market:				
Gas	\$ 2,350	\$ 125	\$ (5)	\$ 2,470
Electric	1,129	117	(19)	1,227
Revenues from contracts with customers	\$ 3,479	\$ 242	\$ (24)	\$ 3,697
Revenues from contracts with customers	\$ 3,479	\$ 242	\$ (24)	\$ 3,697
Utilities regulatory revenues	(338)	—	—	(338)
Other revenues	—	277	4	281
Total revenues	\$ 3,141	\$ 519	\$ (20)	\$ 3,640
Three months ended March 31, 2023				
By major service line:				
Utilities	\$ 5,574	\$ 30	\$ (6)	\$ 5,598
Energy-related businesses	—	312	(21)	291
Revenues from contracts with customers	\$ 5,574	\$ 342	\$ (27)	\$ 5,889
By market:				
Gas	\$ 4,365	\$ 204	\$ (5)	\$ 4,564
Electric	1,209	138	(22)	1,325
Revenues from contracts with customers	\$ 5,574	\$ 342	\$ (27)	\$ 5,889
Revenues from contracts with customers	\$ 5,574	\$ 342	\$ (27)	\$ 5,889
Utilities regulatory revenues	(159)	—	—	(159)
Other revenues	—	854	(24)	830
Total revenues	\$ 5,415	\$ 1,196	\$ (51)	\$ 6,560

DISAGGREGATED REVENUES
(Dollars in millions)

	SDG&E		SoCalGas	
	Three months ended March 31,			
	2024	2023	2024	2023
By major service line:				
Revenues from contracts with customers – Utilities	\$ 1,462	\$ 1,765	\$ 2,060	\$ 3,841
By market:				
Gas	\$ 330	\$ 554	\$ 2,060	\$ 3,841
Electric	1,132	1,211	—	—
Revenues from contracts with customers	\$ 1,462	\$ 1,765	\$ 2,060	\$ 3,841
Revenues from contracts with customers	\$ 1,462	\$ 1,765	\$ 2,060	\$ 3,841
Utilities regulatory revenues	(83)	(112)	(255)	(47)
Total revenues	\$ 1,379	\$ 1,653	\$ 1,805	\$ 3,794

REVENUES FROM CONTRACTS WITH CUSTOMERS
Remaining Performance Obligations

For contracts greater than one year, at March 31, 2024, we expect to recognize revenue related to the fixed fee component of the consideration as shown below. Sempra's remaining performance obligations primarily relate to capacity agreements for natural gas storage and transportation at Sempra Infrastructure and transmission line projects at SDG&E. SoCalGas did not have any remaining performance obligations for contracts greater than one year at March 31, 2024.

REMAINING PERFORMANCE OBLIGATIONS⁽¹⁾
(Dollars in millions)

	Sempra	SDG&E
2024 (excluding first three months of 2024)	\$ 209	\$ 2
2025	263	4
2026	263	4
2027	263	4
2028	195	4
Thereafter	1,767	56
Total revenues to be recognized	\$ 2,960	\$ 74

⁽¹⁾ Excludes intercompany transactions.

Contract Liabilities from Revenues from Contracts with Customers

Activities within Sempra's and SDG&E's contract liabilities are presented below. There were no contract liabilities at SoCalGas in the three months ended March 31, 2024 or 2023. Sempra Infrastructure recorded a contract liability for funds held as collateral in lieu of a customer's letters of credit primarily associated with its LNG storage and regasification agreement.

CONTRACT LIABILITIES
(Dollars in millions)

	2024	2023
Sempra:		
Contract liabilities at January 1	\$ (198)	\$ (252)
Revenue from performance obligations satisfied during reporting period	2	2
Payments received in advance	(3)	—
Contract liabilities at March 31 ⁽¹⁾	\$ (199)	\$ (250)
SDG&E:		
Contract liabilities at January 1	\$ (75)	\$ (79)
Revenue from performance obligations satisfied during reporting period	1	1
Contract liabilities at March 31 ⁽²⁾	\$ (74)	\$ (78)

⁽¹⁾ Balances at March 31, 2024 include \$5 in Other Current Liabilities and \$194 in Deferred Credits and Other.

⁽²⁾ Balances at March 31, 2024 include \$4 in Other Current Liabilities and \$70 in Deferred Credits and Other.

Receivables from Revenues from Contracts with Customers

The table below shows receivable balances, net of allowances for credit losses, associated with revenues from contracts with customers on the Condensed Consolidated Balance Sheets.

RECEIVABLES FROM REVENUES FROM CONTRACTS WITH CUSTOMERS			
(Dollars in millions)			
	March 31, 2024	December 31, 2023	
Sempra:			
Accounts receivable – trade, net ⁽¹⁾	\$ 1,891	\$	1,951
Accounts receivable – other, net	22		15
Due from unconsolidated affiliates – current ⁽²⁾	5		4
Other long-term assets ⁽³⁾	17		—
Total	\$ 1,935	\$	1,970
SDG&E:			
Accounts receivable – trade, net ⁽¹⁾	\$ 818	\$	870
Accounts receivable – other, net	20		13
Due from unconsolidated affiliates – current ⁽²⁾	7		6
Other long-term assets ⁽³⁾	7		—
Total	\$ 852	\$	889
SoCalGas:			
Accounts receivable – trade, net	995		985
Accounts receivable – other, net	2		2
Other long-term assets ⁽³⁾	10		—
Total	\$ 1,007	\$	987

⁽¹⁾ At March 31, 2024 and December 31, 2023, includes \$125 and \$148, respectively, of receivables due from customers that were billed on behalf of CCAs, which are not included in revenues.

⁽²⁾ Amount is presented net of amounts due to unconsolidated affiliates on the Condensed Consolidated Balance Sheets, when right of offset exists.

⁽³⁾ In January 2024, the CPUC directed SDG&E and SoCalGas to offer long-term repayment plans to eligible residential customers with past-due balances until October 2026.

NOTE 4. REGULATORY MATTERS

REGULATORY ASSETS AND LIABILITIES

We discuss regulatory matters in Note 4 of the Notes to Consolidated Financial Statements in the Annual Report and provide updates to those discussions and information about new regulatory matters below. With the exception of regulatory balancing accounts, we generally do not earn a return on our regulatory assets until such time as a related cash expenditure has been made. Upon the occurrence of a cash expenditure associated with a regulatory asset, the related amounts are recoverable through a regulatory account mechanism for which we earn a return authorized by applicable regulators, which generally approximates the three-month commercial paper rate. The periods during which we recognize a regulatory asset while we do not earn a return vary by regulatory asset.

REGULATORY ASSETS (LIABILITIES)

(Dollars in millions)

	Sempra		SDG&E		SoCalGas	
	March 31, 2024	December 31, 2023	March 31, 2024	December 31, 2023	March 31, 2024	December 31, 2023
Fixed-price contracts and other derivatives	\$ 50	\$ 215	\$ 26	\$ 14	\$ 24	\$ 201
Deferred income taxes recoverable in rates	1,327	1,142	668	626	573	430
Pension and PBOP plan obligations	(194)	(212)	58	48	(252)	(260)
Employee benefit costs	24	24	3	3	21	21
Removal obligations	(3,156)	(3,082)	(2,534)	(2,468)	(622)	(614)
Environmental costs	148	139	115	105	33	34
Sunrise Powerlink fire mitigation	125	124	125	124	—	—
Regulatory balancing accounts ⁽¹⁾⁽²⁾ :						
Commodity – electric	(180)	(233)	(180)	(233)	—	—
Commodity – gas, including transportation	(280)	(259)	42	52	(322)	(311)
Safety and reliability	1,044	959	221	207	823	752
Public purpose programs	(361)	(273)	(162)	(144)	(199)	(129)
Wildfire mitigation plan	735	685	735	685	—	—
Liability insurance premium	110	113	86	90	24	23
Other balancing accounts	(112)	373	(282)	(152)	170	525
Other regulatory (liabilities) assets, net ⁽²⁾	(85)	(10)	27	49	(110)	(58)
Total	\$ (805)	\$ (295)	\$ (1,052)	\$ (994)	\$ 163	\$ 614

⁽¹⁾ At March 31, 2024 and December 31, 2023, the noncurrent portion of regulatory balancing accounts – net undercollected for Sempra was \$1,903 and \$1,913, respectively, for SDG&E was \$827 and \$950, respectively, and for SoCalGas was \$1,076 and \$963, respectively.

⁽²⁾ Includes regulatory assets earning a return authorized by applicable regulators, which generally approximates the three-month commercial paper rate.

CPUC GRC

The CPUC uses GRCs to set revenues to allow SDG&E and SoCalGas to recover their reasonable operating costs and to provide the opportunity to realize their authorized rates of return on their investments.

In May 2022, SDG&E and SoCalGas filed their 2024 GRC applications requesting CPUC approval of test year revenue requirements for 2024 and attrition year adjustments for 2025 through 2027. SDG&E and SoCalGas requested revenue requirements for 2024 of \$3.0 billion and \$4.4 billion, respectively. SDG&E and SoCalGas proposed post-test year revenue requirement changes using various mechanisms that are estimated to result in annual increases of approximately 8% to 11% at SDG&E and approximately 6% to 8% at SoCalGas. Intervening parties have proposed various adjustments to SDG&E's and SoCalGas' revenue requirement requests. In October 2022, the CPUC issued a scoping ruling that set a schedule for the proceeding, including the expected issuance of a proposed decision in the second quarter of 2024. The CPUC has authorized SDG&E and SoCalGas to recognize the effects of the 2024 GRC final decision retroactive to January 1, 2024.

In October 2023, SDG&E submitted a separate request to the CPUC in its 2024 GRC describing \$2.2 billion in costs to implement its wildfire mitigation plans from 2019 through 2022, and seeking review and recovery of the incremental wildfire mitigation plan costs incurred during that period, totaling \$1.5 billion. SDG&E expects to receive a proposed decision on this request in late 2024. In February 2024, the CPUC approved an interim cost recovery mechanism that would permit SDG&E to recover in rates \$194 million of its wildfire mitigation plan regulatory account balance in 2024 and, if a recovery mechanism is not in place by January 1, 2025, an additional \$96 million in 2025. Such recovery of SDG&E's wildfire mitigation plan regulatory account balance will be subject to reasonableness review by the CPUC. SDG&E also expects to submit a separate request for review and recovery of its 2023 wildfire mitigation plan costs in late 2024.

SDG&E and SoCalGas recorded CPUC-authorized revenues in the three months ended March 31, 2024 based on 2023 levels authorized under the 2019 GRC because a final decision in the 2024 GRC remains pending. The results of the 2024 GRC may materially differ from what is contained in the GRC applications.

CPUC COST OF CAPITAL

The CPUC approved the following cost of capital for SDG&E and SoCalGas that became effective on January 1, 2023 and was to remain in effect through December 31, 2025, subject to the CCM. The CPUC has issued a ruling to initiate a second phase of this cost of capital proceeding to evaluate potential modifications to the CCM. We expect a proposed decision on the second phase in the second half of 2024.

AUTHORIZED COST OF CAPITAL FOR 2023

SDG&E			SoCalGas		
Authorized weighting	Return on rate base	Weighted return on rate base ⁽¹⁾	Authorized weighting	Return on rate base	Weighted return on rate base
45.25 %	4.05 %	1.83 %	45.60 %	4.07 %	1.86 %
2.75	6.22	0.17	2.40	6.00	0.14
52.00	9.95	5.17	52.00	9.80	5.10
100.00 %		7.18 %	100.00 %		7.10 %

⁽¹⁾ Total weighted return on rate base does not sum due to rounding differences.

The CCM was triggered for SDG&E and SoCalGas on September 30, 2023. In December 2023, the CPUC approved increases to SDG&E's and SoCalGas' authorized rates of return effective January 1, 2024, which are in effect through December 31, 2025, subject to the CCM. In January 2024, several parties submitted a request for the CPUC to review such approval. In March 2024, the CPUC issued a proposed decision denying the intervenor petition seeking to suspend the CCM and its resulting changes that became effective on January 1, 2024. We expect a final decision in the second quarter of 2024.

AUTHORIZED COST OF CAPITAL FOR 2024 – 2025

SDG&E				SoCalGas			
Authorized weighting	Return on rate base	Weighted return on rate base		Authorized weighting	Return on rate base	Weighted return on rate base	
45.25 %	4.34 %	1.96 %	Long-Term Debt	45.60 %	4.54 %	2.07 %	
2.75	6.22	0.17	Preferred Equity	2.40	6.00	0.14	
52.00	10.65	5.54	Common Equity	52.00	10.50	5.46	
100.00 %		7.67 %		100.00 %		7.67 %	

FERC RATE MATTERS

SDG&E files separately with the FERC for its authorized ROE on FERC-regulated electric transmission operations and assets. SDG&E's currently effective TO5 settlement provides for a ROE of 10.60%, consisting of a base ROE of 10.10% plus an additional 50 bps for participation in the California ISO (the California ISO adder). If the FERC issues an order ruling that California IOUs are no longer eligible for the California ISO adder, SDG&E would refund the California ISO adder as of the refund effective date (June 1, 2019) or such other date set by the FERC if such a refund is determined to be required by the terms of the TO5 settlement. The TO5 settlement will remain in effect until terminated by a notice provided at least six months before the end of the calendar year. Following any such notice, SDG&E would file an updated rate request with an effective date of January 1 of the following year.

NOTE 5. SEMPRA – INVESTMENTS IN UNCONSOLIDATED ENTITIES

We generally account for investments under the equity method when we have significant influence over, but do not have control of, these entities. Equity earnings and losses, both before and net of income tax, are combined and presented as Equity Earnings on the Condensed Consolidated Statements of Operations. Distributions received from equity method investees are classified in the Condensed Consolidated Statements of Cash Flows as either a return on investment in operating activities or a return of investment in investing activities based on the "nature of the distribution" approach. See Note 12 for information on equity earnings and losses, both before and net of income tax, by segment. See Note 1 for information on how equity earnings and losses before income taxes are factored into the calculations of our pretax income or loss and ETR.

We provide additional information concerning our equity method investments in Note 6 of the Notes to Consolidated Financial Statements in the Annual Report.

ONCOR HOLDINGS

We account for our 100% equity ownership interest in Oncor Holdings, which owns an 80.25% interest in Oncor, as an equity method investment. Due to the ring-fencing measures, governance mechanisms and commitments in effect, we do not have the power to direct the significant activities of Oncor Holdings and Oncor. See Note 6 of the Notes to Consolidated Financial Statements in the Annual Report for additional information related to the restrictions on our ability to direct the significant activities of Oncor Holdings and Oncor.

In the three months ended March 31, 2024 and 2023, Sempra contributed \$193 million and \$85 million, respectively, to Oncor Holdings, and Oncor Holdings distributed \$100 million and \$85 million, respectively, to Sempra.

We provide summarized income statement information for Oncor Holdings in the following table.

SUMMARIZED FINANCIAL INFORMATION – ONCOR HOLDINGS
(Dollars in millions)

	Three months ended March 31,	
	2024	2023
Operating revenues	\$ 1,458	\$ 1,292
Operating expenses	(1,051)	(1,024)
Income from operations	407	268
Interest expense	(150)	(123)
Income tax expense	(49)	(24)
Net income	223	99
NCI held by Texas Transmission Investment LLC	(44)	(20)
Earnings attributable to Sempra ⁽¹⁾	179	79

⁽¹⁾ Excludes adjustments to equity earnings related to amortization of a tax sharing liability associated with a tax sharing arrangement and changes in basis differences in AOCI within the carrying value of our equity method investment.

CAMERON LNG JV

In the three months ended March 31, 2024 and 2023, Cameron LNG JV distributed \$132 million and \$114 million, respectively, to Sempra Infrastructure.

Sempra Promissory Note for SDSRA Distribution

Cameron LNG JV's debt agreements require Cameron LNG JV to maintain the SDSRA, which is an additional reserve account beyond the Senior Debt Service Accrual Account, where funds accumulate from operations to satisfy senior debt obligations due and payable on the next payment date. Both accounts can be funded with cash or authorized investments. In June 2021, Sempra Infrastructure received a distribution of \$165 million based on its proportionate share of the SDSRA, for which Sempra provided a promissory note and letters of credit to secure a proportionate share of Cameron LNG JV's obligation to fund the SDSRA. Sempra's maximum exposure to loss is replenishment of the amount withdrawn by Sempra Infrastructure from the SDSRA, or \$165 million. We recorded a guarantee liability of \$22 million in June 2021, with an associated carrying value of \$19 million at March 31, 2024, for the fair value of the promissory note, which is being reduced over the duration of the guarantee through Sempra Infrastructure's investment in Cameron LNG JV. The guarantee will terminate upon full repayment of Cameron LNG JV's debt, scheduled to occur in 2039, or replenishment of the amount withdrawn by Sempra Infrastructure from the SDSRA.

Sempra Support Agreement for CFIN

In July 2020, CFIN entered into a financing arrangement with Cameron LNG JV's four project owners and received aggregate proceeds of \$1.5 billion from two project owners and from external lenders on behalf of the other two project owners (collectively, the affiliate loans), based on their proportionate ownership interest in Cameron LNG JV. CFIN used the proceeds from the affiliate loans to provide a loan to Cameron LNG JV. The affiliate loans mature in 2039. Principal and interest are paid from Cameron LNG JV's project cash flows from its three-train natural gas liquefaction facility. Cameron LNG JV used the proceeds from its loan to return equity to its project owners.

Sempra Infrastructure's \$753 million proportionate share of the affiliate loans, based on SI Partners' 50.2% ownership interest in Cameron LNG JV, was funded by external lenders comprised of a syndicate of eight banks (the bank debt) to whom Sempra has provided a guarantee pursuant to a Support Agreement under which:

- Sempra has severally guaranteed repayment of the bank debt plus accrued and unpaid interest if CFIN fails to pay the external lenders;
- the external lenders may exercise an option to put the bank debt to Sempra Infrastructure upon the occurrence of certain events, including a failure by CFIN to meet its payment obligations under the bank debt;
- the external lenders will put some or all of the bank debt to Sempra Infrastructure on the fifth, tenth, or fifteenth anniversary date of the affiliate loans, except the portion of the debt owed to any external lender that has elected not to participate in the put option six months prior to the respective anniversary date;
- Sempra Infrastructure also has a right to call the bank debt back from, or to refinance the bank debt with, the external lenders at any time; and
- the Support Agreement will terminate upon full repayment of the bank debt, including repayment following an event in which the bank debt is put to Sempra Infrastructure.

In exchange for this guarantee, the external lenders pay a guarantee fee that is based on the credit rating of Sempra's long-term senior unsecured non-credit enhanced debt rating, which guarantee fee Sempra Infrastructure recognizes as interest income as earned. Sempra's maximum exposure to loss is the bank debt plus any accrued and unpaid interest and related fees, subject to a liability cap of 130% of the bank debt, or \$979 million. We measure the Support Agreement at fair value, net of related guarantee fees, on a recurring basis (see Note 8). At March 31, 2024, the fair value of the Support Agreement was \$23 million, of which \$7 million is included in Other Current Assets and \$16 million is included in Other Long-Term Assets on Sempra's Condensed Consolidated Balance Sheet.

TAG NORTE

In the three months ended March 31, 2024, TAG Norte distributed \$62 million to Sempra Infrastructure.

NOTE 6. DEBT AND CREDIT FACILITIES

The principal terms of our debt arrangements are described below and in Note 7 of the Notes to Consolidated Financial Statements in the Annual Report.

SHORT-TERM DEBT

Committed Lines of Credit

At March 31, 2024, Sempra had an aggregate capacity of \$9.9 billion under seven primary committed lines of credit, which provide liquidity and support our commercial paper programs. Because our commercial paper programs are supported by some of these lines of credit, we reflect the amount of commercial paper outstanding, before reductions of any unamortized discounts, and any letters of credit outstanding as a reduction to the available unused credit capacity in the following table.

COMMITTED LINES OF CREDIT

(Dollars in millions)

Borrower	Expiration date of facility	March 31, 2024				
		Total facility	Commercial paper outstanding	Amounts outstanding	Letters of credit outstanding	Available unused credit
Sempra	October 2028	\$ 4,000	\$ (671)	\$ —	\$ —	\$ 3,329
SDG&E	October 2028	1,500	—	—	—	1,500
SoCalGas	October 2028	1,200	(143)	—	—	1,057
SI Partners and IEnova	September 2025	500	—	(425)	—	75
SI Partners and IEnova	August 2026	1,000	—	(35)	—	965
SI Partners and IEnova	August 2028	1,500	—	(356)	—	1,144
Port Arthur LNG	March 2030	200	—	—	(64)	136
Total		\$ 9,900	\$ (814)	\$ (816)	\$ (64)	\$ 8,206

Sempra, SDG&E and SoCalGas each must maintain a ratio of indebtedness to total capitalization (as defined in each of the applicable credit facilities) of no more than 65% at the end of each quarter. At March 31, 2024, each Registrant was in compliance with this ratio under its respective credit facility.

The three lines of credit that are shared by SI Partners and IEnova require that SI Partners maintain a ratio of consolidated adjusted net indebtedness to consolidated earnings before interest, taxes, depreciation and amortization (as defined in each credit facility) of no more than 5.25 to 1.00 at the end of each quarter. At March 31, 2024, SI Partners was in compliance with this ratio.

Uncommitted Line of Credit

ECA LNG Phase 1 has an uncommitted line of credit, which is generally used for working capital requirements, with an aggregate capacity of \$200 million of which \$30 million was outstanding at March 31, 2024. The amounts outstanding are before reductions of any unamortized discounts. Borrowings can be in U.S. dollars or Mexican pesos. At March 31, 2024, outstanding amounts were borrowed in Mexican pesos and bear interest at a variable rate based on the 28-day Interbank Equilibrium Interest Rate plus 105 bps. Borrowings made in U.S. dollars bear interest at a variable rate based on the one-month or three-month SOFR plus 115 bps.

Uncommitted Letters of Credit

Outside of our domestic and foreign credit facilities, we have bilateral unsecured standby letter of credit capacity with select lenders that is uncommitted and supported by reimbursement agreements. At March 31, 2024, we had \$512 million in standby letters of credit outstanding under these agreements.

UNCOMMITTED LETTERS OF CREDIT		
(Dollars in millions)		
	Expiration date range	March 31, 2024
		Uncommitted letters of credit outstanding
SDG&E	May 2024 - January 2025	\$ 25
SoCalGas	October 2024 - June 2025	20
Other Sempra	April 2024 - November 2054	467
Total Sempra		\$ 512

Weighted-Average Interest Rates

The weighted-average interest rates on all short-term debt were as follows:

WEIGHTED-AVERAGE INTEREST RATES		
	March 31, 2024	December 31, 2023
Sempra	5.98 %	5.96 %
SoCalGas	5.39	5.44

LONG-TERM DEBT

SDG&E

In March 2024, SDG&E issued \$600 million aggregate principal amount of 5.55% first mortgage bonds due in full upon maturity on April 15, 2054 and received proceeds of \$587 million (net of debt discount, underwriting discounts and debt issuance costs of \$13 million). The first mortgage bonds are redeemable prior to maturity, subject to their terms, and in certain circumstances subject to make-whole provisions. SDG&E intends to use the net proceeds for general corporate purposes, including repayment of commercial paper and potentially other indebtedness.

SoCalGas

In March 2024, SoCalGas issued \$500 million aggregate principal amount of 5.6% first mortgage bonds due in full upon maturity on April 1, 2054 and received proceeds of \$491 million (net of debt discount, underwriting discounts and debt issuance costs of \$9 million). The first mortgage bonds are redeemable prior to maturity, subject to their terms, and in certain circumstances subject to make-whole provisions. SoCalGas used the net proceeds to repay outstanding indebtedness and for other general corporate purposes.

Sempra

In March 2024, Sempra issued \$600 million of 6.875% fixed-to-fixed reset rate junior subordinated notes maturing on October 1, 2054. Interest on the notes accrues from and including March 14, 2024 and is payable semi-annually in arrears on April 1 and October 1 of each year, beginning on October 1, 2024. The notes bear interest (i) from and including March 14, 2024 to, but excluding, October 1, 2029 at the rate of 6.875% per annum and (ii) from and including October 1, 2029, during each subsequent five-year period beginning on October 1 of every fifth year, at a rate per annum equal to the Five-year U.S. Treasury Rate (as defined in the notes) as of the day falling two business days before the first day of such five-year period plus a spread of 2.789%, to be reset on October 1 of every fifth year beginning in 2029. We received proceeds of \$593 million (net of underwriting discounts and debt issuance costs of \$7 million). We used the proceeds from the offering for general corporate purposes, including repayment of commercial paper and other indebtedness. We may redeem some or all of the notes before their maturity, as follows:

- in whole or in part, (i) on any day in the period commencing on the date falling 90 days prior to October 1, 2029 and ending on and including October 1, 2029 and (ii) after October 1, 2029, on any interest payment date, at a redemption price in cash equal to 100% of the principal amount of the notes being redeemed, plus, subject to the terms of the notes, accrued and unpaid interest on the notes to be redeemed to, but excluding, the redemption date;
- in whole but not in part, at any time following the occurrence and during the continuance of a tax event (as defined in the notes) at a redemption price in cash equal to 100% of the principal amount of the notes, plus, subject to the terms of the notes, accrued and unpaid interest on the notes to, but excluding, the redemption date; and
- in whole but not in part, at any time following the occurrence and during the continuance of a rating agency event (as defined in the notes) at a redemption price in cash equal to 102% of the principal amount of the notes, plus, subject to the terms of the notes, accrued and unpaid interest on the notes to, but excluding, the redemption date.

The notes are unsecured obligations and rank junior and subordinate in right of payment to our existing and future senior indebtedness. The notes rank equally in right of payment with our existing 4.125% fixed-to-fixed reset rate junior subordinated notes due 2052 and 5.75% junior subordinated notes due 2079 and with any future unsecured indebtedness that we may incur if the terms of such indebtedness provide that it ranks equally with the notes in right of payment. The notes are effectively subordinated in right of payment to any secured indebtedness we have incurred or may incur (to the extent of the value of the collateral securing such secured indebtedness) and to all existing and future indebtedness and other liabilities and any preferred equity of our subsidiaries.

Other Sempra

ECA LNG Phase 1

ECA LNG Phase 1 has a five-year loan agreement with a syndicate of seven external lenders that matures on December 9, 2025 for an aggregate principal amount of up to \$1.3 billion. IEnova and TotalEnergies SE have provided guarantees for repayment of the loans plus accrued and unpaid interest of 83.4% and 16.6%, respectively. At March 31, 2024 and December 31, 2023, \$926 million and \$832 million, respectively, of borrowings from external lenders were outstanding under the loan agreement, with a weighted-average interest rate of 8.27% and 8.31%, respectively.

Port Arthur LNG

Port Arthur LNG has a seven-year term loan facility agreement with a syndicate of lenders that matures on March 20, 2030 for an aggregate principal amount of approximately \$6.8 billion. At March 31, 2024 and December 31, 2023, \$273 million and \$258 million, respectively, of borrowings were outstanding under the loan agreement, with an all-in weighted-average interest rate of 5.33% and 5.81%, respectively.

NOTE 7. DERIVATIVE FINANCIAL INSTRUMENTS

We use derivative instruments primarily to manage exposures arising in the normal course of business. Our principal exposures are commodity market risk, benchmark interest rate risk and foreign exchange rate exposures. Our use of derivatives for these risks is integrated into the economic management of our anticipated revenues, anticipated expenses, assets and liabilities. Derivatives may be effective in mitigating these risks (1) that could lead to declines in anticipated revenues or increases in anticipated expenses, or (2) that could cause our asset values to fall or our liabilities to increase. Accordingly, our derivative activity summarized below generally represents an impact that is intended to offset associated revenues, expenses, assets or liabilities that are not included in the tables below.

In certain cases, we apply the normal purchase or sale exception to contracts that otherwise would have been accounted for as derivative instruments and have other commodity contracts that are not derivatives. These contracts are not recorded at fair value and are therefore excluded from the disclosures below.

In all other cases, we record derivatives at fair value on the Condensed Consolidated Balance Sheets. We may have derivatives that are (1) cash flow hedges, (2) fair value hedges, or (3) undesignated. Depending on the applicability of hedge accounting and, for SDG&E and SoCalGas and other operations subject to regulatory accounting, the requirement to pass impacts through to customers, the impact of derivative instruments may be offset in OCI (cash flow hedges), on the balance sheet (regulatory offsets), or recognized in earnings (fair value hedges and undesignated derivatives not subject to rate recovery). We classify cash flows from the principal settlements of cross-currency swaps that hedge exposure related to Mexican peso-denominated debt and amounts related to terminations or early settlements of interest rate swaps as financing activities and settlements of other derivative instruments as operating activities on the Condensed Consolidated Statements of Cash Flows.

HEDGE ACCOUNTING

We may designate a derivative as a cash flow hedging instrument if it effectively converts anticipated cash flows associated with revenues or expenses to a fixed dollar amount. We may utilize cash flow hedge accounting for derivative commodity instruments, foreign currency instruments and interest rate instruments. Designating cash flow hedges is dependent on the business context in which the instrument is being used, the effectiveness of the instrument in offsetting the risk of variability of future cash flows of a given revenue or expense item, and other criteria.

ENERGY DERIVATIVES

Our market risk is primarily related to natural gas and electricity price volatility and the specific physical locations where we transact. We use energy derivatives to manage these risks. The use of energy derivatives in our various businesses depends on the particular energy market, and the operating and regulatory environments applicable to the business, as follows:

- SDG&E and SoCalGas use natural gas derivatives and SDG&E uses electricity derivatives, for the benefit of customers, with the objective of managing price risk and basis risk, and stabilizing and lowering natural gas and electricity costs. These derivatives include fixed-price natural gas and electricity positions, options, and basis risk instruments, which are either exchange-traded or over-the-counter financial instruments, or bilateral physical transactions. This activity is governed by risk management and transacting activity plans limited by company policy. SDG&E's risk management and transacting activity plans for electricity derivatives are also required to be filed with, and have been approved by, the CPUC. SoCalGas is also subject to certain regulatory requirements and thresholds related to natural gas procurement under the GCIM. Natural gas and electricity derivative activities are recorded as commodity costs that are offset by regulatory account balances and are recovered in rates. Net commodity cost impacts on the Condensed Consolidated Statements of Operations are reflected in Cost of Natural Gas or in Cost of Electric Fuel and Purchased Power.
- SDG&E is allocated and may purchase CRRs, which serve to reduce the regional electricity price volatility risk that may result from local transmission capacity constraints. Unrealized gains and losses do not impact earnings, as they are offset by regulatory account balances. Realized gains and losses associated with CRRs, which are recoverable in rates, are recorded in Cost of Electric Fuel and Purchased Power on the Condensed Consolidated Statements of Operations.
- Sempra Infrastructure may use natural gas and electricity derivatives, as appropriate, in an effort to optimize the earnings of its assets which support the following businesses: LNG, natural gas pipelines and storage, and power generation. Gains and losses associated with undesignated derivatives are recognized in Energy-Related Businesses Revenues on the Condensed Consolidated Statements of Operations.
- From time to time, our various businesses, including SDG&E and SoCalGas, may use other derivatives to hedge exposures such as GHG allowances.

The following table summarizes net energy derivative volumes.

NET ENERGY DERIVATIVE VOLUMES				
<i>(Quantities in millions)</i>				
Commodity	Unit of measure	March 31, 2024	December 31, 2023	
Sempra:				
Natural gas	MMBtu	303	361	
Electricity	MWh	—	1	
Congestion revenue rights	MWh	33	36	
SDG&E:				
Natural gas	MMBtu	18	17	
Congestion revenue rights	MWh	33	36	
SoCalGas:				
Natural gas	MMBtu	210	268	

INTEREST RATE DERIVATIVES

We are exposed to interest rates primarily as a result of our current and expected use of financing. SDG&E and SoCalGas, as well as Sempra and its other subsidiaries and JVs, periodically enter into interest rate derivative agreements intended to moderate our exposure to interest rates and to lower our overall costs of borrowing. In addition, we may utilize interest rate swaps, typically designated as cash flow hedges, to lock in interest rates on outstanding debt or in anticipation of future financings.

The following table presents the net notional amounts of our interest rate derivatives, excluding those in our equity method investments.

INTEREST RATE DERIVATIVES				
<i>(Dollars in millions)</i>				
	March 31, 2024		December 31, 2023	
	Notional debt	Maturities	Notional debt	Maturities
Sempra:				
Cash flow hedges ⁽¹⁾	\$ 4,451	2024-2048	\$ 4,451	2024-2048

⁽¹⁾ At March 31, 2024 and December 31, 2023, cash flow hedges accrued interest based on a notional amount of \$604 and \$488, respectively.

FOREIGN CURRENCY DERIVATIVES

We may utilize cross-currency swaps to hedge exposure related to Mexican peso-denominated debt at our Mexican subsidiaries and JVs. These cash flow hedges exchange our Mexican peso-denominated principal and interest payments into the U.S. dollar and swap Mexican fixed interest rates for U.S. fixed interest rates. From time to time, Sempra Infrastructure and its JVs may use other foreign currency derivatives to hedge exposures related to cash flows associated with revenues from contracts denominated in Mexican pesos that are indexed to the U.S. dollar.

We are also exposed to exchange rate movements at our Mexican subsidiaries and JVs, which have U.S. dollar-denominated cash balances, receivables, payables and debt (monetary assets and liabilities) that give rise to Mexican currency exchange rate movements for Mexican income tax purposes. They also have deferred income tax assets and liabilities denominated in the Mexican peso, which must be translated to U.S. dollars for financial reporting purposes. In addition, monetary assets and liabilities and certain nonmonetary assets and liabilities are adjusted for Mexican inflation for Mexican income tax purposes. We may utilize foreign currency derivatives as a means to manage the risk of exposure to significant fluctuations in our income tax expense and equity earnings from these impacts; however, we generally do not hedge our deferred income tax assets and liabilities or for inflation.

The following table presents the net notional amounts of our foreign currency derivatives, excluding those in our equity method investments.

FOREIGN CURRENCY DERIVATIVES

(Dollars in millions)

	March 31, 2024		December 31, 2023	
	Notional amount	Maturities	Notional amount	Maturities
Sempra:				
Other foreign currency derivatives	\$ 141	2024-2025	\$ 176	2024-2025

FINANCIAL STATEMENT PRESENTATION

The Condensed Consolidated Balance Sheets reflect the offsetting of net derivative positions and cash collateral with the same counterparty when a legal right of offset exists. The following tables provide the fair values of derivative instruments on the Condensed Consolidated Balance Sheets, including the amount of cash collateral receivables that were not offset because the cash collateral was in excess of liability positions.

DERIVATIVE INSTRUMENTS ON THE CONDENSED CONSOLIDATED BALANCE SHEETS

(Dollars in millions)

	March 31, 2024			
	Current assets: Fixed-price contracts and other derivatives ⁽¹⁾	Other long-term assets	Other current liabilities	Deferred credits and other
Sempra:				
Derivatives designated as hedging instruments:				
Interest rate instruments	\$ 22	\$ 201	\$ —	\$ —
Foreign exchange instruments	—	—	(9)	—
Derivatives not designated as hedging instruments:				
Commodity contracts not subject to rate recovery	233	49	(234)	(52)
Associated offsetting commodity contracts	(229)	(48)	229	48
Commodity contracts subject to rate recovery	8	8	(42)	(18)
Associated offsetting commodity contracts	(3)	(3)	3	3
Associated offsetting cash collateral	—	—	14	12
Net amounts presented on the balance sheet	31	207	(39)	(7)
Additional cash collateral for commodity contracts not subject to rate recovery	87	—	—	—
Additional cash collateral for commodity contracts subject to rate recovery	6	—	—	—
Total ⁽²⁾	\$ 124	\$ 207	\$ (39)	\$ (7)
SDG&E:				
Derivatives not designated as hedging instruments:				
Commodity contracts subject to rate recovery	\$ 7	\$ 8	\$ (21)	\$ (15)
Associated offsetting commodity contracts	(3)	(3)	3	3
Associated offsetting cash collateral	—	—	14	12
Net amounts presented on the balance sheet	4	5	(4)	—
Additional cash collateral for commodity contracts subject to rate recovery	5	—	—	—
Total ⁽²⁾	\$ 9	\$ 5	\$ (4)	\$ —
SoCalGas:				
Derivatives not designated as hedging instruments:				
Commodity contracts subject to rate recovery	\$ 1	\$ —	\$ (21)	\$ (3)
Net amounts presented on the balance sheet	1	—	(21)	(3)
Additional cash collateral for commodity contracts subject to rate recovery	1	—	—	—
Total	\$ 2	\$ —	\$ (21)	\$ (3)

⁽¹⁾ Included in Other Current Assets for SDG&E and SoCalGas.

⁽²⁾ Normal purchase contracts previously measured at fair value are excluded.

DERIVATIVE INSTRUMENTS ON THE CONDENSED CONSOLIDATED BALANCE SHEETS (CONTINUED)
(Dollars in millions)

	December 31, 2023			
	Current assets: Fixed-price contracts and other derivatives ⁽¹⁾	Other long-term assets	Other current liabilities	Deferred credits and other
Sempra:				
Derivatives designated as hedging instruments:				
Interest rate instruments	\$ 17	\$ 70	\$ —	\$ —
Foreign exchange instruments	—	—	(9)	—
Derivatives not designated as hedging instruments:				
Commodity contracts not subject to rate recovery	173	52	(170)	(56)
Associated offsetting commodity contracts	(169)	(51)	169	51
Commodity contracts subject to rate recovery	10	8	(228)	(9)
Associated offsetting commodity contracts	(5)	(2)	5	2
Associated offsetting cash collateral	—	—	12	7
Net amounts presented on the balance sheet	26	77	(221)	(5)
Additional cash collateral for commodity contracts not subject to rate recovery	74	—	—	—
Additional cash collateral for commodity contracts subject to rate recovery	22	—	—	—
Total ⁽²⁾	\$ 122	\$ 77	\$ (221)	\$ (5)
SDG&E:				
Derivatives not designated as hedging instruments:				
Commodity contracts subject to rate recovery	\$ 9	\$ 8	\$ (18)	\$ (9)
Associated offsetting commodity contracts	(5)	(2)	5	2
Associated offsetting cash collateral	—	—	12	7
Net amounts presented on the balance sheet	4	6	(1)	—
Additional cash collateral for commodity contracts subject to rate recovery	21	—	—	—
Total ⁽²⁾	\$ 25	\$ 6	\$ (1)	\$ —
SoCalGas:				
Derivatives not designated as hedging instruments:				
Commodity contracts subject to rate recovery	\$ 1	\$ —	\$ (210)	\$ —
Net amounts presented on the balance sheet	1	—	(210)	—
Additional cash collateral for commodity contracts subject to rate recovery	1	—	—	—
Total	\$ 2	\$ —	\$ (210)	\$ —

⁽¹⁾ Included in Other Current Assets for SDG&E and SoCalGas.

⁽²⁾ Normal purchase contracts previously measured at fair value are excluded.

The following table includes the effects of derivative instruments designated as cash flow hedges on the Condensed Consolidated Statements of Operations and in OCI and AOCI.

CASH FLOW HEDGE IMPACTS

(Dollars in millions)

	Pretax gain (loss) recognized in OCI		Location	Pretax gain (loss) reclassified from AOCI into earnings	
	Three months ended March 31,			Three months ended March 31,	
	2024	2023		2024	2023
Sempra:					
Interest rate instruments	\$ 142	\$ (77)	Interest Expense	\$ 3	\$ —
Interest rate instruments	28	(17)	Equity Earnings ⁽¹⁾	5	7
Foreign exchange instruments	1	(6)	Revenues: Energy- Related Businesses	3	—
Foreign exchange instruments	—	(5)	Other Income, Net	—	(1)
Interest rate and foreign exchange instruments	—	7	Equity Earnings ⁽¹⁾	2	(1)
			Other Income, Net	—	6
Total	\$ 171	\$ (98)		\$ 13	\$ 11

⁽¹⁾ Equity earnings at our foreign equity method investees are recognized after tax.

For Sempra, we expect that net gains before NCI of \$25 million, which are net of income tax expense, that are currently recorded in AOCI (with net gains of \$10 million attributable to NCI) related to cash flow hedges will be reclassified into earnings during the next 12 months as the hedged items affect earnings. SoCalGas expects that \$1 million of losses, net of income tax benefit, that are currently recorded in AOCI related to cash flow hedges will be reclassified into earnings during the next 12 months as the hedged items affect earnings. Actual amounts ultimately reclassified into earnings depend on the interest rates in effect when derivative contracts mature.

For all forecasted transactions, the maximum remaining term over which we are hedging exposure to the variability of cash flows at March 31, 2024 is approximately 24 years for Sempra. The maximum remaining term for which we are hedging exposure to the variability of cash flows at our equity method investees is 16 years.

The following table summarizes the effects of derivative instruments not designated as hedging instruments on the Condensed Consolidated Statements of Operations.

UNDESIGNATED DERIVATIVE IMPACTS

(Dollars in millions)

	Location	Pretax gain (loss) on derivatives recognized in earnings	
		Three months ended March 31,	
		2024	2023
Sempra:			
Commodity contracts not subject to rate recovery	Revenues: Energy-Related Businesses	\$ 79	\$ 449
Commodity contracts subject to rate recovery	Cost of Natural Gas	(6)	(27)
Commodity contracts subject to rate recovery	Cost of Electric Fuel and Purchased Power	(23)	9
Interest rate instrument	Interest Expense	—	(47)
Total		\$ 50	\$ 384
SDG&E:			
Commodity contracts subject to rate recovery	Cost of Electric Fuel and Purchased Power	\$ (23)	\$ 9
SoCalGas:			
Commodity contracts subject to rate recovery	Cost of Natural Gas	\$ (6)	\$ (27)

CREDIT RISK RELATED CONTINGENT FEATURES

For Sempra, SDG&E and SoCalGas, certain of our derivative instruments contain credit limits which vary depending on our credit ratings. Generally, these provisions, if applicable, may reduce our credit limit if a specified credit rating agency reduces our ratings. In certain cases, if our credit ratings were to fall below investment grade, the counterparty to these derivative liability instruments could request immediate payment or demand immediate and ongoing full collateralization.

For Sempra, the total fair value of this group of derivative instruments in a liability position at March 31, 2024 and December 31, 2023 was \$29 million and \$215 million, respectively. For SoCalGas, the total fair value of this group of derivative instruments in a liability position at March 31, 2024 and December 31, 2023 was \$24 million and \$210 million, respectively. SDG&E did not have this group of derivative instruments in a liability position at March 31, 2024 or December 31, 2023. At March 31, 2024, if the credit ratings of Sempra or SoCalGas were reduced below investment grade, \$29 million and \$24 million, respectively, of additional assets could be required to be posted as collateral for these derivative contracts.

For Sempra, SDG&E and SoCalGas, some of our derivative contracts contain a provision that would permit the counterparty, in certain circumstances, to request adequate assurance of our performance under the contracts. Such additional assurance, if needed, is not material and is not included in the amounts above.

NOTE 8. FAIR VALUE MEASUREMENTS

We discuss the valuation techniques and inputs we use to measure fair value and the definition of the three levels of the fair value hierarchy in Note 1 of the Notes to Consolidated Financial Statements in the Annual Report.

RECURRING FAIR VALUE MEASURES

The tables below set forth our financial assets and liabilities, by level within the fair value hierarchy, that were accounted for at fair value on a recurring basis at March 31, 2024 and December 31, 2023. We classify financial assets and liabilities in their entirety based on the lowest level of input that is significant to the fair value measurement. Our assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation of fair-valued assets and liabilities and their placement within the fair value hierarchy. We have not changed the valuation techniques or types of inputs we use to measure recurring fair value since December 31, 2023.

The fair value of commodity derivative assets and liabilities is presented in accordance with our netting policy, as we discuss in Note 7 under “Financial Statement Presentation.”

The determination of fair values, shown in the tables below, incorporates various factors, including but not limited to, the credit standing of the counterparties involved and the impact of credit enhancements (such as cash deposits, letters of credit and priority interests).

Our financial assets and liabilities that were accounted for at fair value on a recurring basis in the tables below include the following:

- Nuclear decommissioning trusts reflect the assets of SDG&E’s NDT, excluding accounts receivable and accounts payable. A third-party trustee values the trust assets using prices from a pricing service based on a market approach. We validate these prices by comparison to prices from other independent data sources. Securities are valued using quoted prices listed on nationally recognized securities exchanges or based on closing prices reported in the active market in which the identical security is traded (Level 1). Other securities are valued based on yields that are currently available for comparable securities of issuers with similar credit ratings (Level 2).
- For commodity contracts, interest rate instruments and foreign exchange instruments, we primarily use a market or income approach with market participant assumptions to value these derivatives. Market participant assumptions include those about risk, and the risk inherent in the inputs to the valuation techniques. These inputs can be readily observable, market corroborated, or generally unobservable. We have exchange-traded derivatives that are valued based on quoted prices in active markets for the identical instruments (Level 1). We also may have other commodity derivatives that are valued using industry standard models that consider quoted forward prices for commodities, time value, current market and contractual prices for the underlying instruments, volatility factors, and other relevant economic measures (Level 2). Level 3 recurring items relate to CRRs at SDG&E, as we discuss below in “Level 3 Information – SDG&E.”
- Rabbi Trust investments include short-term investments that consist of money market and mutual funds that we value using a market approach based on closing prices reported in the active market in which the identical security is traded (Level 1).

- As we discuss in Note 5, in July 2020, Sempra entered into a Support Agreement for the benefit of CFIN. We measure the Support Agreement, which includes a guarantee obligation, a put option and a call option, net of related guarantee fees, at fair value on a recurring basis. We use a discounted cash flow model to value the Support Agreement, net of related guarantee fees. Because some of the inputs that are significant to the valuation are less observable, the Support Agreement is classified as Level 3, as we describe below in “Level 3 Information – Other Sempra.”

RECURRING FAIR VALUE MEASURES

(Dollars in millions)

	Level 1	Level 2	Level 3	Total
Fair value at March 31, 2024				
Sempra:				
Assets:				
Nuclear decommissioning trusts:				
Short-term investments, primarily cash equivalents	\$ 24	\$ 4	\$ —	\$ 28
Equity securities	322	3	—	325
Debt securities:				
Debt securities issued by the U.S. Treasury and other U.S. government corporations and agencies	42	17	—	59
Municipal bonds	—	270	—	270
Other securities	—	222	—	222
Total debt securities	42	509	—	551
Total nuclear decommissioning trusts ⁽¹⁾	388	516	—	904
Short-term investments held in Rabbi Trust	47	—	—	47
Interest rate instruments	—	223	—	223
Commodity contracts not subject to rate recovery	—	5	—	5
Effect of netting and allocation of collateral ⁽²⁾	87	—	—	87
Commodity contracts subject to rate recovery	—	1	9	10
Effect of netting and allocation of collateral ⁽²⁾	1	—	5	6
Support Agreement, net of related guarantee fees	—	—	23	23
Total	\$ 523	\$ 745	\$ 37	\$ 1,305
Liabilities:				
Foreign exchange instruments	\$ —	\$ 9	\$ —	\$ 9
Commodity contracts not subject to rate recovery	—	9	—	9
Commodity contracts subject to rate recovery	26	28	—	54
Effect of netting and allocation of collateral ⁽²⁾	(26)	—	—	(26)
Total	\$ —	\$ 46	\$ —	\$ 46

⁽¹⁾ Excludes receivables (payables), net.

⁽²⁾ Includes the effect of the contractual ability to settle contracts under master netting agreements and with cash collateral, as well as cash collateral not offset.

RECURRING FAIR VALUE MEASURES (CONTINUED)
(Dollars in millions)

	Level 1	Level 2	Level 3	Total
Fair value at December 31, 2023				
Sempra:				
Assets:				
Nuclear decommissioning trusts:				
Short-term investments, primarily cash equivalents	\$ 19	\$ 2	\$ —	\$ 21
Equity securities	308	4	—	312
Debt securities:				
Debt securities issued by the U.S. Treasury and other U.S. government corporations and agencies	34	17	—	51
Municipal bonds	—	275	—	275
Other securities	—	220	—	220
Total debt securities	34	512	—	546
Total nuclear decommissioning trusts ⁽¹⁾	361	518	—	879
Short-term investments held in Rabbi Trust	67	—	—	67
Interest rate instruments	—	87	—	87
Commodity contracts not subject to rate recovery	—	5	—	5
Effect of netting and allocation of collateral ⁽²⁾	74	—	—	74
Commodity contracts subject to rate recovery	—	1	10	11
Effect of netting and allocation of collateral ⁽²⁾	16	—	6	22
Support Agreement, net of related guarantee fees	—	—	23	23
Total	\$ 518	\$ 611	\$ 39	\$ 1,168
Liabilities:				
Foreign exchange instruments	\$ —	\$ 9	\$ —	\$ 9
Commodity contracts not subject to rate recovery	—	6	—	6
Commodity contracts subject to rate recovery	20	210	—	230
Effect of netting and allocation of collateral ⁽²⁾	(19)	—	—	(19)
Total	\$ 1	\$ 225	\$ —	\$ 226

⁽¹⁾ Excludes receivables (payables), net.

⁽²⁾ Includes the effect of the contractual ability to settle contracts under master netting agreements and with cash collateral, as well as cash collateral not offset.

RECURRING FAIR VALUE MEASURES
(Dollars in millions)

	Level 1	Level 2	Level 3	Total
Fair value at March 31, 2024				
SDG&E:				
Assets:				
Nuclear decommissioning trusts:				
Short-term investments, primarily cash equivalents	\$ 24	\$ 4	\$ —	\$ 28
Equity securities	322	3	—	325
Debt securities:				
Debt securities issued by the U.S. Treasury and other U.S. government corporations and agencies	42	17	—	59
Municipal bonds	—	270	—	270
Other securities	—	222	—	222
Total debt securities	42	509	—	551
Total nuclear decommissioning trusts ⁽¹⁾	388	516	—	904
Commodity contracts subject to rate recovery	—	—	9	9
Effect of netting and allocation of collateral ⁽²⁾	—	—	5	5
Total	\$ 388	\$ 516	\$ 14	\$ 918
Liabilities:				
Commodity contracts subject to rate recovery	\$ 26	\$ 4	\$ —	\$ 30
Effect of netting and allocation of collateral ⁽²⁾	(26)	—	—	(26)
Total	\$ —	\$ 4	\$ —	\$ 4

Fair value at December 31, 2023

SDG&E:				
Assets:				
Nuclear decommissioning trusts:				
Short-term investments, primarily cash equivalents	\$ 19	\$ 2	\$ —	\$ 21
Equity securities	308	4	—	312
Debt securities:				
Debt securities issued by the U.S. Treasury and other U.S. government corporations and agencies	34	17	—	51
Municipal bonds	—	275	—	275
Other securities	—	220	—	220
Total debt securities	34	512	—	546
Total nuclear decommissioning trusts ⁽¹⁾	361	518	—	879
Commodity contracts subject to rate recovery	—	—	10	10
Effect of netting and allocation of collateral ⁽²⁾	15	—	6	21
Total	\$ 376	\$ 518	\$ 16	\$ 910
Liabilities:				
Commodity contracts subject to rate recovery	\$ 20	\$ —	\$ —	\$ 20
Effect of netting and allocation of collateral ⁽²⁾	(19)	—	—	(19)
Total	\$ 1	\$ —	\$ —	\$ 1

⁽¹⁾ Excludes receivables (payables), net.

⁽²⁾ Includes the effect of the contractual ability to settle contracts under master netting agreements and with cash collateral, as well as cash collateral not offset.

RECURRING FAIR VALUE MEASURES
(Dollars in millions)

	Level 1	Level 2	Level 3	Total
Fair value at March 31, 2024				
SoCalGas:				
Assets:				
Commodity contracts subject to rate recovery	\$ —	\$ 1	\$ —	\$ 1
Effect of netting and allocation of collateral ⁽¹⁾	1	—	—	1
Total	\$ 1	\$ 1	\$ —	\$ 2
Liabilities:				
Commodity contracts subject to rate recovery	\$ —	\$ 24	\$ —	\$ 24
Total	\$ —	\$ 24	\$ —	\$ 24

Fair value at December 31, 2023

SoCalGas:				
Assets:				
Commodity contracts subject to rate recovery	\$ —	\$ 1	\$ —	\$ 1
Effect of netting and allocation of collateral ⁽¹⁾	1	—	—	1
Total	\$ 1	\$ 1	\$ —	\$ 2
Liabilities:				
Commodity contracts subject to rate recovery	\$ —	\$ 210	\$ —	\$ 210
Total	\$ —	\$ 210	\$ —	\$ 210

⁽¹⁾ Includes the effect of the contractual ability to settle contracts under master netting agreements and with cash collateral, as well as cash collateral not offset.

Level 3 Information
SDG&E

The table below sets forth reconciliations of changes in the fair value of CRRs classified as Level 3 in the fair value hierarchy for Sempra and SDG&E.

LEVEL 3 RECONCILIATIONS⁽¹⁾
(Dollars in millions)

	Three months ended March 31,	
	2024	2023
Balance at January 1	\$ 10	\$ 35
Realized and unrealized losses	(1)	(4)
Settlements	—	(1)
Balance at March 31	\$ 9	\$ 30
Change in unrealized losses relating to instruments still held at March 31	\$ —	\$ (2)

⁽¹⁾ Excludes the effect of the contractual ability to settle contracts under master netting agreements.

Inputs used to determine the fair value of CRRs are reviewed and compared with market conditions to determine reasonableness.

CRRs are recorded at fair value based almost entirely on the most current auction prices published by the California ISO, an objective source. Annual auction prices are published once a year, typically in the middle of November, and are the basis for valuing CRRs settling in the following year. For the CRRs settling from January 1 to December 31, the auction price inputs, at a given location, were in the following ranges for the years indicated below:

CONGESTION REVENUE RIGHTS AUCTION PRICE INPUTS					
Settlement year	Price per MWh			Median price per MWh	
2024	\$	(3.69)	to	\$	9.55
2023		(3.09)	to		10.71
				\$	(0.44)
					(0.56)

The impact associated with discounting is not significant. Because these auction prices are a less observable input, these instruments are classified as Level 3. The fair value of these instruments is derived from auction price differences between two locations. Positive values between two locations represent expected future reductions in congestion costs, whereas negative values between two locations represent expected future charges. Valuation of our CRRs is sensitive to a change in auction price. If auction prices at one location increase (decrease) relative to another location, this could result in a significantly higher (lower) fair value measurement. We summarize CRR volumes in Note 7.

Realized gains and losses associated with CRRs, which are recoverable in rates, are recorded in Cost of Electric Fuel and Purchased Power on the Condensed Consolidated Statements of Operations. Because unrealized gains and losses are recorded as regulatory assets and liabilities, they do not affect earnings.

Other Sempra

The table below sets forth reconciliations of changes in the fair value of Sempra's Support Agreement for the benefit of CFIN classified as Level 3 in the fair value hierarchy.

	LEVEL 3 RECONCILIATIONS			
	<i>(Dollars in millions)</i>			
	Three months ended March 31,			
	2024		2023	
Balance at January 1	\$	23	\$	17
Realized and unrealized gains ⁽¹⁾		2		9
Settlements		(2)		(2)
Balance at March 31 ⁽²⁾	\$	23	\$	24
Change in unrealized gains relating to instruments still held at March 31	\$	1	\$	9

⁽¹⁾ Net gains are included in Interest Income and net losses are included in Interest Expense on Sempra's Condensed Consolidated Statements of Operations.

⁽²⁾ Includes \$7 in Other Current Assets and \$16 in Other Long-term Assets at March 31, 2024 on Sempra's Condensed Consolidated Balance Sheet.

The fair value of the Support Agreement, net of related guarantee fees, is based on a discounted cash flow model using a probability of default and survival methodology. Our estimate of fair value considers inputs such as third-party default rates, credit ratings, recovery rates, and risk-adjusted discount rates, which may be readily observable, market corroborated or generally unobservable inputs. Because CFIN's credit rating and related default and survival rates are unobservable inputs that are significant to the valuation, the Support Agreement, net of related guarantee fees, is classified as Level 3. We assigned CFIN an internally developed credit rating of A3 and relied on default rate data published by Moody's to assign a probability of default. A hypothetical change in the credit rating up or down one notch could result in a significant change in the fair value of the Support Agreement.

Fair Value of Financial Instruments

The fair values of certain of our financial instruments (cash, accounts receivable, amounts due to/from unconsolidated affiliates with original maturities of less than 90 days, dividends and accounts payable, short-term debt and customer deposits) approximate their carrying amounts because of the short-term nature of these instruments. Investments in life insurance contracts that we hold in support of our Supplemental Executive Retirement, Cash Balance Restoration and Deferred Compensation Plans are carried at cash surrender values, which represent the amount of cash that could be realized under the contracts. The following table provides the carrying amounts and fair values of certain other financial instruments that are not recorded at fair value on the Condensed Consolidated Balance Sheets.

FAIR VALUE OF FINANCIAL INSTRUMENTS					
<i>(Dollars in millions)</i>					
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
March 31, 2024					
Sempra:					
Long-term note receivable ⁽¹⁾	\$ 338	\$ —	\$ —	\$ 321	\$ 321
Long-term amounts due to unconsolidated affiliates	298	—	270	—	270
Total long-term debt ⁽²⁾	29,125	—	26,679	—	26,679
SDG&E:					
Total long-term debt ⁽³⁾	\$ 8,950	\$ —	\$ 7,915	\$ —	\$ 7,915
SoCalGas:					
Total long-term debt ⁽⁴⁾	\$ 7,259	\$ —	\$ 6,820	\$ —	\$ 6,820
December 31, 2023					
Sempra:					
Long-term note receivable ⁽¹⁾	\$ 334	\$ —	\$ —	\$ 318	\$ 318
Long-term amounts due to unconsolidated affiliates	312	—	283	—	283
Total long-term debt ⁽²⁾	27,716	—	25,617	—	25,617
SDG&E:					
Total long-term debt ⁽³⁾	\$ 8,750	\$ —	\$ 7,856	\$ —	\$ 7,856
SoCalGas:					
Total long-term debt ⁽⁴⁾	\$ 6,759	\$ —	\$ 6,442	\$ —	\$ 6,442

⁽¹⁾ Before allowances for credit losses of \$6 at March 31, 2024 and December 31, 2023. Excludes unamortized transaction costs of \$4 at March 31, 2024 and December 31, 2023.

⁽²⁾ Before reductions of unamortized discount and debt issuance costs of \$343 and \$322 at March 31, 2024 and December 31, 2023, respectively, and excluding finance lease obligations of \$1,330 and \$1,340 at March 31, 2024 and December 31, 2023, respectively.

⁽³⁾ Before reductions of unamortized discount and debt issuance costs of \$100 and \$89 at March 31, 2024 and December 31, 2023, respectively, and excluding finance lease obligations of \$1,224 and \$1,233 at March 31, 2024 and December 31, 2023, respectively.

⁽⁴⁾ Before reductions of unamortized discount and debt issuance costs of \$62 and \$55 at March 31, 2024 and December 31, 2023, respectively, and excluding finance lease obligations of \$106 and \$107 at March 31, 2024 and December 31, 2023, respectively.

We provide the fair values for the securities held in the NDT related to SONGS in Note 10.

NOTE 9. SEMPRA – EQUITY AND EARNINGS PER COMMON SHARE

PREFERRED STOCK

On May 2, 2024, Sempra filed an amendment to its amended and restated articles of incorporation to implement the revocation of the series A preferred stock and series B preferred stock, all of which had previously been converted to Sempra common stock, thereby decreasing the number of authorized shares of series A preferred stock from 17,250,000 to zero and series B preferred stock from 5,750,000 to zero. Effective as of May 2, 2024, each such series of stock is no longer an authorized series of Sempra's capital stock.

COMMON STOCK SPLIT IN THE FORM OF A STOCK DIVIDEND

On August 2, 2023, Sempra's board of directors declared a two-for-one split of Sempra's common stock in the form of a 100% stock dividend for shareholders of record at the close of business on August 14, 2023. Each such shareholder of record received one additional share of Sempra common stock for every then-held share of Sempra common stock, which was distributed after the close of trading on August 21, 2023. Sempra's common stock began trading on a post-split basis effective August 22, 2023. Sempra's common stock continues to have no par value with 1,125,000,000 authorized shares.

Except as expressly noted, all share and per share information related to issued and outstanding common stock and outstanding equity awards with respect to common stock has been retroactively adjusted to reflect the stock split and is presented on a post-split basis herein.

COMMON STOCK OFFERING

In November 2023, we completed the offering of 17,142,858 shares of our common stock, no par value, in a registered public offering at \$70.00 per share (\$68.845 per share after deducting underwriting discounts), pursuant to forward sale agreements. We discuss the common stock offering in Note 14 of the Notes to Consolidated Financial Statements in the Annual Report.

As of May 7, 2024, a total of 17,142,858 shares of Sempra common stock from our November 2023 offering remain subject to future settlement under these forward sale agreements, which may be settled on one or more dates specified by us occurring no later than December 31, 2024, which is the final settlement date under the agreements. Although we expect to settle the forward sale agreements entirely by the physical delivery of shares of our common stock in exchange for cash proceeds, we may, subject to certain conditions, elect cash settlement or net share settlement for all or a portion of our obligations under the forward sale agreements. The forward sale agreements are also subject to acceleration by the counterparties to the agreements upon the occurrence of certain events.

COMMON STOCK REPURCHASES

In the three months ended March 31, 2024 and 2023, we withheld 552,799 shares for \$40 million and 393,404 shares for \$31 million, respectively, of our common stock that would otherwise be issued to long-term incentive plan participants who do not elect otherwise upon the vesting of RSUs and exercise of stock options in an amount sufficient to satisfy minimum statutory tax withholding requirements. Such share withholding is considered a share repurchase for accounting purposes.

NONCONTROLLING INTERESTS

Ownership interests in a consolidated entity that are held by unconsolidated owners are accounted for and reported as NCI.

The following table summarizes net income attributable to Sempra and transfers (to) from NCI, which shows the effects of changes in Sempra's ownership interest in its subsidiaries on Sempra's shareholders' equity.

NET INCOME ATTRIBUTABLE TO SEMPRA AND TRANSFERS (TO) FROM NCI*(Dollars in millions)*

	Three months ended March 31, 2023
Sempra:	
Net income attributable to Sempra	\$ 980
Transfers (to) from NCI:	
Increase in shareholders' equity for sale of NCI	18
Net transfers (to) from NCI	18
Change from net income attributable to Sempra and transfers (to) from NCI	\$ 998

SI Partners Subsidiaries

Sale of NCI to ConocoPhillips Affiliate. In March 2023, an indirect subsidiary of SI Partners completed the sale of an indirect 30% interest in an SI Partners subsidiary (resulting in an indirect 30% NCI in the PA LNG Phase 1 project) to an affiliate of ConocoPhillips for aggregate cash consideration of \$265 million, before post-closing adjustments recorded subsequently. As a result of this sale, we recorded a \$237 million increase in equity held by NCI and an increase in Sempra's shareholders' equity of \$18 million, net of \$3 million in transaction costs and \$7 million in tax expense.

The indirect subsidiary of SI Partners and the ConocoPhillips affiliate have made certain customary capital contribution commitments to fund their respective pro rata equity share of the total anticipated capital calls for the equity portion of the anticipated development costs of the PA LNG Phase 1 project. In addition, both SI Partners and ConocoPhillips have provided guarantees relating to their respective affiliate's commitment to make its pro rata equity share of capital contributions to fund 110% of the development budget of the PA LNG Phase 1 project, in an aggregate amount of up to \$9.0 billion. SI Partners' guarantee covers 70% of this amount plus enforcement costs of its guarantee. As of March 31, 2024, an aggregate amount of \$2.2 billion has been paid by SI Partners' indirect subsidiary in satisfaction of its commitment to fund its portion of the development budget of the PA LNG Phase 1 project.

EARNINGS PER COMMON SHARE

Basic EPS is calculated by dividing earnings attributable to common shares by the weighted-average number of common shares outstanding for the period. Diluted EPS includes the potential dilution of common stock equivalent shares that could occur if securities or other contracts to issue common stock were exercised or converted into common stock.

EARNINGS PER COMMON SHARE COMPUTATIONS

(Dollars in millions, except per share amounts; shares in thousands)

	Three months ended March 31,	
	2024	2023
Sempra:		
Numerator:		
Earnings attributable to common shares	\$ 801	\$ 969
Denominator:		
Weighted-average common shares outstanding for basic EPS ⁽¹⁾	632,821	629,838
Dilutive effect of common shares sold forward	673	—
Dilutive effect of stock options and RSUs ⁽²⁾	1,860	2,410
Weighted-average common shares outstanding for diluted EPS	635,354	632,248
EPS:		
Basic	\$ 1.27	\$ 1.54
Diluted	\$ 1.26	\$ 1.53

⁽¹⁾ Includes 624 and 721 fully vested RSUs held in our Deferred Compensation Plan for the three months ended March 31, 2024 and 2023, respectively. These fully vested RSUs are included in weighted-average common shares outstanding for basic EPS because there are no conditions under which the corresponding shares will not be issued.

⁽²⁾ Due to market fluctuations of both Sempra common stock and the comparative indices used to determine the vesting percentage of our total shareholder return performance-based RSUs, which we discuss in Note 10 of the Notes to Consolidated Financial Statements in the Annual Report, dilutive RSUs may vary widely from period-to-period.

The potentially dilutive impact from stock options and RSUs is calculated under the treasury stock method. Under this method, proceeds based on the exercise price and unearned compensation are assumed to be used to repurchase shares on the open market at the average market price for the period, reducing the number of potential new shares to be issued and sometimes causing an antidilutive effect. The computation of diluted EPS for the three months ended March 31, 2024 and 2023 excludes 1,356,470 and 360,030 potentially dilutive shares, respectively, because to include them would be antidilutive for the period. However, these shares could potentially dilute basic EPS in the future.

The potentially dilutive impact from the forward sale of our common stock pursuant to the forward sale agreements that we discuss above is reflected in our diluted EPS calculation using the treasury stock method. We anticipate there will be a dilutive effect on our EPS when the average market price of our common stock shares is above the applicable adjusted forward sale price, subject to increase or decrease based on the overnight bank funding rate, less a spread, and subject to decrease by amounts related to expected dividends on shares of our common stock during the term of the forward sale agreements. Additionally, if we decide to physically settle or net share settle the forward sale agreements, delivery of our shares to the forward purchasers on any such physical settlement or net share settlement of the forward sale agreements would result in dilution to our EPS.

In January 2024, pursuant to Sempra's share-based compensation plans, the Compensation and Talent Development Committee of Sempra's board of directors granted 414,812 nonqualified stock options, 702,194 performance-based RSUs and 288,806 service-based RSUs.

We discuss share-based compensation plans and related awards and the terms and conditions of Sempra's equity securities further in Notes 10, 13 and 14 of the Notes to Consolidated Financial Statements in the Annual Report.

NOTE 10. SAN ONOFRE NUCLEAR GENERATING STATION

We provide below updates to ongoing matters related to SONGS, a nuclear generating facility near San Clemente, California that permanently ceased operations in June 2013, and in which SDG&E has a 20% ownership interest. We discuss SONGS further in Note 15 of the Notes to Consolidated Financial Statements in the Annual Report.

NUCLEAR DECOMMISSIONING AND FUNDING

As a result of Edison's decision to permanently retire SONGS Units 2 and 3, Edison began the decommissioning phase of the plant. Major decommissioning work began in 2020. We expect the majority of the decommissioning work to be completed around 2030. Decommissioning of Unit 1, removed from service in 1992, is largely complete. The remaining work for Unit 1 will be completed once Units 2 and 3 are dismantled and the spent fuel is removed from the site. The spent fuel is currently being stored on-site, until the DOE identifies a spent fuel storage facility and puts in place a program for the fuel's disposal. SDG&E is responsible for approximately 20% of the total decommissioning cost.

In accordance with state and federal requirements and regulations, SDG&E has assets held in the NDT to fund its share of decommissioning costs for SONGS Units 1, 2 and 3. Amounts that were collected in rates for SONGS' decommissioning are invested in the NDT, which is comprised of externally managed trust funds. Amounts held by the NDT are invested in accordance with CPUC regulations. SDG&E classifies debt and equity securities held in the NDT as available-for-sale. The NDT assets are presented on the Sempra and SDG&E Condensed Consolidated Balance Sheets at fair value with the offsetting credits recorded in noncurrent Regulatory Liabilities.

Except for the use of funds for the planning of decommissioning activities or NDT administrative costs, CPUC approval is required for SDG&E to access the NDT assets to fund SONGS decommissioning costs for Units 2 and 3. In December 2023, the CPUC granted SDG&E authorization to access NDT funds of up to \$79 million for forecasted 2024 costs.

Nuclear Decommissioning Trusts

The following table shows the fair values and gross unrealized gains and losses for the securities held in the NDT on the Sempra and SDG&E Condensed Consolidated Balance Sheets. We provide additional fair value disclosures for the NDT in Note 8.

NUCLEAR DECOMMISSIONING TRUSTS

(Dollars in millions)

	Cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value
March 31, 2024				
Short-term investments, primarily cash equivalents	\$ 28	\$ —	\$ —	\$ 28
Equity securities	89	239	(3)	325
Debt securities:				
Debt securities issued by the U.S. Treasury and other U.S. government corporations and agencies ⁽¹⁾	59	1	(1)	59
Municipal bonds ⁽²⁾	277	2	(9)	270
Other securities ⁽³⁾	231	1	(10)	222
Total debt securities	567	4	(20)	551
Receivables (payables), net	(18)	—	—	(18)
Total	\$ 666	\$ 243	\$ (23)	\$ 886
December 31, 2023				
Short-term investments, primarily cash equivalents	\$ 21	\$ —	\$ —	\$ 21
Equity securities	89	225	(2)	312
Debt securities:				
Debt securities issued by the U.S. Treasury and other U.S. government corporations and agencies	50	2	(1)	51
Municipal bonds	280	3	(8)	275
Other securities	228	3	(11)	220
Total debt securities	558	8	(20)	546
Receivables (payables), net	(7)	—	—	(7)
Total	\$ 661	\$ 233	\$ (22)	\$ 872

⁽¹⁾ Maturity dates are 2025-2054.

⁽²⁾ Maturity dates are 2024-2062.

⁽³⁾ Maturity dates are 2024-2072.

The following table shows the proceeds from sales of securities in the NDT and gross realized gains and losses on those sales.

SALES OF SECURITIES IN THE NUCLEAR DECOMMISSIONING TRUSTS

(Dollars in millions)

	Three months ended March 31,	
	2024	2023
Proceeds from sales	\$ 181	\$ 156
Gross realized gains	14	2
Gross realized losses	(2)	(3)

Net unrealized gains and losses, as well as realized gains and losses that are reinvested in the NDT, are included in noncurrent Regulatory Liabilities on Sempra's and SDG&E's Condensed Consolidated Balance Sheets. We determine the cost of securities in the trusts on the basis of specific identification.

ASSET RETIREMENT OBLIGATION

The present value of SDG&E's asset retirement obligation related to decommissioning costs for all three SONGS units was \$497 million at March 31, 2024 and is based on a cost study prepared in 2020 that is pending CPUC approval. SDG&E expects to receive a proposed decision in the third quarter of 2024.

NUCLEAR INSURANCE

SDG&E and the other owners of SONGS have insurance to cover claims from nuclear liability incidents arising at SONGS. Currently, this insurance provides \$500 million in coverage limits, the maximum amount available, including coverage for acts of terrorism. In addition, the Price-Anderson Act provides an additional \$1.5 billion of coverage. If a nuclear liability loss occurs at SONGS and exceeds the \$500 million insurance limit, this additional coverage would be available to provide a total of \$2.0 billion in coverage limits per incident.

The SONGS owners have nuclear property damage insurance of \$130 million, which exceeds the minimum federal requirement of \$50 million. This insurance coverage is provided through NEIL. The NEIL policies have specific exclusions and limitations that can result in reduced coverage. Insured members as a group are subject to retrospective premium assessments to cover losses sustained by NEIL under all issued policies. SDG&E could be assessed up to \$2 million of retrospective premiums based on overall member claims.

The nuclear property insurance program includes an industry aggregate loss limit for non-certified acts of terrorism (as defined by the Terrorism Risk Insurance Act) of \$3.24 billion. This is the maximum amount that will be paid to insured members who suffer losses or damages from these non-certified terrorist acts.

NOTE 11. COMMITMENTS AND CONTINGENCIES

LEGAL PROCEEDINGS

We accrue losses for a legal proceeding when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated. However, the uncertainties inherent in legal proceedings make it difficult to reasonably estimate the costs and effects of resolving these matters. Accordingly, actual costs incurred may differ materially from amounts accrued, may exceed, and in some cases have exceeded, applicable insurance coverage and could materially adversely affect our business, results of operations, financial condition, cash flows and/or prospects. Unless otherwise indicated, we are unable to reasonably estimate possible losses or a range of losses in excess of any amounts accrued.

At March 31, 2024, loss contingency accruals for legal matters that are probable and estimable were \$57 million for Sempra, including \$31 million for SoCalGas.

SDG&E

City of San Diego Franchise Agreement

In 2021, two lawsuits were filed in the California Superior Court challenging various aspects of the natural gas and electric franchise agreements granted by the City of San Diego to SDG&E. Both lawsuits ultimately sought to void the franchise agreements. In one of the cases, judgment was granted in favor of SDG&E and the City of San Diego, and the plaintiff in that case has appealed. In the second case, the court ruled in favor of SDG&E and the City of San Diego, upholding all terms of the franchise agreements, except for the two-thirds City Council vote requirement for termination if the City decides to terminate under certain circumstances. Under the court's ruling, the City can instead terminate on a majority vote, so long as it satisfies repayment provisions under the franchise agreements. This matter is subject to an appeal and a motion for reconsideration.

SoCalGas

Aliso Canyon Natural Gas Storage Facility Gas Leak

From October 23, 2015 through February 11, 2016, SoCalGas experienced a natural gas leak from one of the injection-and-withdrawal wells, SS25, at its Aliso Canyon natural gas storage facility in Los Angeles County.

Litigation. In September 2021, SoCalGas and Sempra entered into an agreement with counsel to resolve approximately 390 lawsuits including approximately 36,000 plaintiffs (the Individual Plaintiffs) then pending against SoCalGas and Sempra related to the Leak for a payment of up to \$1.8 billion. Over 99% of the Individual Plaintiffs participated and submitted valid releases, and SoCalGas paid \$1.79 billion in 2022 under the agreement. The Individual Plaintiffs who did not participate in the settlement (the Non-Settling Individual Plaintiffs) are able to continue to pursue their claims. As of April 30, 2024, there are approximately 96 Non-Settling Individual Plaintiffs remaining. In addition, as of April 30, 2024, new lawsuits related to the Leak on behalf of approximately 436 new plaintiffs have been filed against SoCalGas and Sempra since the September 2021 settlement.

The Non-Settling Individual Plaintiffs' cases and new plaintiffs' cases are coordinated before a single court in the Los Angeles County Superior Court for pretrial management under a consolidated master complaint filed in November 2017, with one plaintiff's case proceeding under a separate complaint. Both the consolidated master complaint and the separate complaint assert negligence, negligence per se, strict liability, negligent and intentional infliction of emotional distress and fraudulent concealment. The consolidated master complaint asserts additional causes of action for private and public nuisance (continuing and permanent), trespass, inverse condemnation, loss of consortium and wrongful death against SoCalGas and Sempra. The separate complaint asserts an additional cause of action for assault and battery. Both complaints seek compensatory and punitive damages for personal injuries, lost wages and/or lost profits, costs of future medical monitoring, and attorneys' fees. The consolidated master complaint also seeks property damage and diminution in property value, injunctive relief and civil penalties.

Regulatory Proceeding. In February 2017, the CPUC opened proceeding SB 380 OII to determine the feasibility of minimizing or eliminating the use of the Aliso Canyon natural gas storage facility while still maintaining energy and electric reliability for the region, but excluding issues with respect to air quality, public health, causation, culpability or cost responsibility regarding the Leak. The first phase of the proceeding established a framework for the hydraulic, production cost and economic modeling assumptions for the potential reduction in usage or elimination of the Aliso Canyon natural gas storage facility, as well as evaluating the impacts of reducing or eliminating the Aliso Canyon natural gas storage facility using the established framework and models. The next phase of the proceeding included engaging a consultant to analyze alternative means for meeting or avoiding the demand for the facility's services if it were eliminated in either the 2027 or 2035 timeframe, and to address potential implementation of alternatives to the Aliso Canyon natural gas storage facility if the CPUC determines that the Aliso Canyon natural gas storage facility should be permanently closed. The CPUC also added all California IOUs as parties to the proceeding and encouraged all load serving entities in the Los Angeles Basin to join the proceeding.

In August 2023, the CPUC issued a decision on the interim range of gas inventory levels at the Aliso Canyon natural gas storage facility, setting an interim range of gas inventory levels of up to 68.6 Bcf. The CPUC may issue future changes to this interim range of authorized gas inventory levels before issuing a final decision within the SB 380 OII proceeding.

At March 31, 2024, the Aliso Canyon natural gas storage facility had a net book value of \$1.0 billion. If the Aliso Canyon natural gas storage facility were to be permanently closed or if future cash flows from its operation were otherwise insufficient to recover its carrying value, we may record an impairment of the facility, which could be material, and natural gas reliability and electric generation could be jeopardized.

Accounting and Other Impacts. At March 31, 2024, \$29 million is accrued in Other Current Liabilities and \$2 million is accrued in Deferred Credits and Other on SoCalGas' and Sempra's Condensed Consolidated Balance Sheets. These accruals do not include any amounts in excess of what has been reasonably estimated to resolve certain matters that we describe in "Litigation" above, nor any amounts that may be necessary to resolve threatened litigation, other potential litigation or other costs. We are not able to reasonably estimate the possible loss or a range of possible losses in excess of the amounts accrued, which could be significant and could have a material adverse effect on SoCalGas' and Sempra's results of operations, financial condition, cash flows and/or prospects.

Other Sempra

Energía Costa Azul

We describe below certain land disputes and permit challenges affecting our ECA Regas Facility. Certain of these land disputes involve land on which portions of the ECA LNG liquefaction facilities under construction and in development are expected to be situated or on which portions of the ECA Regas Facility that would be necessary for the operation of such ECA LNG liquefaction facilities are situated. One or more unfavorable final decisions on these disputes or challenges could materially adversely affect our existing natural gas regasification operations and proposed natural gas liquefaction projects at the site of the ECA Regas Facility and have a material adverse effect on Sempra's business, results of operations, financial condition, cash flows and/or prospects.

Land Disputes. Sempra Infrastructure has been engaged in a long-running land dispute with a claimant relating to property adjacent to its ECA Regas Facility that allegedly overlaps with land owned by the ECA Regas Facility (the facility, however, is not situated on the land that is the subject of this dispute), as follows:

- The claimant to the adjacent property filed complaints in the federal Agrarian Court challenging the refusal of SEDATU in 2006 to issue title to him for the disputed property. In November 2013, the federal Agrarian Court ordered that SEDATU issue the requested title to the claimant and cause it to be registered. Both SEDATU and Sempra Infrastructure challenged the ruling due to lack of notification of the underlying process. In May 2019, a federal court in Mexico reversed the ruling and ordered a retrial, which is pending resolution.

- In a separate proceeding, the claimant filed suit to reinstate an administrative procedure at SEDATU to obtain the property title that, as described above, had previously been issued in a ruling by the federal Agrarian Court and subsequently reversed by a federal court in Mexico. In April 2021, the proceeding in the Agrarian Court concluded with the court ordering that the administrative procedure be restarted. The administrative procedure at SEDATU may continue if SEDATU decides to reopen the matter.

In addition, the plaintiff filed a claim in the federal Agrarian Court that seeks to annul the property title for a portion of the land on which the ECA Regas Facility is situated and to obtain possession of a different parcel that allegedly overlaps with the site of the ECA Regas Facility. The proceeding, which seeks an order that SEDATU annul the ECA Regas Facility's competing property title, was initiated in 2006 and, in July 2021, a decision was issued in favor of the ECA Regas Facility. The plaintiff appealed and, in February 2022, the appellate court confirmed the ruling in favor of the ECA Regas Facility and dismissed the appeal. The plaintiff filed a federal appeal against the appellate court ruling. A ruling from the Federal Collegiate Circuit Court is pending.

Environmental and Social Impact Permits. Several administrative challenges are pending before Mexico's Secretariat of Environment and Natural Resources (the Mexican environmental protection agency) and Federal Tax and Administrative Courts, seeking revocation of the environmental impact authorization issued to the ECA Regas Facility in 2003. These cases generally allege that the conditions and mitigation measures in the environmental impact authorization are inadequate and challenge findings that the activities of the terminal are consistent with regional development guidelines.

In 2018 and 2021, three related claimants filed separate challenges in the federal district court in Ensenada, Baja California seeking revocation of the environmental and social impact permits issued by each of ASEA and SENER to ECA LNG authorizing natural gas liquefaction activities at the ECA Regas Facility, as follows:

- In the first case, the court issued a provisional injunction against the permits in September 2018. In December 2018, ASEA approved modifications to the environmental permit that facilitate the development of the proposed natural gas liquefaction facility in two phases. In May 2019, the court canceled the provisional injunction. The claimant appealed the court's decision to cancel the injunction but was not successful. The lower court's ruling was favorable to the ECA Regas Facility, as the court determined that no harm has been caused to the plaintiff and dismissed the lawsuit. The claimant appealed and the appellate court's ruling is pending.
- In the second case, the initial request for a provisional injunction against the permits was denied. That decision was reversed on appeal in January 2020, resulting in the issuance of a new injunction against the permits that were issued by ASEA and SENER. This injunction has uncertain application absent clarification by the court. The claimants petitioned the court to rule that construction of natural gas liquefaction facilities violated the injunction and, in February 2022, the court ruled in favor of the ECA Regas Facility, holding that the natural gas liquefaction construction activities did not violate the injunction. The claimants appealed this ruling but were not successful. The lower court's ruling was favorable to the ECA Regas Facility, as the court determined that no harm has been caused to the plaintiffs and dismissed the lawsuit. The claimants appealed and the appellate court's ruling is pending.
- In the third case, a group of residents filed a complaint in June 2021 against various federal and state authorities alleging deficiencies in the public consultation process for the issuance of the permits. The request for an initial injunction was denied. The claimants appealed this ruling but were not successful. The lower court's ruling was favorable to the ECA Regas Facility, as the court determined that no harm has been caused to the plaintiffs and dismissed the lawsuit. The claimants appealed and the appellate court's ruling is pending.

Port Arthur LNG

The PA LNG Phase 1 project holds two Clean Air Act, Prevention of Significant Deterioration permits issued by the TCEQ, which we refer to as the "2016 Permit" and the "2022 Permit." The 2022 Permit also governs emissions for the proposed PA LNG Phase 2 project. In November 2023, a panel of the U.S. Court of Appeals for the Fifth Circuit issued a decision to vacate and remand the 2022 Permit to the TCEQ for additional explanation of the agency's permit decision. In February 2024, the court withdrew its opinion and referred the case to the Supreme Court of Texas to resolve the question of the appropriate standard to be applied by the TCEQ. The 2022 Permit is effective during the Texas Supreme Court's review. The 2016 Permit was not the subject of, and is unaffected by, the pending litigation of the 2022 Permit. Construction of the PA LNG Phase 1 project is proceeding uninterrupted under existing permits, and we do not currently anticipate material impacts to the PA LNG Phase 1 project cost, schedule or expected commercial operations at this stage.

Litigation Related to Regulatory and Other Actions by the Mexican Government

Amendments to Mexico’s Electricity Industry Law. In March 2021, the Mexican government published a decree with amendments to Mexico’s Electricity Industry Law that include some public policy changes, including establishing priority of dispatch for CFE plants over privately owned plants. The decree further purports to permit the CRE to revoke self-supply permits granted under the former electricity law, which were grandfathered when the new Electricity Industry Law was enacted, if it considers them to have been obtained improperly. According to the decree, these amendments were to become effective in March 2021, and SENER, the CRE and Centro Nacional de Control de Energía (Mexico’s National Center for Energy Control) were to have 180 calendar days to modify, as necessary, all resolutions, policies, criteria, manuals and other regulations applicable to the power industry to conform with this decree. Numerous legal actions were taken against the decree, which resulted in Mexican courts issuing a suspension of the decree later in March 2021, pending resolution of such actions.

In April 2022, the Mexican Supreme Court resolved an action of unconstitutionality filed by a group of senators against the amended Electricity Industry Law. The super majority needed to find the amendment unconstitutional was not reached and the proceeding was therefore dismissed, leaving the amended Electricity Industry Law in place. However, the Court nevertheless found certain of the amendments, including the priority of dispatch for the CFE and other provisions that granted preference to the CFE over private companies, were invalid.

In January 2024, the Second Chamber of the Mexican Supreme Court definitively resolved an amparo in a separate case brought by a third party and ruled that certain provisions of the amendments of the Electricity Industry Law are unconstitutional, including the priority of dispatch for the CFE and other provisions that granted preference to the CFE over private companies. The Court also dismissed an amparo relating to the provision of the decree applicable to self-supply permits granted under the former electricity law, and established that its decision applies generally over all participants.

Sempra Infrastructure filed three lawsuits challenging the amendments to the Electricity Industry Law, including one concerning the provision permitting revocation of self-supply permits deemed improperly obtained. In each of them, Sempra Infrastructure obtained a favorable judgment in the lower court, all of which were challenged by the CRE. Final resolution is pending in the Second Collegiate Court. That court must follow the criteria established by the Mexican Supreme Court in January 2024, which would require dismissal of the lawsuit challenging the provision permitting revocation of self-supply permits. In such case, the CRE may be required to seek to revoke such self-supply permits, under a legal standard that is ambiguous and not well defined under the law. Sempra Infrastructure supplies power pursuant to self-supply permits, and would be permitted to file amparos challenging the constitutionality of any such action. If such self-supply permits are revoked, it may result in increased costs for Sempra Infrastructure and for its power consumers, adversely affect our ability to develop new projects, result in decreased revenues and cash flows, and negatively impact our ability to recover the carrying values of our investments in Mexico, any of which could have a material adverse effect on Sempra’s business, results of operations, financial condition, cash flows and/or prospects.

RBS Sempra Commodities – Resolved

Sempra holds an equity method investment in RBS Sempra Commodities, a limited liability partnership in the process of being liquidated. In 2015, liquidators filed a claim in the High Court of Justice against The Royal Bank of Scotland plc (now NatWest Markets plc, our partner in the JV) and Mercuria Energy Europe Trading Limited (the Defendants) on behalf of 10 companies (the Liquidating Companies) that engaged in carbon credit trading via chains that included a company that traded directly with RBS Sempra Energy Europe, a subsidiary of RBS Sempra Commodities. The claim alleged that the Defendants’ participation in the purchase and sale of carbon credits resulted in the Liquidating Companies’ carbon credit trading transactions creating a VAT liability they were unable to pay, and that the Defendants were liable to provide for equitable compensation due to dishonest assistance and compensation under the U.K. Insolvency Act of 1986. In January 2024, the parties settled the Liquidating Companies’ claim against the Defendants to fully resolve the matter; our share of such settlement was approximately £7.9 million (approximately \$10 million in U.S. dollars at December 31, 2023). For the year ended December 31, 2023, we recorded \$40 million in equity earnings from our investment in RBS Sempra Commodities to reduce our estimate of our obligations to settle these VAT matters and related legal costs based on the settlement reached with the Liquidating Companies in January 2024.

Asbestos Claims Against EFH Subsidiaries

Certain EFH subsidiaries that we acquired as part of the merger of EFH with an indirect subsidiary of Sempra were defendants in personal injury lawsuits brought in state courts throughout the U.S. These cases alleged illness or death as a result of exposure to asbestos in power plants designed and/or built by companies whose assets were purchased by predecessor entities to the EFH subsidiaries, and generally assert claims for product defects, negligence, strict liability and wrongful death. They sought compensatory and punitive damages. As of April 30, 2024, no lawsuits are pending. Additionally, approximately 28,000 proofs of claim were filed, but not discharged, in advance of a December 2015 deadline to file a proof of claim in the EFH bankruptcy proceeding on behalf of persons who allege exposure to asbestos under similar circumstances and assert the right to file such lawsuits in the future. The costs to defend or resolve such claims and the amount of damages that may be incurred could have a material adverse effect on Sempra's results of operations, financial condition, cash flows and/or prospects.

Ordinary Course Litigation

We are also defendants in ordinary routine litigation incidental to our businesses, including personal injury, employment litigation, product liability, property damage and other claims. Juries have demonstrated an increasing willingness to grant large awards, including punitive damages, in these types of cases.

LEASES

We discuss leases further in Note 16 of the Notes to Consolidated Financial Statements in the Annual Report.

Lessee Accounting

We have operating and finance leases for real and personal property (including office space, land, fleet vehicles, aircraft, machinery and equipment, warehouses and other operational facilities) and PPAs with renewable energy, energy storage and peaker plant facilities.

Leases That Have Not Yet Commenced

SDG&E has entered into six PPAs, of which SDG&E expects two will commence in 2024, three will commence in 2025, and one will commence in 2026. SDG&E expects the future minimum lease payments to be \$27 million in 2024, \$59 million in 2025, \$80 million in 2026, \$82 million in both 2027 and 2028 and \$834 million thereafter (through expiration in 2041).

Lessor Accounting

Sempra Infrastructure is a lessor for certain of its natural gas and ethane pipelines, compressor stations, liquid petroleum gas storage facilities, a rail facility and refined products terminals, which we account for as operating or sales-type leases.

We provide information below for leases for which we are the lessor.

LESSOR INFORMATION ON THE CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Dollars in millions)

	Three months ended March 31,	
	2024	2023
Sempra – Sales-type leases:		
Interest income	\$ 1	\$ 2
Total revenues from sales-type leases ⁽¹⁾	\$ 1	\$ 2
Sempra – Operating leases:		
Fixed lease payments	\$ 89	\$ 80
Variable lease payments	10	2
Total revenues from operating leases ⁽¹⁾	\$ 99	\$ 82
Depreciation expense	\$ 18	\$ 15

⁽¹⁾ Included in Revenues: Energy-Related Businesses on the Condensed Consolidated Statements of Operations.

CONTRACTUAL COMMITMENTS

We discuss below significant changes in the first three months of 2024 to contractual commitments discussed in Note 16 of the Notes to Consolidated Financial Statements in the Annual Report.

LNG Purchase Agreement

Sempra Infrastructure has an SPA for the supply of LNG to the ECA Regas Facility. The commitment amount is calculated using a predetermined formula based on estimated forward prices of the index applicable from 2024 to 2029. Although this agreement specifies a number of cargoes to be delivered, under its terms, the supplier may divert certain cargoes, which would reduce amounts paid under the agreement by Sempra Infrastructure. At March 31, 2024, we expect the commitment amount to decrease by \$144 million in 2024, increase by \$22 million in 2025, \$13 million in 2026, \$5 million in 2027, decrease by \$4 million in 2028 and \$2 million thereafter (through contract termination in 2029) compared to December 31, 2023, reflecting changes in estimated forward prices since December 31, 2023 and actual transactions for the first three months of 2024. These LNG commitment amounts are based on the assumption that all LNG cargoes under the agreement are delivered, less those already confirmed to be diverted as of March 31, 2024. Actual LNG purchases in the current and prior years have been significantly lower than the maximum amount provided under the agreement due to the supplier electing to divert cargoes as allowed by the agreement.

ENVIRONMENTAL ISSUES

We disclose any proceeding under environmental laws to which a government authority is a party when the potential monetary sanctions, exclusive of interest and costs, exceed the lesser of \$1 million or 1% of current assets, which was \$56 million for Sempra, \$20 million for SDG&E and \$25 million for SoCalGas at March 31, 2024.

NOTE 12. SEMPRA – SEGMENT INFORMATION

Sempra has three separately managed reportable segments, as follows:

- *Sempra California* provides natural gas and electric service to Southern California and part of central California through Sempra’s wholly owned subsidiaries, SDG&E and SoCalGas.
- *Sempra Texas Utilities* holds our investment in Oncor Holdings, which owns an 80.25% interest in Oncor, a regulated electric transmission and distribution utility serving customers in the north-central, eastern, western and panhandle regions of Texas; and our indirect 50% interest in Sharyland Holdings L.P., which owns Sharyland Utilities, a regulated electric transmission utility serving customers near the Texas-Mexico border.
- *Sempra Infrastructure* includes the operating companies of our subsidiary, SI Partners, as well as a holding company and certain services companies. Sempra Infrastructure develops, builds, operates and invests in energy infrastructure to help enable the energy transition in North American markets and globally. Sempra Infrastructure owns a 70% interest in SI Partners.

The cost of common services shared by the business segments is assigned directly or allocated based on various cost factors, depending on the nature of the service provided. Interest income and expense is recorded on intercompany loans. The loan balances and related interest are eliminated in consolidation.

The following tables show selected information by segment from our Condensed Consolidated Balance Sheets, Condensed Consolidated Statements of Operations and Condensed Consolidated Statements of Cash Flows. Amounts labeled as “All other” in the following tables consist primarily of activities of parent organizations.

SEGMENT INFORMATION

(Dollars in millions)

	March 31, 2024	December 31, 2023
ASSETS		
Sempra California	\$ 54,513	\$ 53,430
Sempra Texas Utilities	14,673	14,392
Sempra Infrastructure	20,422	19,430
All other	1,016	967
Intersegment receivables	(1,020)	(1,038)
Total	\$ 89,604	\$ 87,181
EQUITY METHOD INVESTMENTS		
Sempra Texas Utilities	\$ 14,661	\$ 14,380
Sempra Infrastructure	2,118	2,129
All other	1	1
Total	\$ 16,780	\$ 16,510

SEGMENT INFORMATION (CONTINUED)
(Dollars in millions)

	Three months ended March 31,	
	2024	2023
REVENUES		
Sempra California	\$ 3,141	\$ 5,415
Sempra Infrastructure	519	1,196
Adjustments and eliminations	(1)	—
Intersegment revenues ⁽¹⁾	(19)	(51)
Total	\$ 3,640	\$ 6,560
DEPRECIATION AND AMORTIZATION		
Sempra California	\$ 521	\$ 468
Sempra Infrastructure	72	69
All other	1	2
Total	\$ 594	\$ 539
INTEREST INCOME		
Sempra California	\$ 3	\$ 5
Sempra Infrastructure	5	15
All other	5	4
Total	\$ 13	\$ 24
INTEREST EXPENSE		
Sempra California	\$ 205	\$ 187
Sempra Infrastructure	—	95
All other	100	84
Total	\$ 305	\$ 366
INCOME TAX EXPENSE (BENEFIT)		
Sempra California	\$ 83	\$ 101
Sempra Infrastructure	109	330
All other	(20)	(55)
Total	\$ 172	\$ 376
EQUITY EARNINGS		
Equity earnings, before income tax:		
Sempra Texas Utilities	\$ 2	\$ 1
Sempra Infrastructure	132	131
	134	132
Equity earnings, net of income tax:		
Sempra Texas Utilities	183	83
Sempra Infrastructure	31	4
	214	87
Total	\$ 348	\$ 219
EARNINGS (LOSSES) ATTRIBUTABLE TO COMMON SHARES		
Sempra California	\$ 582	\$ 618
Sempra Texas Utilities	183	83
Sempra Infrastructure	131	315
All other	(95)	(47)
Total	\$ 801	\$ 969
EXPENDITURES FOR PROPERTY, PLANT & EQUIPMENT		
Sempra California	\$ 1,143	\$ 1,082
Sempra Infrastructure	790	744
All other	—	4
Total	\$ 1,933	\$ 1,830

⁽¹⁾ Revenues for reportable segments include intersegment revenues of \$5 and \$14 for the three months ended March 31, 2024 and \$5 and \$46 for the three months ended March 31, 2023 for Sempra California and Sempra Infrastructure, respectively.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

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OVERVIEW

This combined MD&A includes the operational and financial results of the following three Registrants:

- *Sempra* is a California-based holding company with energy infrastructure investments in North America. Our businesses invest in, develop and operate energy infrastructure, and provide electric and gas services to customers.
- *SDG&E* is a regulated public utility that provides electric service to San Diego and southern Orange counties and natural gas service to San Diego County.
- *SoCalGas* is a regulated public natural gas distribution utility, serving customers throughout most of Southern California and part of central California.

This combined MD&A should be read in conjunction with the Condensed Consolidated Financial Statements and the Notes thereto in this report, and the Consolidated Financial Statements and the Notes thereto, "Part I – Item 1A. Risk Factors" and "Part II – Item 7. MD&A" in the Annual Report.

In the fourth quarter of 2023, Sempra realigned its reportable segments to reflect changes in how the CODM oversees our three platforms: Sempra California, Sempra Texas Utilities and Sempra Infrastructure. Our former SDG&E and SoCalGas reportable segments were combined into one operating and reportable segment, Sempra California, which is consistent with how the CODM assesses performance due to the similarities of their operations, including geographic location and regulatory framework in California.

Sempra's historical segment disclosures have been restated to conform with the current presentation, so that all discussions reflect the revised segment information of its three reportable segments:

- Sempra California
- Sempra Texas Utilities
- Sempra Infrastructure

SDG&E and SoCalGas each has one reportable segment.

RESULTS OF OPERATIONS BY REGISTRANT

Throughout the MD&A, our references to earnings represent earnings attributable to common shares. Variance amounts presented are the after-tax earnings impact (based on applicable statutory tax rates unless otherwise noted) and after NCI but before foreign currency and inflation effects, where applicable.



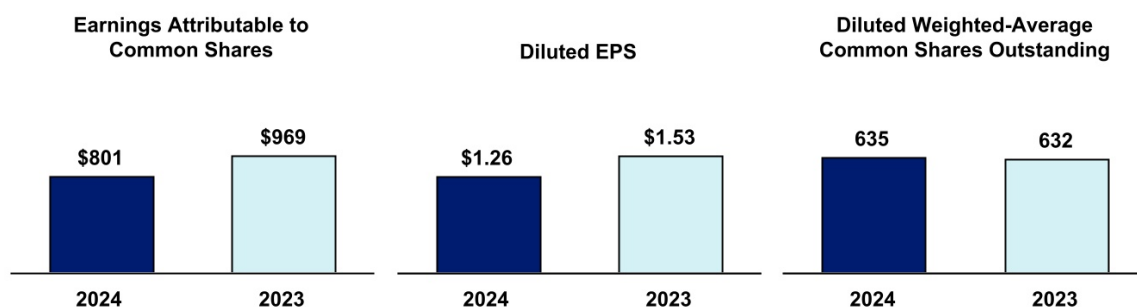
We discuss herein Sempra's results of operations and significant changes in earnings (losses), revenues and costs by segment, as well as Parent and other, for the three months ended March 31, 2024 compared to the same period in 2023. We also discuss herein the impact of foreign currency and inflation rates on Sempra's results of operations.

Sempra California recorded CPUC-authorized revenues in the three months ended March 31, 2024 based on 2023 levels authorized under the 2019 GRC because a final decision in the 2024 GRC remains pending.

RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

(Dollars and shares in millions, except per share amounts)



EARNINGS (LOSSES) BY SEGMENT

(Dollars in millions)

	Three months ended March 31,	
	2024	2023
Sempra:		
Sempra California	\$ 582	\$ 618
Sempra Texas Utilities	183	83
Sempra Infrastructure	131	315
Parent and other ⁽¹⁾	(95)	(47)
Earnings attributable to common shares	\$ 801	\$ 969

⁽¹⁾ Includes intercompany eliminations recorded in consolidation and certain corporate costs.

Sempra California

Sempra California's earnings are comprised of SDG&E and SoCalGas. Because changes in SDG&E's and SoCalGas' cost of natural gas and/or electricity are recovered in rates, changes in these costs are offset in the changes in revenues and therefore do not impact earnings, other than potential impacts related to the GCIM for SoCalGas that we describe below. In addition to the changes in cost or market prices, natural gas or electric revenues recorded during a period are impacted by the difference between customer billings and recorded or CPUC-authorized amounts. These differences are required to be balanced over time, resulting in over- and undercollected regulatory balancing accounts. We discuss balancing accounts and their effects further in Note 4 of the Notes to Condensed Consolidated Financial Statements in this report and in Note 4 of the Notes to Consolidated Financial Statements in the Annual Report.

In the three months ended March 31, 2024 compared to the same period in 2023, the decrease in earnings of \$36 million (6%) to \$582 million was primarily due to:

- \$15 million higher net interest expense
- \$14 million lower income tax benefits primarily from flow-through items
- \$12 million lower CPUC base operating margin, net of operating expenses, offset by higher authorized cost of capital. Sempra California recorded CPUC-authorized revenues based on 2023 authorized levels

Offset by:

- \$4 million higher AFUDC equity

Sempra Texas Utilities

In the three months ended March 31, 2024 compared to the same period in 2023, the increase in earnings of \$100 million to \$183 million was primarily due to higher equity earnings from Oncor Holdings driven by:

- higher revenues primarily attributable to:
 - rate updates to reflect increases in invested capital
 - increases in transmission billing units
 - higher customer consumption partially attributable to weather
 - new base rates implemented in May 2023
 - customer growth
- write-off of rate base disallowances in 2023 resulting from the PUCT's final order in Oncor's comprehensive base rate review

Offset by:

- higher interest expense and depreciation expense attributable to invested capital
- higher O&M

Sempra Infrastructure

In the three months ended March 31, 2024 compared to the same period in 2023, the decrease in earnings of \$184 million to \$131 million was primarily due to:

- \$303 million from asset and supply optimization driven by unrealized losses in 2024 compared to unrealized gains in 2023 on commodity derivatives due to changes in natural gas prices and lower LNG diversion fees
- \$14 million from the transportation business in Mexico driven by a customer's early termination of firm transportation agreements in 2023
- \$12 million lower revenues and higher O&M from a provision for expected credit losses on a customer's past due receivable balance

Offset by:

- \$68 million favorable impact from foreign currency and inflation effects on our monetary positions in Mexico, comprised of a \$41 million unfavorable impact in 2024 compared to a \$109 million unfavorable impact in 2023
- \$41 million from \$3 million net interest income in 2024 compared to \$38 million net interest expense in 2023 primarily due to higher capitalization of interest expense on projects under construction and \$17 million net unrealized losses in 2023 on a contingent interest rate swap related to the PA LNG Phase 1 project
- \$24 million lower income tax expense primarily from the remeasurement of certain deferred income taxes
- \$21 million from TdM driven by lower natural gas prices and higher volumes

Parent and Other

In the three months ended March 31, 2024 compared to the same period in 2023, the increase in losses of \$48 million to \$95 million was primarily due to:

- \$42 million from \$12 million income tax expense in 2024 compared to \$30 million income tax benefit in 2023 from the interim period application of an annual forecasted consolidated ETR
- \$11 million higher net interest expense

SIGNIFICANT CHANGES IN REVENUES AND COSTS

The regulatory framework permits SDG&E and SoCalGas to recover certain program expenditures and other costs authorized by the CPUC (referred to as “refundable programs”).

Utilities: Natural Gas Revenues and Cost of Natural Gas

Our utilities revenues include natural gas revenues at Sempra California and Sempra Infrastructure, which includes Ecogas. Intercompany revenues are eliminated in Sempra’s Condensed Consolidated Statements of Operations.

SoCalGas and SDG&E operate under a regulatory framework that permits the cost of natural gas purchased for customers (residential and small commercial and industrial customers, also referred to as core customers for SoCalGas) to be passed through to customers in rates substantially as incurred and without markup. The GCIM provides for SoCalGas to share in the savings and/or costs from buying natural gas for its core customers at prices below or above monthly market-based benchmarks. This mechanism permits full recovery of costs incurred when average purchase costs are within a price range around the benchmark price. Any higher costs incurred or savings realized outside this range are shared between SoCalGas and its core customers. We provide further discussion in Note 3 of the Notes to Consolidated Financial Statements in the Annual Report.

UTILITIES: NATURAL GAS REVENUES AND COST OF NATURAL GAS

(Dollars in millions)

	Three months ended March 31,	
	2024	2023
Sempra:		
Natural gas revenues:		
Sempra California	\$ 2,084	\$ 4,387
Sempra Infrastructure	30	30
Eliminations and adjustments	(5)	(5)
Total	\$ 2,109	\$ 4,412
Cost of natural gas ⁽¹⁾ :		
Sempra California	\$ 544	\$ 2,712
Sempra Infrastructure	9	(1)
Eliminations and adjustments	1	(28)
Total	\$ 554	\$ 2,683

⁽¹⁾ Excludes depreciation and amortization, which are presented separately on Sempra’s Condensed Consolidated Statements of Operations.

In the three months ended March 31, 2024 compared to the same period in 2023, Sempra’s natural gas revenues decreased by \$2.3 billion to \$2.1 billion driven by Sempra California, which included:

- \$2.2 billion decrease in cost of natural gas sold, which we discuss below
- \$76 million lower regulatory revenues in 2024 from adopting a change in tax accounting method for gas repairs expenditures, which are offset in income tax expense
- \$44 million lower revenues from a \$25 million credit in 2024 compared to \$19 million cost in 2023 for the non-service components of net periodic benefit cost, which fully offsets in other income, net
- \$29 million lower franchise fee revenues
- \$17 million lower revenues associated with refundable programs, which are fully offset in O&M

Offset by:

- \$21 million higher CPUC-authorized revenues attributable to higher authorized cost of capital
- \$12 million higher revenues from incremental and balanced capital projects, including higher authorized cost of capital

In the three months ended March 31, 2024 compared to the same period in 2023, Sempra’s cost of natural gas decreased by \$2.1 billion to \$554 million driven by Sempra California, which included:

- \$1.7 billion lower average natural gas prices
- \$462 million lower volumes driven by weather

Utilities: Electric Revenues and Cost of Electric Fuel and Purchased Power

Our utilities revenues include electric revenues at Sempra California, substantially all of which is at SDG&E. Intercompany revenues are eliminated in Sempra's Condensed Consolidated Statements of Operations.

SDG&E operates under a regulatory framework that permits it to recover the actual cost incurred to generate or procure electricity based on annual estimates of the cost of electricity supplied to customers. The differences in cost between estimates and actual are recovered or refunded in subsequent periods through rates.

Utility cost of electric fuel and purchased power includes utility-owned generation, power purchased from third parties, and net power purchases and sales to/from the California ISO.

UTILITIES: ELECTRIC REVENUES AND COST OF ELECTRIC FUEL AND PURCHASED POWER
(Dollars in millions)

	Three months ended March 31,	
	2024	2023
Sempra:		
Electric revenues:		
Sempra California	\$ 1,057	\$ 1,028
Eliminations and adjustments	(1)	(1)
Total	\$ 1,056	\$ 1,027
Cost of electric fuel and purchased power ⁽¹⁾ :		
Sempra California	\$ 107	\$ 135
Eliminations and adjustments	(18)	(21)
Total	\$ 89	\$ 114

⁽¹⁾ Excludes depreciation and amortization, which are presented separately on Sempra's Condensed Consolidated Statements of Operations.

In the three months ended March 31, 2024 compared to the same period in 2023, Sempra's electric revenues increased by \$29 million (3%) to \$1.1 billion driven by Sempra California, which included:

- \$58 million in 2023 from the recognition of ITCs from standalone energy storage projects, which are offset in income tax expense
- \$23 million higher revenues from incremental and balanced capital projects, including higher authorized cost of capital
- \$18 million higher revenues from transmission operations
- \$10 million higher CPUC-authorized revenues attributable to higher authorized cost of capital

Offset by:

- \$30 million lower revenues associated with refundable programs, which are fully offset in O&M
- \$28 million lower cost of electric fuel and purchased power, which we discuss below
- \$10 million lower revenues from a \$7 million credit in 2024 compared to \$3 million cost in 2023 for the non-service components of net periodic benefit cost, which fully offsets in other income, net

In the three months ended March 31, 2024 compared to the same period in 2023, Sempra's cost of electric fuel and purchased power decreased by \$25 million (22%) to \$89 million driven by Sempra California, which included:

- \$107 million lower purchased power from the California ISO due to lower customer demand from departing load now served by CCAs and lower market prices
- \$62 million lower utility-owned generation costs
- \$29 million lower purchased power due to higher excess capacity sales to third parties and lower energy costs

Offset by:

- \$102 million lower sales to the California ISO due to lower market prices
- \$75 million realized gains in 2023 on derivative contracts for fixed-price natural gas, which are entered into to hedge the cost of electric fuel

Energy-Related Businesses: Revenues and Cost of Sales
ENERGY-RELATED BUSINESSES: REVENUES AND COST OF SALES
(Dollars in millions)

	Three months ended March 31,	
	2024	2023
Sempra:		
Revenues:		
Sempra Infrastructure	\$ 489	\$ 1,166
Parent and other ⁽¹⁾	(14)	(45)
Total	\$ 475	\$ 1,121
Cost of sales ⁽²⁾ :		
Sempra Infrastructure	\$ 109	\$ 193
Total	\$ 109	\$ 193

⁽¹⁾ Includes eliminations of intercompany activity.

⁽²⁾ Excludes depreciation and amortization, which are presented separately on Sempra's Condensed Consolidated Statements of Operations.

In the three months ended March 31, 2024 compared to the same period in 2023, Sempra's revenues from energy-related businesses decreased by \$646 million to \$475 million primarily due to:

- \$611 million from asset and supply optimization from contracts to sell natural gas and LNG to third parties, including:
 - \$510 million primarily driven by \$22 million unrealized losses in 2024 compared to \$418 million unrealized gains in 2023 on commodity derivatives and \$146 million primarily from lower natural gas prices
 - \$92 million primarily from lower diversion fees due to lower natural gas prices
- \$33 million lower transportation revenues driven by a customer's early termination of firm transportation agreements in 2023
- \$12 million from TdM mainly due to lower power prices offset by higher volumes

In the three months ended March 31, 2024 compared to the same period in 2023, Sempra's cost of sales from energy-related businesses decreased by \$84 million (44%) to \$109 million primarily due to lower natural gas prices offset by higher volumes at TdM.

Operation and Maintenance

In the three months ended March 31, 2024 compared to the same period in 2023, Sempra's O&M increased by \$3 million remaining at \$1.2 billion primarily due to:

- \$29 million increase at Sempra Infrastructure due to:
 - \$11 million from a provision for expected credit losses on a customer's past due receivable balance
 - \$8 million higher development costs and certain non-capitalized expenses from projects under construction
 - \$5 million higher purchased services

Offset by:

- \$30 million decrease at Sempra California due to:
 - \$47 million lower expenses associated with refundable programs, which costs are recovered in revenue

Offset by:

- \$17 million higher non-refundable operating costs

Other Income, Net

In the three months ended March 31, 2024 compared to the same period in 2023, Sempra's other income, net, increased by \$58 million to \$99 million primarily due to:

- \$53 million increase from a \$28 million credit in 2024 compared to \$25 million cost in 2023 for the non-service components of net periodic benefit cost primarily at Sempra California
- \$4 million higher AFUDC equity at Sempra California

Offset by:

- \$5 million lower gains from impacts associated with interest rate and foreign exchange instruments and foreign currency transactions at Sempra Infrastructure due to 2023 gains on cross-currency swaps as a result of fluctuation of the Mexican peso

Interest Expense

In the three months ended March 31, 2024 compared to the same period in 2023, Sempra’s interest expense decreased by \$61 million (17%) to \$305 million primarily due to:

- \$95 million at Sempra Infrastructure primarily due to:
 - \$47 million interest expense in 2023 comprised of \$33 million net unrealized losses and \$14 million settlement on a contingent interest rate swap related to the PA LNG Phase 1 project
 - \$37 million lower interest expense due to higher capitalization of interest expense on projects under construction

Offset by:

- \$18 million at Sempra California primarily from higher debt balances from debt issuances
- \$16 million at Parent and other primarily due to higher debt balances from debt issuances and higher borrowings on commercial paper

Income Taxes

INCOME TAX EXPENSE AND EFFECTIVE INCOME TAX RATES
(Dollars in millions)

	Three months ended March 31,	
	2024	2023
Sempra:		
Income tax expense	\$ 172	\$ 376
Income before income taxes and equity earnings	\$ 705	\$ 1,329
Equity earnings, before income tax ⁽¹⁾	134	132
Pretax income	\$ 839	\$ 1,461
Effective income tax rate	21 %	26 %

⁽¹⁾ We discuss how we recognize equity earnings in Note 6 of the Notes to Consolidated Financial Statements in the Annual Report.

We report as part of our pretax results the income or loss attributable to NCI. However, we do not record income taxes for a portion of this income or loss, as some of our entities with NCI are currently treated as partnerships for U.S. income tax purposes, and thus we are only liable for income taxes on the portion of the earnings that are allocated to us. Our pretax income, however, includes 100% of these entities. If our entities with NCI grow, and if we continue to invest in such entities, the impact on our ETR may become more significant.

In April 2023, the IRS issued Revenue Procedure 2023-15, which provides a safe harbor method of accounting for gas repairs expenditures. Sempra intends to elect this change in tax accounting method in its consolidated 2023 income tax return filing and has applied this methodology in the calculation of its 2024 forecasted ETR.

Sempra records regulatory liabilities for benefits that will be flowed through to customers in the future.

In the three months ended March 31, 2024 compared to the same period in 2023, Sempra’s income tax expense decreased by \$204 million primarily due to:

- \$82 million from \$53 million income tax expense in 2024 compared to \$135 million income tax expense in 2023 from foreign currency and inflation effects on our monetary positions in Mexico
- lower pretax income
- higher income tax benefits from flow-through items, including an income tax benefit in 2024 from adopting a change in tax accounting method for gas repairs expenditures

Offset by:

- \$42 million from \$12 million income tax expense in 2024 compared to \$30 million income tax benefit in 2023 from the interim period application of an annual forecasted consolidated ETR
- income tax benefit in 2023 from the recognition of ITCs from standalone energy storage projects under the IRA

We discuss the impact of foreign currency exchange rates and inflation on income taxes below in “Impact of Foreign Currency and Inflation Rates on Results of Operations.” See Note 1 of the Notes to Condensed Consolidated Financial Statements in this report and Notes 1 and 8 of the Notes to Consolidated Financial Statements in the Annual Report for further details about our accounting for income taxes and items subject to flow-through treatment.

Equity Earnings

In the three months ended March 31, 2024 compared to the same period in 2023, Sempra's equity earnings increased by \$129 million to \$348 million primarily due to:

- \$100 million at Oncor Holdings driven by:
 - higher revenues primarily attributable to:
 - rate updates to reflect increases in invested capital
 - increases in transmission billing units
 - higher customer consumption partially attributable to weather
 - new base rates implemented in May 2023
 - customer growth
 - write-off of rate base disallowances in 2023 resulting from the PUCT's final order in Oncor's comprehensive base rate review

Offset by:

- higher interest expense and depreciation expense attributable to invested capital
- higher O&M
- \$15 million at IMG due to lower income tax expense
- \$12 million at TAG Norte from the impact of new tariffs going into effect in June 2023

Earnings Attributable to Noncontrolling Interests

In the three months ended March 31, 2024 compared to the same period in 2023, Sempra's earnings attributable to NCI decreased by \$123 million to \$69 million primarily due to a decrease in SI Partners' net income.

IMPACT OF FOREIGN CURRENCY AND INFLATION RATES ON RESULTS OF OPERATIONS

Because our natural gas distribution utility in Mexico, Ecogas, uses its local currency as its functional currency, revenues and expenses are translated into U.S. dollars at average exchange rates for the period for consolidation in Sempra's results of operations. We discuss further the impact of foreign currency and inflation rates on results of operations, including impacts on income taxes and related hedging activity, in "Part II – Item 7. MD&A – Impact of Foreign Currency and Inflation Rates on Results of Operations" in the Annual Report.

Foreign Currency Translation

Any difference in average exchange rates used for the translation of income statement activity from year to year can cause a variance in Sempra's comparative results of operations. In the three months ended March 31, 2024, the change in our earnings as a result of foreign currency translation rates was negligible compared to the same period in 2023.

Transactional Impacts

Income statement activities at our foreign operations and their JVs are also impacted by transactional gains and losses, a summary of which is shown in the table below:

TRANSACTIONAL GAINS (LOSSES) FROM FOREIGN CURRENCY AND INFLATION EFFECTS

(Dollars in millions)

	Total reported amounts		Transactional gains (losses) included in reported amounts	
	Three months ended March 31,			
	2024	2023	2024	2023
Other income, net	\$ 99	\$ 41	\$ 1	\$ 6
Income tax expense	(172)	(376)	(53)	(135)
Equity earnings	348	219	(8)	(31)
Net income	881	1,172	(60)	(160)
Earnings attributable to noncontrolling interests	(69)	(192)	19	51
Earnings attributable to common shares	801	969	(41)	(109)



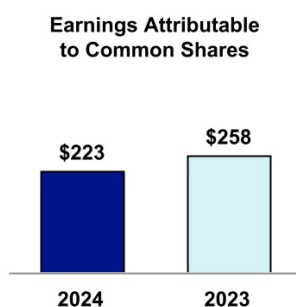
We discuss herein SDG&E's results of operations and significant changes in earnings, revenues and costs for the three months ended March 31, 2024 compared to the same period in 2023.

SDG&E recorded CPUC-authorized revenues in the three months ended March 31, 2024 based on 2023 levels authorized under the 2019 GRC because a final decision in the 2024 GRC remains pending.

RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

(Dollars in millions)



In the three months ended March 31, 2024 compared to the same period in 2023, the decrease in earnings of \$35 million (14%) to \$223 million was primarily due to:

- \$21 million lower CPUC base operating margin, net of operating expenses, offset by higher authorized cost of capital. SDG&E recorded CPUC-authorized revenues based on 2023 authorized levels
- \$8 million higher net interest expense

SIGNIFICANT CHANGES IN REVENUES AND COSTS

Electric Revenues and Cost of Electric Fuel and Purchased Power

In the three months ended March 31, 2024 compared to the same period in 2023, SDG&E's electric revenues increased by \$29 million (3%) to \$1.1 billion primarily due to:

- \$58 million in 2023 from the recognition of ITCs from standalone energy storage projects, which are offset in income tax expense
- \$23 million higher revenues from incremental and balanced capital projects, including higher authorized cost of capital
- \$18 million higher revenues from transmission operations
- \$10 million higher CPUC-authorized revenues attributable to higher authorized cost of capital

Offset by:

- \$30 million lower revenues associated with refundable programs, which are fully offset in O&M
- \$28 million lower cost of electric fuel and purchased power, which we discuss below
- \$10 million lower revenues from a \$7 million credit in 2024 compared to \$3 million cost in 2023 for the non-service components of net periodic benefit cost, which fully offsets in other income, net

In the three months ended March 31, 2024 compared to the same period in 2023, SDG&E's cost of electric fuel and purchased power decreased by \$28 million (21%) to \$107 million primarily due to:

- \$107 million lower purchased power from the California ISO due to lower customer demand from departing load now served by CCAs and lower market prices
- \$62 million lower utility-owned generation costs
- \$29 million lower purchased power due to higher excess capacity sales to third parties and lower energy costs

Offset by:

- \$102 million lower sales to the California ISO due to lower market prices
- \$75 million realized gains in 2023 on derivative contracts for fixed-price natural gas, which are entered into to hedge the cost of electric fuel

Natural Gas Revenues and Cost of Natural Gas

In the three months ended March 31, 2024 and 2023, SDG&E's average cost of natural gas per thousand cubic feet was \$6.79 and \$20.22, respectively. The average cost of natural gas sold at SDG&E is impacted by market prices, as well as transportation, tariff and other charges.

In the three months ended March 31, 2024 compared to the same period in 2023, SDG&E's natural gas revenues decreased by \$303 million (49%) to \$319 million primarily due to:

- \$277 million decrease in cost of natural gas sold, which we discuss below
- \$16 million lower regulatory revenues in 2024 from adopting a change in tax accounting method for gas repairs expenditures, which are offset in income tax expense

In the three months ended March 31, 2024 compared to the same period in 2023, SDG&E's cost of natural gas decreased by \$277 million to \$102 million primarily due to:

- \$201 million lower average natural gas prices
- \$76 million lower volumes driven by weather

Operation and Maintenance

In the three months ended March 31, 2024 compared to the same period in 2023, SDG&E's O&M decreased by \$16 million (4%) to \$411 million primarily due to:

- \$34 million lower expenses associated with refundable programs, which costs are recovered in revenue

Offset by:

- \$18 million higher non-refundable operating costs

Other Income, Net

In the three months ended March 31, 2024 compared to the same period in 2023, SDG&E's other income, net, increased by \$5 million (18%) to \$33 million primarily due to:

- \$14 million increase from a \$10 million credit in 2024 compared to \$4 million cost in 2023 for the non-service components of net periodic benefit cost

Offset by:

- \$3 million lower net interest income on regulatory balancing accounts
- \$3 million lower AFUDC equity

Interest Expense

In the three months ended March 31, 2024 compared to the same period in 2023, SDG&E's interest expense increased by \$10 million (8%) to \$128 million primarily from higher debt balances from debt issuances.

Income Taxes

INCOME TAX EXPENSE AND EFFECTIVE INCOME TAX RATES

(Dollars in millions)

	Three months ended March 31,	
	2024	2023
SDG&E:		
Income tax expense	\$ 40	\$ 7
Income before income taxes	\$ 263	\$ 265
Effective income tax rate	15 %	3 %

In April 2023, the IRS issued Revenue Procedure 2023-15, which provides a safe harbor method of accounting for gas repairs expenditures. SDG&E intends to elect this change in tax accounting method in Sempra’s consolidated 2023 income tax return filing and has applied this methodology in the calculation of its 2024 forecasted ETR.

SDG&E records regulatory liabilities for benefits that will be flowed through to customers in the future.

In the three months ended March 31, 2024 compared to the same period in 2023, SDG&E’s income tax expense increased by \$33 million primarily due to:

- income tax benefit in 2023 from the recognition of ITCs from standalone energy storage projects under the IRA

Offset by:

- higher income tax benefits from flow-through items, including an income tax benefit in 2024 from adopting a change in tax accounting method for gas repairs expenditures.



We discuss herein SoCalGas’ results of operations and significant changes in earnings, revenues and costs for the three months ended March 31, 2024 compared to the same period in 2023.

SoCalGas recorded CPUC-authorized revenues in the three months ended March 31, 2024 based on 2023 levels authorized under the 2019 GRC because a final decision in the 2024 GRC remains pending.

RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

(Dollars in millions)



In the three months ended March 31, 2024 compared to the same period in 2023, the decrease in earnings of \$1 million to \$359 million were primarily due to:

- \$11 million lower income tax benefits primarily from flow-through items
- \$7 million higher net interest expense

Offset by:

- \$9 million higher CPUC base operating margin, net of higher operating expenses in 2023, including higher authorized cost of capital. SoCalGas recorded CPUC-authorized revenues based on 2023 authorized levels
- \$7 million higher AFUDC equity

SIGNIFICANT CHANGES IN REVENUES AND COSTS

Natural Gas Revenues and Cost of Natural Gas

In the three months ended March 31, 2024 and 2023, SoCalGas' average cost of natural gas per thousand cubic feet was \$4.50 and \$19.00, respectively. The average cost of natural gas sold at SoCalGas is impacted by market prices, as well as transportation and other charges.

In the three months ended March 31, 2024 compared to the same period in 2023, SoCalGas' natural gas revenues decreased by \$2.0 billion to \$1.8 billion primarily due to:

- \$1.9 billion decrease in cost of natural gas sold, which we discuss below
- \$60 million lower regulatory revenues in 2024 from adopting a change in tax accounting method for gas repairs expenditures, which are offset in income tax expense
- \$40 million lower revenues from a \$22 million credit in 2024 compared to \$18 million cost in 2023 for the non-service components of net periodic benefit cost, which fully offsets in other income (expense), net
- \$25 million lower franchise fee revenues
- \$13 million lower revenues associated with refundable programs, which are fully offset in O&M

Offset by:

- \$19 million higher CPUC-authorized revenues attributable to higher authorized cost of capital
- \$12 million higher revenues from incremental and balanced capital projects, including higher authorized cost of capital

In the three months ended March 31, 2024 compared to the same period in 2023, SoCalGas' cost of natural gas decreased by \$1.9 billion to \$465 million primarily due to:

- \$1.5 billion lower average natural gas prices
- \$386 million lower volumes driven by weather

Operation and Maintenance

In the three months ended March 31, 2024 compared to the same period in 2023, SoCalGas' O&M decreased by \$12 million (2%) to \$613 million primarily due to lower expenses associated with refundable programs, which costs are recovered in revenue.

Other Income (Expense), Net

In the three months ended March 31, 2024 compared to the same period in 2023, SoCalGas' other income, net, was \$47 million compared to other expense, net, of \$8 million primarily due to:

- \$40 million increase from a \$21 million credit in 2024 compared to \$19 million cost in 2023 for the non-service components of net periodic benefit cost
- \$7 million higher AFUDC equity

Interest Expense

In the three months ended March 31, 2024 compared to the same period in 2023, SoCalGas' interest expense increased by \$8 million (12%) to \$77 million primarily from higher debt balances from debt issuances.

Income Taxes**INCOME TAX EXPENSE AND EFFECTIVE INCOME TAX RATES***(Dollars in millions)*

	Three months ended March 31,	
	2024	2023
SoCalGas:		
Income tax expense	\$ 43	\$ 94
Income before income taxes	\$ 402	\$ 454
Effective income tax rate	11 %	21 %

In April 2023, the IRS issued Revenue Procedure 2023-15, which provides a safe harbor method of accounting for gas repairs expenditures. SoCalGas intends to elect this change in tax accounting method in Sempra's consolidated 2023 income tax return filing and has applied this methodology in the calculation of its 2024 forecasted ETR.

SoCalGas records regulatory liabilities for benefits that will be flowed through to customers in the future.

In the three months ended March 31, 2024 compared to the same period in 2023, SoCalGas' income tax expense decreased by \$51 million primarily due to higher income tax benefits from flow-through items, including an income tax benefit in 2024 from adopting a change in tax accounting method for gas repairs expenditures, and lower pretax income.

CAPITAL RESOURCES AND LIQUIDITY**OVERVIEW****Sempra****Liquidity**

We expect to meet our cash requirements through cash flows from operations, unrestricted cash and cash equivalents, borrowings under or supported by our credit facilities, other incurrences of debt which may include issuing debt securities and obtaining term loans, and other financing transactions which may include issuing equity securities, distributions from our equity method investments, project financing and funding from NCI owners. We believe that these cash flow sources, combined with available funds, will be adequate to fund our operations in both the short-term and long-term, including to:

- finance capital expenditures
- repay debt
- fund dividends
- fund contractual and other obligations and otherwise meet liquidity requirements
- fund capital contribution requirements
- fund new business or asset acquisitions

Sempra, SDG&E and SoCalGas currently have reasonable access to the money markets and capital markets and are not currently constrained in their ability to borrow or otherwise raise money at market rates from commercial banks, under existing revolving credit facilities, through public offerings of debt or equity securities, or through private placements of debt supported by our revolving credit facilities in the case of commercial paper. However, our ability to access these markets or obtain credit from commercial banks outside of our committed revolving credit facilities could become materially constrained if economic conditions worsen or disruptions to or volatility in these markets increase. Debt funding has become less attractive due to the rise in both short-term and long-term interest rates. In addition, our financing activities and actions by credit rating agencies, as well as many other factors, could negatively affect the availability and cost of both short-term and long-term debt and equity financing. Also, cash flows from operations may be impacted by the timing of commencement and completion of, and potentially cost overruns for, large projects and other material events, such as the settlement of material litigation. If cash flows from operations were to be significantly reduced or we were unable to borrow or obtain other financing under acceptable terms, we would likely first reduce or postpone discretionary capital expenditures (not related to safety/reliability) and investments in new businesses. We monitor our ability to finance the needs of our operating, investing and financing activities in a manner consistent with our goal to maintain our investment-grade credit ratings.

Common Stock Offering and Forward Sale Agreements

As we discuss in Note 9 of the Notes to Condensed Consolidated Financial Statements in this report and Note 14 of the Notes to Consolidated Financial Statements in the Annual Report, our offering of Sempra common stock completed in November 2023 provided initial net proceeds of \$144 million upon the underwriters' partial exercise of their over-allotment option to purchase additional shares of our common stock. We did not initially receive any proceeds from the sale of our common stock pursuant to the forward sale agreements entered into in connection with the offering. The forward sale agreements permit us to elect, subject to certain conditions, physical settlement, cash settlement or net share settlement for all or a portion of our obligations under the agreements. We expect to settle the forward sale agreements entirely by delivery of shares of our common stock under physical settlement in exchange for cash proceeds in one or more settlements no later than December 31, 2024, which is the final settlement date under the agreements. As of May 7, 2024, at the initial forward sale price of \$68.845 per share, we expect that the net proceeds from full physical settlement of the forward sale agreements would be approximately \$1.2 billion (net of underwriting discounts, but before deducting equity issuance costs, and subject to certain adjustments pursuant to the forward sale agreements). If we were to elect cash settlement or net share settlement instead of physical settlement, the amount of cash proceeds we receive upon settlement would be less, perhaps substantially, or we may not receive any cash proceeds or we may deliver cash (in an amount that could be significant) or shares of our common stock to the counterparties to the forward sale agreements.

We used the initial net proceeds from this offering, and we expect to use any net proceeds from the sale of shares of our common stock pursuant to the forward sale agreements, to fund working capital and for other general corporate purposes, including to partly finance our long-term capital plan and to repay commercial paper and potentially other indebtedness.

Available Funds

Our committed lines of credit provide liquidity and support commercial paper. Sempra, SDG&E and SoCalGas each have five-year credit agreements expiring in 2028 and Sempra Infrastructure has four committed lines of credit expiring on various dates from 2025 through 2030, and an uncommitted revolving credit facility expiring in 2024.

AVAILABLE FUNDS AT MARCH 31, 2024

(Dollars in millions)

	Sempra	SDG&E	SoCalGas
Unrestricted cash and cash equivalents ⁽¹⁾	\$ 606	\$ 293	\$ 54
Available unused credit ⁽²⁾	8,376	1,500	1,057

⁽¹⁾ Amounts at Sempra include \$196 held in non-U.S. jurisdictions. We discuss repatriation in Note 8 of the Notes to Consolidated Financial Statements in the Annual Report.

⁽²⁾ Available unused credit is the total available on committed and uncommitted lines of credit that we discuss in Note 6 of the Notes to Condensed Consolidated Financial Statements. Because our commercial paper programs are supported by these lines, we reflect the amount of commercial paper outstanding and any letters of credit outstanding as a reduction to the available unused credit.

Short-Term Borrowings

We use short-term debt primarily to meet liquidity requirements, fund shareholder dividends, and temporarily finance capital expenditures or acquisitions. SDG&E and SoCalGas use short-term debt primarily to meet working capital needs or to help fund event-specific costs. Commercial paper and lines of credit were our primary sources of short-term debt funding in the first three months of 2024.

We discuss our short-term debt activities in Note 6 of the Notes to Condensed Consolidated Financial Statements and below in "Sources and Uses of Cash."

Long-Term Debt Activities

Significant issuances of and payments on long-term debt in the first three months of 2024 included the following:

LONG-TERM DEBT ISSUANCES AND PAYMENTS

(Dollars in millions)

Issuances:	Amount at issuance	Maturity
Sempra 6.875% junior subordinated notes	\$ 600	2054
SDG&E 5.55% first mortgage bonds	600	2054
SoCalGas 5.6% first mortgage bonds	500	2054
Sempra Infrastructure variable rate notes (ECA LNG Phase 1 project)	94	2025
Sempra Infrastructure variable rate notes (PA LNG Phase 1 project)	15	2030
Payments:	Payments	Maturity
SDG&E variable rate term loan	\$ 400	2024

We discuss our long-term debt activities, including the use of proceeds on long-term debt issuances, in Note 6 of the Notes to Condensed Consolidated Financial Statements.

Credit Ratings

We provide additional information about the credit ratings of Sempra, SDG&E and SoCalGas in “Part I – Item 1A. Risk Factors” and “Part II – Item 2. MD&A – Capital Resources and Liquidity” in the Annual Report.

The credit ratings of Sempra, SDG&E and SoCalGas remained at investment grade levels in the first three months of 2024.

CREDIT RATINGS AT MARCH 31, 2024

	Sempra	SDG&E	SoCalGas
Moody's	Baa2 with a stable outlook	A3 with a stable outlook	A2 with a stable outlook
S&P	BBB+ with a stable outlook	BBB+ with a stable outlook	A with a negative outlook
Fitch	BBB+ with a stable outlook	BBB+ with a stable outlook	A with a stable outlook

A downgrade of Sempra's or any of its subsidiaries' credit ratings or rating outlooks may, depending on the severity, result in the imposition of financial or other burdensome covenants or a requirement for collateral to be posted in the case of certain financing arrangements and may materially and adversely affect the market prices of their equity and debt securities, the rates at which borrowings are made and commercial paper is issued, and the various fees on their outstanding credit facilities. This could make it more costly for Sempra, SDG&E, SoCalGas and Sempra's other subsidiaries to issue debt securities, to borrow under credit facilities and to raise certain other types of financing.

Sempra has agreed that, if the credit rating of Oncor's senior secured debt by any of the three major rating agencies falls below BBB (or the equivalent), Oncor will suspend dividends and other distributions (except for contractual tax payments), unless otherwise allowed by the PUCT. Oncor's senior secured debt was rated A2, A+ and A at Moody's, S&P and Fitch, respectively, at March 31, 2024.

Loans to/from Affiliates

At March 31, 2024, Sempra had \$298 million in loans due to unconsolidated affiliates.

Minimum Tax Directive

The Organization for Economic Cooperation and Development has introduced a framework to implement a global minimum corporate tax of 15%, referred to as the “minimum tax directive.” Many aspects of the minimum tax directive became effective beginning in 2024. While it is uncertain whether the U.S. will enact legislation to adopt the minimum tax directive, other countries are in the process of introducing and enacting legislation to implement the minimum tax directive. We do not currently expect the minimum tax directive to have a material effect on Sempra's, SDG&E's or SoCalGas' results of operations, financial condition and/or cash flows.

Sempra California

SDG&E's and SoCalGas' operations have historically provided relatively stable earnings and liquidity. Their future performance and liquidity will depend primarily on the ratemaking and regulatory process, environmental regulations, economic conditions, actions by legislatures, litigation and the changing energy marketplace, as well as other matters described in this report. SDG&E and SoCalGas expect that the available unused funds from their credit facilities described above, which also supports their commercial paper programs, cash flows from operations, and other incurrences of debt including issuing debt securities and obtaining term loans will continue to be adequate to fund their respective current operations and planned capital expenditures. SDG&E and SoCalGas manage their capital structures and pay dividends when appropriate and as approved by their respective boards of directors.

The implementation of customer assistance programs and higher 2023 winter season customer billings have resulted in certain SDG&E and SoCalGas customers exhibiting slower payment and higher levels of nonpayment than has been the case historically. In January 2024, the CPUC directed SDG&E and SoCalGas to offer long-term repayment plans to eligible residential customers with past-due balances until October 2026. Delay in payments by customers impacts the timing of SDG&E's and SoCalGas' cash flows.

As we discuss in Note 4 of the Notes to Condensed Consolidated Financial Statements in this report and in Note 4 of the Notes to Consolidated Financial Statements in the Annual Report, changes in regulatory balancing accounts for significant costs at SDG&E and SoCalGas, particularly a change between over- and undercollected status, may have a significant impact on cash flows. These changes generally represent the difference between when costs are incurred and when they are ultimately recovered or refunded in rates through billings to customers.

SDG&E

Wildfire Fund

The carrying value of SDG&E's Wildfire Fund asset totaled \$290 million at March 31, 2024. We describe the Wildfire Legislation and SDG&E's commitment to make annual shareholder contributions to the Wildfire Fund through 2028 in Note 1 of the Notes to Consolidated Financial Statements in the Annual Report.

SDG&E is exposed to the risk that the participating California electric IOUs may incur third-party wildfire costs for which they will seek recovery from the Wildfire Fund with respect to wildfires that have occurred since enactment of the Wildfire Legislation in July 2019. In such a situation, SDG&E may recognize a reduction of its Wildfire Fund asset and record accelerated amortization against earnings when available coverage is reduced due to recoverable claims from any of the participating IOUs, as was the case in 2023 after Pacific Gas and Electric Company indicated that it will seek reimbursement from the Wildfire Fund for losses associated with the Dixie Fire, which burned from July 2021 through October 2021 and was reported to be the largest single wildfire (measured by acres burned) in California history. If any California electric IOU's equipment is determined to be a cause of a fire, it could have a material adverse effect on SDG&E's and Sempra's financial condition and results of operations up to the carrying value of our Wildfire Fund asset, with additional potential material exposure if SDG&E's equipment is determined to be a cause of a fire. In addition, the Wildfire Fund could be completely exhausted due to fires in the other California electric IOUs' service territories, by fires in SDG&E's service territory or by a combination thereof. In the event that the Wildfire Fund is materially diminished, exhausted or terminated, SDG&E will lose the protection afforded by the Wildfire Fund, and as a consequence, a fire in SDG&E's service territory could have a material adverse effect on SDG&E's and Sempra's results of operations, financial condition, cash flows and/or prospects.

Wildfire Mitigation Cost Recovery Mechanism

In October 2023, SDG&E submitted a separate request to the CPUC in its 2024 GRC describing \$2.2 billion in costs to implement its wildfire mitigation plans from 2019 through 2022, and seeking review and recovery of the incremental wildfire mitigation plan costs incurred during that period, totaling \$1.5 billion. SDG&E expects to receive a proposed decision on this request in late 2024. In February 2024, the CPUC approved an interim cost recovery mechanism that would permit SDG&E to recover in rates \$194 million of its wildfire mitigation plan regulatory account balance in 2024 and, if a recovery mechanism is not in place by January 1, 2025, an additional \$96 million in 2025. Such recovery of SDG&E's wildfire mitigation plan regulatory account balance will be subject to reasonableness review by the CPUC. SDG&E also expects to submit a separate request for review and recovery of its 2023 wildfire mitigation plan costs in late 2024.

Off-Balance Sheet Arrangements

SDG&E has entered into PPAs and tolling agreements that are variable interests in unconsolidated entities. We discuss variable interests in Note 1 of the Notes to Condensed Consolidated Financial Statements.

SoCalGas

Aliso Canyon Natural Gas Storage Facility Gas Leak

From October 23, 2015 through February 11, 2016, SoCalGas experienced the Leak, which we discuss in Note 11 of the Notes to Condensed Consolidated Financial Statements in this report and in “Part I – Item 1A. Risk Factors” in the Annual Report.

Accounting and Other Impacts. At March 31, 2024, \$29 million is accrued in Other Current Liabilities and \$2 million is accrued in Deferred Credits and Other on SoCalGas’ and Sempra’s Condensed Consolidated Balance Sheets. These accruals do not include any amounts in excess of what has been reasonably estimated to resolve certain matters that we describe in “Legal Proceedings – SoCalGas – Aliso Canyon Natural Gas Storage Facility Gas Leak – Litigation” in Note 11 of the Notes to Condensed Consolidated Financial Statements, nor any amounts that may be necessary to resolve threatened litigation, other potential litigation or other costs. We are not able to reasonably estimate the possible loss or a range of possible losses in excess of the amounts accrued, which could be significant and could have a material adverse effect on SoCalGas’ and Sempra’s results of operations, financial condition, cash flows and/or prospects.

Natural Gas Storage Operations and Reliability. Natural gas withdrawn from storage is important to help maintain service reliability during peak demand periods, including consumer heating needs in the winter and peak electric generation needs in the summer. The Aliso Canyon natural gas storage facility is the largest SoCalGas storage facility and an important component of SoCalGas’ delivery system. In February 2017, the CPUC opened proceeding SB 380 OII to determine the feasibility of minimizing or eliminating the use of the Aliso Canyon natural gas storage facility while still maintaining energy and electric reliability for the region, including analyzing alternative means for meeting or avoiding the demand for the facility’s services if it were eliminated.

At March 31, 2024, the Aliso Canyon natural gas storage facility had a net book value of \$1.0 billion. If the Aliso Canyon natural gas storage facility were to be permanently closed or if future cash flows from its operation were otherwise insufficient to recover its carrying value, we may record an impairment of the facility, which could be material, and natural gas reliability and electric generation could be jeopardized.

Franchise Agreement

SoCalGas’ Los Angeles County franchise initially expired in June 2023 and the subsequent extension expired in December 2023. SoCalGas is in the process of negotiating a new agreement with Los Angeles County. SoCalGas is operating and expects to continue to operate under the terms and provisions of the expired franchise until a new agreement is reached and does not anticipate disruption of service to customers in unincorporated Los Angeles County while negotiations continue.

Sempra Texas Utilities

Oncor relies on external financing as a significant source of liquidity for its capital requirements. In the event that Oncor fails to meet its capital requirements, access sufficient capital, or raise capital on favorable terms to finance its ongoing needs, we may elect to make additional capital contributions to Oncor (as our commitments to the PUCT prohibit us from making loans to Oncor), which could be substantial and reduce the cash available to us for other purposes, increase our indebtedness and ultimately materially adversely affect our results of operations, financial condition, cash flows and/or prospects. Oncor’s ability to make distributions may be limited by factors such as its credit ratings, regulatory capital requirements, increases in its capital plan, debt-to-equity ratio approved by the PUCT and other restrictions and considerations. In addition, Oncor will not make distributions if a majority of Oncor’s independent directors or any minority member director determines it is in the best interests of Oncor to retain such amounts to meet expected future requirements.

Rates and Cost Recovery

The PUCT issued a final order in Oncor’s most recent comprehensive base rate proceeding in April 2023, and rates implementing that order went into effect on May 1, 2023. In June 2023, the PUCT issued an order on rehearing in response to the motions for rehearing filed by Oncor and certain intervening parties in the proceeding. The order on rehearing made certain technical and typographical corrections to the final order but otherwise affirmed the material provisions of the final order and did not require modification of the rates that went into effect on May 1, 2023. In September 2023, Oncor filed an appeal in Travis County District Court seeking judicial review of certain rate base disallowances and related expense effects of those disallowances in the PUCT’s order on rehearing. In February 2024, the court dismissed the appeal for lack of jurisdiction. In March 2024, Oncor appealed the court’s dismissal with the Third Court of Appeals in Texas.

Off-Balance Sheet Arrangement

Our investment in Oncor Holdings is a variable interest in an unconsolidated entity. We discuss variable interests in Note 1 of the Notes to Condensed Consolidated Financial Statements.

Sempra Infrastructure

Sempra Infrastructure expects to fund capital expenditures, investments and operations in part with available funds, including existing credit facilities, and cash flows from operations from the Sempra Infrastructure businesses. We expect Sempra Infrastructure will require additional funding for the development and expansion of its portfolio of projects, which may be financed through a combination of funding from the parent and NCI owners, bank financing, issuances of debt, project financing, partnering in JVs and asset sales.

Sempra, KKR Pinnacle and ADIA directly or indirectly own a 70%, 20%, and 10% interest, respectively, in SI Partners, and KKR Denali, an affiliate of ConocoPhillips and TotalEnergies SE each own a 60%, 30% and 16.6% interest, respectively, in three separate SI Partners subsidiaries. In the three months ended March 31, 2024 and 2023, Sempra Infrastructure distributed \$111 million and \$43 million, respectively, to its NCI owners, and NCI owners contributed \$474 million and \$97 million, respectively, to Sempra Infrastructure.

Sempra Infrastructure is in various stages of development or construction on natural gas liquefaction projects, pipeline and terminal projects, and renewable generation and sequestration projects, which we describe below. The successful development and/or construction of these projects is subject to numerous risks and uncertainties.

With respect to projects in development, these risks and uncertainties include, as applicable depending on the project, any failure to:

- secure binding customer commitments
- identify suitable project and equity partners
- obtain sufficient financing
- reach agreement with project partners or other applicable parties to proceed
- obtain, modify, and/or maintain permits and regulatory approvals, including LNG export applications to non-FTA countries in light of the current Administration's temporary pause of such approvals while the DOE reviews the economic and environmental analyses it uses to evaluate such applications
- negotiate, complete and maintain suitable commercial agreements, which may include EPC, tolling, equity acquisition, governance, LNG sales, gas supply and transportation contracts
- reach a positive final investment decision

With respect to projects under construction, these risks and uncertainties include, in addition to the risks described above as applicable to each project, construction delays and cost overruns.

An unfavorable outcome with respect to any of these factors could have a material adverse effect on (i) the development and construction of the applicable project, including a potential impairment of all or a substantial portion of the capital costs invested in the project to date, which could be material, and (ii) for any project that has reached a positive final investment decision, Sempra's results of operations, financial condition, cash flows and/or prospects. For a further discussion of these risks, see "Part I – Item 1A. Risk Factors" in the Annual Report.

The descriptions below discuss several HOAs, MOUs and other non-binding development agreements with respect to Sempra Infrastructure's various development projects. These arrangements do not commit any party to enter into definitive agreements or otherwise participate in the applicable project, and the ultimate participation by the parties remains subject to negotiation and finalization of definitive agreements, among other factors.

LNG

Cameron LNG Phase 2 Project. Cameron LNG JV is developing a proposed expansion project that would add one electric drive liquefaction train with an expected maximum production capacity of approximately 6.75 Mtpa and would increase the production capacity of the existing three trains at the Cameron LNG Phase 1 facility by up to approximately 1 Mtpa through debottlenecking activities. The Cameron LNG JV site can accommodate additional trains beyond the proposed Cameron LNG Phase 2 project.

Cameron LNG JV has received major permits, as amended to allow the use of electric drives for a one-train electric drive expansion along with other design enhancements, and FTA and non-FTA approvals associated with the potential expansion. The non-FTA approval for the proposed Cameron LNG Phase 2 project includes, among other things, a May 2026 deadline to commence commercial exports, for which we expect to request an extension.

Sempra Infrastructure and the other Cameron LNG JV members, namely affiliates of TotalEnergies SE, Mitsui & Co., Ltd. and Japan LNG Investment, LLC, a company jointly owned by Mitsubishi Corporation and Nippon Yusen Kabushiki Kaisha, have entered into a non-binding HOA for the potential development of the Cameron LNG Phase 2 project. The non-binding HOA provides a commercial framework for the proposed project, including the contemplated allocation to SI Partners of 50.2% of the fourth train production capacity and 25% of the debottlenecking capacity from the project under tolling agreements. The non-binding HOA contemplates the remaining capacity to be allocated equally to the existing Cameron LNG Phase 1 facility customers. Sempra Infrastructure plans to sell the LNG corresponding to its allocated capacity from the proposed Cameron LNG Phase 2 project under long-term SPAs prior to making a final investment decision.

After completion of certain value engineering work in the first quarter of 2024, Cameron LNG JV is conducting additional value engineering work to improve the overall value of the project and evaluate other potential EPC contractors. We expect this work will continue through the end of 2024 and we could be in a position to make a final investment decision in the first half of 2025, subject to satisfactory conclusion on the EPC process as well as completion of all related financing and permitting activities necessary to align our authorizations with the proposed schedule for the project.

In December 2023, Entergy Louisiana, LLC, a subsidiary of Entergy Corporation, and Cameron LNG JV signed a new electricity service agreement (and related ancillary agreements) for the supply to Cameron LNG JV of up to 950 MW of renewable power from new renewable resources in Louisiana. The agreement is subject to approval by the Louisiana Public Service Commission and existing project lenders.

Expansion of the Cameron LNG Phase 1 facility beyond the first three trains is subject to certain restrictions and conditions under the JV project financing agreements, including among others, scope restrictions on expansion of the project unless appropriate prior consent is obtained from the existing project lenders. Under the Cameron LNG JV equity agreements, the expansion of the project requires the unanimous consent of all the members, including with respect to the equity investment obligation of each member.

ECA LNG Phase 1 Project. ECA LNG Phase 1 is constructing a one-train natural gas liquefaction facility at the site of Sempra Infrastructure's existing ECA Regas Facility with a nameplate capacity of 3.25 Mtpa and an initial offtake capacity of 2.5 Mtpa. We do not expect the construction or operation of the ECA LNG Phase 1 project to disrupt operations at the ECA Regas Facility. SI Partners owns an 83.4% interest in ECA LNG Phase 1, and an affiliate of TotalEnergies SE owns the remaining 16.6% interest. Sempra holds an indirect interest in the ECA LNG Phase 1 project of 58.4%.

We received authorizations from the DOE to export U.S.-produced natural gas to Mexico and to re-export LNG to non-FTA countries from the ECA LNG Phase 1 project. ECA LNG Phase 1 has definitive 20-year SPAs with an affiliate of TotalEnergies SE for approximately 1.7 Mtpa of LNG and with Mitsui & Co., Ltd. for approximately 0.8 Mtpa of LNG.

We have an EPC contract with TP Oil & Gas Mexico, S. De R.L. De C.V., an affiliate of Technip Energies N.V., to construct the ECA LNG Phase 1 project. We estimate the total price of the EPC contract to be approximately \$1.5 billion, with capital expenditures approximating \$2 billion including capitalized interest at the project level and project contingency. The actual cost of the EPC contract and the actual amount of these capital expenditures may differ substantially from our estimates. We expect the ECA LNG Phase 1 project to commence commercial operations in the summer of 2025.

ECA LNG Phase 1 has a five-year loan agreement with a syndicate of seven external lenders that matures in December 2025 for an aggregate principal amount of up to \$1.3 billion, of which \$926 million was outstanding at March 31, 2024. Proceeds from the loan are being used to finance the cost of construction of the ECA LNG Phase 1 project.

With respect to the ECA LNG Phase 1 and Phase 2 projects, recent and proposed changes to the law in Mexico and an unfavorable resolution of land disputes and permit challenges, in each case that we discuss in Note 11 of the Notes to Condensed Consolidated Financial Statements, could have a material adverse effect on the development and construction of these projects.

ECA LNG Phase 2 Project. Sempra Infrastructure is developing a second, large-scale natural gas liquefaction project at the site of its existing ECA Regas Facility. We expect the proposed ECA LNG Phase 2 project to be comprised of two trains and one LNG storage tank and produce approximately 12 Mtpa of export capacity. We expect that construction of the proposed ECA LNG Phase 2 project would conflict with the current operations at the ECA Regas Facility, which currently has long-term regasification contracts for 100% of the regasification facility's capacity through 2028. This makes the decisions on whether, when and how to pursue the proposed ECA LNG Phase 2 project dependent in part on whether the investment in a large-scale liquefaction facility would, over the long term, be more beneficial financially than continuing to supply regasification services under our existing contracts.

We received authorizations from the DOE to export U.S.-produced natural gas to Mexico and to re-export LNG to non-FTA countries from the proposed ECA LNG Phase 2 project.

We have non-binding MOUs and/or HOAs with Mitsui & Co., Ltd., an affiliate of TotalEnergies SE, and ConocoPhillips that provide a framework for their potential offtake of LNG from the proposed ECA LNG Phase 2 project and potential acquisition of an equity interest in ECA LNG Phase 2.

PA LNG Phase 1 Project. Sempra Infrastructure is constructing a natural gas liquefaction project on a greenfield site that it owns in the vicinity of Port Arthur, Texas, located along the Sabine-Neches waterway. The PA LNG Phase 1 project will consist of two liquefaction trains, two LNG storage tanks, a marine berth and associated loading facilities and related infrastructure necessary to provide liquefaction services with a nameplate capacity of approximately 13 Mtpa and an initial offtake capacity of approximately 10.5 Mtpa. SI Partners, KKR Denali and an affiliate of ConocoPhillips indirectly own a 28%, 42% and 30% interest, respectively, in the PA LNG Phase 1 project, and Sempra holds a 19.6% indirect interest in the project.

Sempra Infrastructure has received authorizations from the DOE that permit the LNG to be produced from the PA LNG Phase 1 project to be exported to all current and future FTA and non-FTA countries. In April 2019, the FERC approved the siting, construction and operation of the PA LNG Phase 1 project. In June 2023, Port Arthur LNG requested authorization from the FERC to increase its work force and implement a 24-hours-per-day construction schedule to further enhance construction efficiency while reducing temporal impacts to the community and environment in the vicinity of the project. If approved, the authorization would provide the EPC contractor with more optionality to meet or exceed the project's construction schedule, subject to the timing of FERC approval. In March 2024, the FERC issued an environmental assessment for the project.

The PA LNG Phase 1 project holds two Clean Air Act, Prevention of Significant Deterioration permits issued by the TCEQ, which we refer to as the "2016 Permit" and the "2022 Permit." The 2022 Permit also governs emissions for the proposed PA LNG Phase 2 project. In November 2023, a panel of the U.S. Court of Appeals for the Fifth Circuit issued a decision to vacate and remand the 2022 Permit to the TCEQ for additional explanation of the agency's permit decision. In February 2024, the court withdrew its opinion and referred the case to the Supreme Court of Texas to resolve the question of the appropriate standard to be applied by the TCEQ. The 2022 Permit is effective during the Texas Supreme Court's review. The 2016 Permit was not the subject of, and is unaffected by, the pending litigation of the 2022 Permit. Construction of the PA LNG Phase 1 project is proceeding uninterrupted under existing permits, and we do not currently anticipate material impacts to the PA LNG Phase 1 project cost, schedule or expected commercial operations at this stage.

Sempra Infrastructure has definitive SPAs for LNG offtake from the PA LNG Phase 1 project with:

- an affiliate of ConocoPhillips for a 20-year term for 5 Mtpa of LNG, as well as a natural gas supply management agreement whereby an affiliate of ConocoPhillips will manage the feed gas supply requirements for the PA LNG Phase 1 project.
- RWE Supply & Trading GmbH, a subsidiary of RWE AG, for a 15-year term for 2.25 Mtpa of LNG.
- INEOS for a 20-year term for approximately 1.4 Mtpa of LNG.
- ORLEN for a 20-year term for approximately 1 Mtpa of LNG.
- ENGIE S.A. for a 15-year term for approximately 0.875 Mtpa of LNG.

We have an EPC contract with Bechtel Energy Inc. to construct the PA LNG Phase 1 project. In March 2023, we issued a final notice to proceed under the EPC contract, which has an estimated price of approximately \$10.7 billion. We estimate the capital expenditures for the PA LNG Phase 1 project will be approximately \$13 billion, including capitalized interest at the project level and project contingency. The actual cost of the EPC contract and the actual amount of these capital expenditures may differ substantially from our estimates. We expect the first and second trains of the PA LNG Phase 1 project to commence commercial operations in 2027 and 2028, respectively.

As we discuss in Note 9 of the Notes to Condensed Consolidated Financial Statements, SI Partners and ConocoPhillips have provided guarantees relating to their respective affiliate's commitment to make its pro rata equity share of capital contributions to fund 110% of the development budget of the PA LNG Phase 1 project, in an aggregate amount of up to \$9.0 billion. SI Partners' guarantee covers 70% of this amount plus enforcement costs of its guarantee. As of March 31, 2024, an aggregate amount of \$2.2 billion has been paid by SI Partners' indirect subsidiary in satisfaction of its commitment to fund its portion of the development budget of the PA LNG Phase 1 project.

In March 2023, Port Arthur LNG entered into a seven-year term loan facility agreement with a syndicate of lenders for an aggregate principal amount of approximately \$6.8 billion and an initial working capital facility agreement for up to \$200 million. The facilities mature in March 2030. Proceeds from the loans will be used to finance the cost of construction of the PA LNG Phase 1 project. At March 31, 2024, \$273 million of borrowings were outstanding under the term loan facility agreement.

PA LNG Phase 2 Project. Sempra Infrastructure is developing a second phase of the Port Arthur natural gas liquefaction project that we expect will be a similar size to the PA LNG Phase 1 project. We are progressing the development of the proposed PA LNG Phase 2 project, while continuing to evaluate overall opportunities to develop the entirety of the Port Arthur site as well as potential design changes that could reduce GHG emissions, including a facility design utilizing renewable power sourcing and other technological solutions.

In September 2023, the FERC approved the siting, construction and operation of the proposed PA LNG Phase 2 project, including the potential addition of up to two liquefaction trains. In February 2020, Sempra Infrastructure filed an application with the DOE to permit LNG produced from the proposed PA LNG Phase 2 project to be exported to all current and future FTA and non-FTA countries. We do not expect the DOE to act on this application until after the conclusion of the temporary pause on the DOE's LNG export approvals that we describe above.

As we discuss above, a U.S. federal court previously issued and subsequently withdrew a decision that would have vacated and remanded the 2022 Permit authorizing emissions from the PA LNG Phase 1 and Phase 2 projects to the TCEQ for additional explanation of the agency's permit decision. The U.S. Court of Appeals for the Fifth Circuit has referred the case to the Supreme Court of Texas to resolve the question of the appropriate standard to be applied by the TCEQ. The 2022 Permit is effective pending the Texas Supreme Court's review.

Sempra Infrastructure has entered into a non-binding HOA for the negotiation and potential finalization of a definitive SPA with INEOS for approximately 0.2 Mtpa of LNG offtake from the proposed PA LNG Phase 2 project.

Vista Pacifico LNG Liquefaction Project. Sempra Infrastructure is developing the Vista Pacifico LNG project, a mid-scale natural gas liquefaction export facility proposed to be located in the vicinity of the Port of Topolobampo in Sinaloa, Mexico. While the non-binding development agreement with the CFE has expired, we expect to extend the agreement and continue to progress with the CFE on the negotiation of definitive agreements, including a natural gas supply agreement. The proposed LNG export terminal would be supplied with U.S. natural gas and would use excess natural gas and pipeline capacity on existing pipelines in Mexico with the intent of helping to meet growing demand for natural gas and LNG in the Mexican and Pacific markets.

Sempra Infrastructure received authorization from the DOE to permit the export of U.S.-produced natural gas to Mexico and for LNG produced from the proposed Vista Pacifico LNG facility to be re-exported to all current and future FTA countries and non-FTA countries.

In March 2022, TotalEnergies SE and Sempra Infrastructure entered into a non-binding MOU that contemplates TotalEnergies SE potentially contracting approximately one-third of the long-term export production of the proposed Vista Pacifico LNG project and potentially participating as a minority partner in the project.

Asset and Supply Optimization. As we discuss in "Part II – Item 7A. Quantitative and Qualitative Disclosures About Market Risk" in the Annual Report, Sempra Infrastructure enters into hedging transactions to help mitigate commodity price risk and optimize the value of its LNG, natural gas pipelines and storage, and power-generating assets. Some of these derivatives that we use as economic hedges do not meet the requirements for hedge accounting, or hedge accounting is not elected, and as a result, the changes in fair value of these derivatives are recorded in earnings. Consequently, significant changes in commodity prices have in the past and could in the future result in earnings volatility, which may be material, as the economic offset of these derivatives may not be recorded at fair value.

Off-Balance Sheet Arrangements. Our investment in Cameron LNG JV is a variable interest in an unconsolidated entity. We discuss variable interests in Note 1 of the Notes to Condensed Consolidated Financial Statements.

In June 2021, Sempra provided a promissory note, which constitutes a guarantee, for the benefit of Cameron LNG JV with a maximum exposure to loss of \$165 million. The guarantee will terminate upon full repayment of Cameron LNG JV's debt, scheduled to occur in 2039, or replenishment of the amount withdrawn by Sempra Infrastructure from the SDSRA. We discuss this guarantee in Note 5 of the Notes to Condensed Consolidated Financial Statements.

In July 2020, Sempra entered into a Support Agreement, which contains a guarantee and represents a variable interest, for the benefit of CFIN with a maximum exposure to loss of \$979 million. The guarantee will terminate upon full repayment of the guaranteed debt by 2039, including repayment following an event in which the guaranteed debt is put to Sempra. We discuss this guarantee in Notes 1, 5 and 8 of the Notes to Condensed Consolidated Financial Statements.

Energy Networks

Sonora Pipeline. Sempra Infrastructure's Sonora natural gas pipeline consists of two segments, the Sasabe-Puerto Libertad-Guaymas segment and the Guaymas-El Oro segment. Each segment has its own service agreement with the CFE. Following the start of commercial operations of the Guaymas-El Oro segment, Sempra Infrastructure reported damage to the pipeline in the Yaqui territory that has made that section inoperable since August 2017. In September 2019, Sempra Infrastructure and the CFE reached an agreement to modify the tariff structure and extend the term of the contract by 10 years. Under the revised agreement, the CFE will resume making payments only when the damaged section of the Guaymas-El Oro segment of the Sonora pipeline is back in service.

Sempra Infrastructure and the CFE have agreed to an amendment to their transportation services agreement and to re-route the portion of the pipeline that is in the Yaqui territory, whereby the CFE would pay for the re-routing with a new tariff. This amendment will terminate if certain conditions are not met, and Sempra Infrastructure retains the right to terminate the transportation services agreement and seek to recover its reasonable and documented costs and lost profit. Sempra Infrastructure continues to acquire and pursue the necessary rights-of-way and permits for the re-routed portion of the pipeline.

The Guaymas-El Oro segment of the Sonora pipeline currently constitutes a Sole Risk Project under the terms of the SI Partners limited partnership agreement. Sole Risk Projects are separated from other SI Partners projects and are conducted at Sempra's sole cost, expense and liability and we receive, through the acquisition of Sole Risk Interests, any economic and other benefits from such projects. At March 31, 2024, Sempra Infrastructure had \$408 million in PP&E, net, related to the Guaymas-El Oro segment of the Sonora pipeline, which could be subject to impairment if Sempra Infrastructure is unable to re-route a portion of the pipeline and resume operations or if Sempra Infrastructure terminates the contract and is unable to obtain recovery, which in each case could have a material adverse effect on Sempra's business, results of operations, financial condition, cash flows and/or prospects.

Refined Products Terminals. In May 2022, Sempra Infrastructure substantially completed construction of a terminal for the receipt, storage, and delivery of refined products in Topolobampo, at which time commissioning activities commenced. We expect the Topolobampo terminal will commence commercial operations in the second quarter of 2024.

Sempra Infrastructure is also developing terminals for the receipt, storage, and delivery of refined products in the vicinity of Manzanillo and Ensenada.

SI Partners holds a 100% indirect interest and Sempra holds a 70% indirect interest in these terminals.

Port Arthur Pipeline Louisiana Connector. Sempra Infrastructure is constructing the Port Arthur Pipeline Louisiana Connector, a 72-mile pipeline connecting the PA LNG Phase 1 project to Gillis, Louisiana, in which SI Partners holds a 100% indirect interest and Sempra holds a 70% indirect interest. In April 2019, the FERC approved the siting, construction and operation of the Port Arthur Pipeline Louisiana Connector, which will be used to supply feed gas to the PA LNG Phase 1 project. In July 2023, Sempra Infrastructure filed a limited amendment application with the FERC to implement construction process enhancements and minor modifications to several discrete sections of the Port Arthur Pipeline Louisiana Connector. These modifications are intended to decrease environmental impacts, accommodate landowner routing requests and enhance construction procedures. In February 2024, the FERC issued an environmental assessment for the project. We expect the Port Arthur Pipeline Louisiana Connector to be ready for service ahead of the PA LNG Phase 1 project's gas requirements. We estimate the capital expenditures for the project will be approximately \$1 billion, including capitalized interest at the project level and project contingency. The actual amount of these capital expenditures may differ substantially from our estimates.

Louisiana Storage. Sempra Infrastructure is constructing Louisiana Storage, a 12.5-Bcf salt dome natural gas storage facility to support the PA LNG Phase 1 project, in which SI Partners holds a 100% indirect interest and Sempra holds a 70% indirect interest. The construction includes an 11-mile pipeline that will connect to the Port Arthur Pipeline Louisiana Connector. In September 2022, the FERC approved the development of the project. We expect Louisiana Storage to be ready for service in time to support the needs of the PA LNG Phase 1 project. We estimate the capital expenditures for the project will be approximately \$300 million, including capitalized interest at the project level and project contingency. The actual amount of these capital expenditures may differ substantially from our estimates.

Low Carbon Solutions

Cimarrón Wind. Sempra Infrastructure has made a positive final investment decision on and begun constructing the Cimarrón Wind project, an approximately 320-MW wind generation facility in Baja California, Mexico, in which SI Partners holds a 100% indirect interest and Sempra holds a 70% indirect interest. Sempra Infrastructure has a 20-year PPA with Silicon Valley Power for the long-term supply of renewable energy to the City of Santa Clara, California. Cimarrón Wind will utilize Sempra Infrastructure's existing cross-border high voltage transmission line to interconnect and deliver clean energy to the East County substation in San Diego County. We estimate the capital expenditures for the project will be approximately \$550 million, including capitalized interest at the project level and project contingency. The actual amount of these capital expenditures may differ substantially from our estimates. We expect the Cimarrón Wind project to begin generating energy in late 2025 and commence commercial operations in the first half of 2026.

Hackberry Carbon Sequestration Project. Sempra Infrastructure is developing the potential Hackberry Carbon Sequestration project near Hackberry, Louisiana. This proposed project under development is designed to permanently sequester carbon dioxide from the Cameron LNG Phase 1 facility and the proposed Cameron LNG Phase 2 project. In 2021, Sempra Infrastructure filed an application with the U.S. Environmental Protection Agency (EPA) for a Class VI carbon injection well to advance this project. The permit is pending approval from the State of Louisiana as the EPA has transferred Class VI permitting authority to the state.

Sempra Infrastructure, TotalEnergies SE, Mitsui & Co., Ltd. and Mitsubishi Corporation have entered into a Participation Agreement for the development of the proposed Hackberry Carbon Sequestration project. The Participation Agreement contemplates that the combined Cameron LNG Phase 1 facility and proposed Cameron LNG Phase 2 project would potentially serve as the anchor source for the capture and sequestration of carbon dioxide by the proposed project. It also provides the basis for the parties to acquire an equity interest by entering into a JV with Sempra Infrastructure for the Hackberry Carbon Sequestration project. In May 2023, Sempra Infrastructure and Cameron LNG JV entered into a non-binding HOA, which sets forth a framework for further development of the Hackberry Carbon Sequestration project.

Legal and Regulatory Matters

See Note 11 of the Notes to Condensed Consolidated Financial Statements in this report and “Part I – Item 1A. Risk Factors” in the Annual Report for discussions of the following legal and regulatory matters affecting our operations in Mexico:

Energía Costa Azul

- [Land Disputes](#)
- [Environmental and Social Impact Permits](#)

One or more unfavorable final decisions on these land disputes or environmental and social impact permit challenges could materially adversely affect our existing natural gas regasification operations and proposed natural gas liquefaction projects at the site of the ECA Regas Facility and have a material adverse effect on Sempra's business, results of operations, financial condition, cash flows and/or prospects.

Regulatory and Other Actions by the Mexican Government

- [Amendments to Mexico's Hydrocarbons Law](#)
- [Amendments to Mexico's Electricity Industry Law](#)

Sempra Infrastructure and other parties affected by these amendments to Mexican law have challenged them by filing amparo and other claims, some of which remain pending. An unfavorable decision on one or more of these amparo or other challenges, the impact of the amendments that have become effective (due to unsuccessful amparo challenges or otherwise), or the possibility of future reforms to the energy industry through additional amendments to Mexican laws, regulations or rules (including through amendments to the constitution) may impact our ability to operate our facilities at existing levels or at all, may result in increased costs for Sempra Infrastructure and its customers, may adversely affect our ability to develop new projects, may result in decreased revenues and cash flows, and may negatively impact our ability to recover the carrying values of our investments in Mexico, any of which may have a material adverse effect on Sempra's business, results of operations, financial condition, cash flows and/or prospects.

SOURCES AND USES OF CASH

The following tables include only significant changes in cash flow activities for each of the Registrants.

CASH FLOWS FROM OPERATING ACTIVITIES					
<i>(Dollars in millions)</i>					
Three months ended March 31,	Sempra		SDG&E		SoCalGas
2024	\$	1,851	\$	676	\$ 887
2023		1,980		372	326
Change	\$	(129)	\$	304	\$ 561
Change in net margin posted	\$	(568)	\$	83	
Lower net income, adjusted for noncash items included in earnings		(179)			\$ (85)
Change in derivatives		(149)			(161)
Change in GHG allowances, current and noncurrent		(105)			(93)
Change in accounts receivable		(89)		117	26
Change in deferred excess capacity sales		71		71	
Change in accounts payable		335		85	158
Change in regulatory accounts, current and noncurrent		603		(75)	678
Other		(48)		23	38
	\$	(129)	\$	304	\$ 561

CASH FLOWS FROM INVESTING ACTIVITIES					
<i>(Dollars in millions)</i>					
Three months ended March 31,	Sempra		SDG&E		SoCalGas
2024	\$	(2,107)	\$	(611)	\$ (519)
2023		(1,895)		(613)	(458)
Change	\$	(212)	\$	2	\$ (61)
Higher contributions to Oncor Holdings	\$	(108)			
Increase in capital expenditures		(103)			\$ (61)
Other		(1)	\$	2	
	\$	(212)	\$	2	\$ (61)

CASH FLOWS FROM FINANCING ACTIVITIES					
<i>(Dollars in millions)</i>					
Three months ended March 31,	Sempra		SDG&E		SoCalGas
2024	\$	700	\$	178	\$ (316)
2023		151		570	118
Change	\$	549	\$	(392)	\$ (434)
Lower payments for short-term debt with maturities greater than 90 days	\$	1,152			
Higher (lower) issuances of long-term debt		908	\$	(198)	\$ 497
Higher contributions from NCI		377			
Settlement of cross-currency swaps in 2023		99			
Higher distributions to NCI		(68)			
Higher payments on long-term debt and finance leases		(195)		(402)	
Proceeds from sale of noncontrolling interest in 2023		(265)			
Change in borrowings and repayments of short-term debt, net		(666)		205	(926)
Lower issuances of short-term debt with maturities greater than 90 days		(850)			
Other		57		3	(5)
	\$	549	\$	(392)	\$ (434)

Capital Expenditures and Investments**CAPITAL EXPENDITURES AND INVESTMENTS***(Dollars in millions)*

	Three months ended March 31,	
	2024	2023
Sempra California ⁽¹⁾	\$ 1,143	\$ 1,082
Sempra Texas Utilities	193	85
Sempra Infrastructure	790	744
Parent and other	—	4
Total	\$ 2,126	\$ 1,915

⁽¹⁾ Includes expenditures for PP&E of \$624 at SDG&E for both 2024 and 2023 and \$519 and \$458 at SoCalGas for 2024 and 2023, respectively.

The amounts and timing of capital expenditures and certain investments are generally subject to approvals by various regulatory and other governmental and environmental bodies, including the CPUC, the FERC and the PUCT, and various other factors described in this MD&A and in “Part I – Item 1A. Risk Factors” in the Annual Report.

CRITICAL ACCOUNTING ESTIMATES

Management views certain accounting estimates as critical because their application is the most relevant, judgmental and/or material to our financial position and results of operations, and/or because they require the use of material judgments and estimates. We discuss critical accounting estimates in “Part II – Item 7. MD&A” in the Annual Report.

NEW ACCOUNTING STANDARDS

We discuss any recent accounting pronouncements that have had or may have a significant effect on our financial statements and/or disclosures in Note 2 of the Notes to Condensed Consolidated Financial Statements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We provide disclosure regarding derivative activity in Note 7 of the Notes to Condensed Consolidated Financial Statements. We discuss our market risk and risk policies in detail in “Part II – Item 7A. Quantitative and Qualitative Disclosures About Market Risk” in the Annual Report.

COMMODITY PRICE RISK

Sempra Infrastructure is exposed to commodity price risk indirectly through its LNG, natural gas pipelines and storage, and power-generating assets. In the first three months of 2024, a hypothetical 10% change in commodity prices would have resulted in a change in the fair value of our commodity-based natural gas and electricity derivatives of \$15 million at March 31, 2024 compared to \$14 million at December 31, 2023.

The one-day value at risk for SDG&E’s and SoCalGas’ commodity positions were \$1 million and negligible, respectively, at March 31, 2024 compared to \$2 million and \$4 million, respectively, at December 31, 2023.

INTEREST RATE RISK

The table below shows the nominal amount of our debt:

NOMINAL AMOUNT OF DEBT ⁽¹⁾						
(Dollars in millions)						
	March 31, 2024			December 31, 2023		
	Sempra	SDG&E	SoCalGas	Sempra	SDG&E	SoCalGas
Short-term:						
Sempra California	\$ 143	\$ —	\$ 143	\$ 947	\$ —	\$ 947
Other	1,517	—	—	1,397	—	—
Long-term:						
Sempra California fixed-rate	\$ 16,209	\$ 8,950	\$ 7,259	\$ 15,109	\$ 8,350	\$ 6,759
Sempra California variable-rate	—	—	—	400	400	—
Other fixed-rate	11,990	—	—	11,317	—	—
Other variable-rate	926	—	—	890	—	—

⁽¹⁾ After the effects of interest rate swaps. Before reductions for unamortized discount and debt issuance costs and excluding finance lease obligations.

An interest rate risk sensitivity analysis measures interest rate risk by calculating the estimated changes in earnings attributable to common shares (but disregarding capitalized interest and impacts on equity earnings from debt at our equity method investees) that would result from a hypothetical change in market interest rates. Earnings attributable to common shares are affected by changes in interest rates on short-term debt and variable-rate long-term debt. If weighted-average interest rates on short-term debt outstanding at March 31, 2024 increased or decreased by 10%, the change in earnings attributable to common shares over the 12-month period ending March 31, 2025 would be approximately \$6 million. If interest rates increased or decreased by 10% on all variable-rate long-term debt at March 31, 2024, after considering the effects of interest rate swaps, the change in earnings attributable to common shares over the 12-month period ending March 31, 2025 would be approximately \$3 million.

FOREIGN CURRENCY EXCHANGE RATE RISK AND INFLATION EXPOSURE

We discuss our foreign currency exchange rate risk and inflation exposure in “Part I – Item 2. MD&A – Impact of Foreign Currency and Inflation Rates on Results of Operations” in this report and in “Part II – Item 7. MD&A – Impact of Foreign Currency and Inflation Rates on Results of Operations” in the Annual Report. At March 31, 2024, there were no significant changes to our exposure to foreign currency exchange rate risk since December 31, 2023.

In 2023 and 2024 to date, SDG&E and SoCalGas have experienced inflationary pressures from increases in various costs, including the cost of natural gas, electric fuel and purchased power, labor, materials and supplies, as well as availability of labor and materials. Sempra Texas Utilities has experienced increased costs of labor and materials and does not have specific regulatory mechanisms that allow for recovery of higher costs due to inflation; rather, recovery is limited to rate updates through capital trackers and base rate reviews, which may result in partial non-recovery due to the regulatory lag. If such costs continue to be subject to significant inflationary pressures and we are not able to fully recover such higher costs in rates or there is a delay in recovery, these increased costs may have a significant effect on Sempra’s, SDG&E’s and SoCalGas’ results of operations, financial condition, cash flows and/or prospects.

Sempra Infrastructure has experienced inflationary pressures from increases in various costs, including the cost of labor, materials and supplies. Sempra Infrastructure generally secures long-term contracts that are U.S. dollar-denominated or referenced and are periodically adjusted for market factors, including inflation, and Sempra Infrastructure generally enters into lump-sum contracts for its large construction projects in which much of the risk during construction is absorbed or hedged by the EPC contractor. If additional costs become subject to significant inflationary pressures, we may not be able to fully recover such higher costs through contractual adjustments for inflation, which may have a significant effect on Sempra’s results of operations, financial condition, cash flows and/or prospects.

ITEM 4. CONTROLS AND PROCEDURES

EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES

Sempra, SDG&E and SoCalGas maintain disclosure controls and procedures designed to ensure that information required to be disclosed in their respective reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC and is accumulated and communicated to the management of each company, including each respective principal executive officer and principal financial officer, to allow timely decisions regarding required disclosure. In designing and evaluating these controls and procedures, the management of each company recognizes that any system of controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives; therefore, the management of each company applies judgment in evaluating the cost-benefit relationship of possible controls and procedures.

Under the supervision and with the participation of the principal executive officers and principal financial officers of Sempra, SDG&E and SoCalGas, each such company's management evaluated the effectiveness of the design and operation of its disclosure controls and procedures as of March 31, 2024, the end of the period covered by this report. Based on these evaluations, the principal executive officers and principal financial officers of Sempra, SDG&E and SoCalGas concluded that their respective company's disclosure controls and procedures were effective at the reasonable assurance level as of such date.

INTERNAL CONTROL OVER FINANCIAL REPORTING

There have been no changes in Sempra's, SDG&E's or SoCalGas' internal control over financial reporting during the most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, any such company's internal control over financial reporting.

PART II – OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

We are not party to, and our property is not the subject of, any material pending legal proceedings (other than ordinary routine litigation incidental to our businesses) or environmental proceedings described in Item 103(c)(3) of SEC Regulation S-K except for the matters (1) described in Note 11 of the Notes to Condensed Consolidated Financial Statements in this report and in Note 16 of the Notes to Consolidated Financial Statements in the Annual Report, or (2) referred to in "Part I – Item 2. MD&A" in this report or in "Part I – Item 1A. Risk Factors" or "Part II – Item 7. MD&A" in the Annual Report.

ITEM 1A. RISK FACTORS

When evaluating our company and its consolidated entities and any investment in our or their securities, you should carefully consider the risk factors and all other information contained in this report and the other documents we file with the SEC (including those filed subsequent to this report), including the factors discussed in "Part I – Item 2. MD&A" in this report and "Part I – Item 1A. Risk Factors" and "Part II – Item 7. MD&A" in the Annual Report. Any of the risks and other information discussed in this report or any of the risk factors discussed in "Part I – Item 1A. Risk Factors" or "Part II – Item 7. MD&A" in the Annual Report, as well as additional risks and uncertainties not currently known to us or that we currently consider immaterial, could materially adversely affect our results of operations, financial condition, cash flows, prospects and/or the trading prices of our securities or those of our consolidated entities.

ITEM 5. OTHER INFORMATION

(a) As previously reported, in January 2018 and July 2018, respectively, Sempra (i) filed with the Secretary of State of the State of California a certificate of determination of preferences of its series A preferred stock (the Series A Certificate of Determination) and a certificate of determination of preferences of its series B preferred stock (the Series B Certificate of Determination), which amended Sempra's amended and restated articles of incorporation to establish the designations, privileges, preferences, rights and restrictions of its series A preferred stock and series B preferred stock, and (ii) issued 17,250,000 shares of series A preferred stock and 5,750,000 shares of series B preferred stock in underwritten public offerings. Pursuant to the terms of the Series A Certificate of Determination and the Series B Certificate of Determination, on January 15, 2021 and July 15, 2021, respectively, all outstanding shares of series A preferred stock and series B preferred stock were converted into 27,562,050 and 8,513,440 shares, respectively, of Sempra's common stock. After such conversions, no shares of series A preferred stock or series B preferred stock remain outstanding.

On May 2, 2024, Sempra filed with the Secretary of State of the State of California a certificate of amendment of the Series A Certificate of Determination and the Series B Certificate of Determination, which further amended Sempra's amended and restated articles of incorporation. Pursuant to such certificate of amendment, and in order to implement the revocation of the series A preferred stock and series B preferred stock, effective May 2, 2024, (i) the number of authorized shares of series A preferred stock was decreased from 17,250,000 to zero, (ii) the number of authorized shares of series B preferred stock was decreased from 5,750,000 to zero, and (iii) each such series of stock is no longer an authorized series of Sempra's capital stock and the Series A Certificate of Determination and Series B Certificate of Determination are no longer in force.

A copy of such certificate of amendment is filed as Exhibit 3.6 hereto and incorporated herein by reference. The summary set forth above is qualified in its entirety by reference to such exhibit.

(b) None.

(c) During the most recent fiscal quarter, (i) the individual listed below, who was at the time a Sempra director or officer, adopted a Rule 10b5-1 trading arrangement with respect to the securities of Sempra, with the material terms described below; (ii) no Sempra directors or officers terminated a Rule 10b5-1 trading arrangement or adopted or terminated a non-Rule 10b5-1 trading arrangement with respect to the securities of Sempra; and (iii) no SDG&E or SoCalGas directors or officers adopted or terminated a Rule 10b5-1 trading arrangement or a non-Rule 10b5-1 trading arrangement with respect to the securities of each such Registrant. As used herein, directors and officers are as defined in Rule 16a-1(f) under the Exchange Act, a Rule 10b5-1 trading arrangement is as defined in Item 408(a) of SEC Regulation S-K, and a non-Rule 10b5-1 trading arrangement is as defined in Item 408(c) of SEC Regulation S-K. The Rule 10b5-1 trading arrangement listed below is intended to satisfy the affirmative defense of Rule 10b5-1(c) under the Exchange Act.

RULE 10B5-1 TRADING ARRANGEMENT

(In the three months ended March 31, 2024)

Name and title of the director or officer	Date on which the director or officer adopted or terminated the trading arrangement	Duration of the trading arrangement	Aggregate number of securities to be purchased or sold pursuant to the trading arrangement
Sempra: Peter R. Wall, Senior Vice President, Controller and Chief Accounting Officer	March 19, 2024	From June 18, 2024 until all shares are sold or the trading arrangement is otherwise terminated	6,100 owned shares of Sempra common stock; all shares of Sempra common stock subject to 7,480 performance-based RSUs vesting in January and February of 2025 ⁽¹⁾ , less shares to which Mr. Wall would otherwise be entitled that are withheld to satisfy minimum statutory tax withholding requirements; all shares of Sempra common stock subject to 5,876 performance-based RSUs vesting in January and February of 2026 ⁽¹⁾ , less shares to which Mr. Wall would otherwise be entitled that are withheld to satisfy minimum statutory tax withholding requirements

⁽¹⁾ Shares subject to the performance-based RSUs scheduled to vest in January and February of 2025 and 2026 generally will vest, in whole or in part, or be forfeited in early 2025 or early 2026, as applicable, based on our total shareholder return for the three-year performance period ending on January 2, 2025 and January 2, 2026, as applicable, and EPS growth (as adjusted for long-term incentive plan purposes) for the three-year performance period ending on December 31, 2024 and December 31, 2025, as applicable. The number of shares that will vest may range from 0% to 200% of the target number of shares (plus dividend equivalents) and cannot be ascertained until the performance period has ended and the Compensation and Talent Development Committee of Sempra's board of directors has certified the results.

ITEM 6. EXHIBITS

The exhibits listed below relate to each Registrant as indicated. Unless otherwise indicated, the exhibits that are incorporated by reference herein were filed under File Number 1-14201 (Sempra), File Number 1-40 (Pacific Lighting Corporation), File Number 1-03779 (San Diego Gas & Electric Company) and/or File Number 1-01402 (Southern California Gas Company). All exhibits to which Sempra is a party have been named in this Exhibit Index with Sempra's current legal name (Sempra) rather than its former legal name (Sempra Energy) regardless of the date of the exhibit.

EXHIBIT INDEX

Exhibit Number	Exhibit Description	Filed or Furnished Herewith	Incorporated by Reference		
			Form	Exhibit or Appendix	Filing Date
EXHIBIT 3 -- ARTICLES OF INCORPORATION AND BYLAWS					
<i>Sempra</i>					
3.1	Amended and Restated Articles of Incorporation of Sempra effective May 23, 2008.		10-K	3.1	02/27/20
3.2	Certificate of Determination of Preferences of the 6% Mandatory Convertible Preferred Stock, Series A, of Sempra (including the form of certificate representing the 6% Mandatory Convertible Preferred Stock, Series A), filed with the Secretary of State of the State of California and effective January 5, 2018.		8-K	3.1	01/09/18
3.3	Certificate of Determination of Preferences of the 6.75% Mandatory Convertible Preferred Stock, Series B, of Sempra (including the form of certificate representing the 6.75% Mandatory Convertible Preferred Stock, Series B), filed with the Secretary of State of the State of California and effective July 11, 2018.		8-K	3.1	07/13/18
3.4	Certificate of Determination of Preferences of 4.875% Fixed-Rate Reset Cumulative Redeemable Perpetual Preferred Stock, Series C, of Sempra (including the form of certificate representing the 4.875% Fixed-Rate Reset Cumulative Redeemable Perpetual Preferred Stock, Series C), filed with the Secretary of State of the State of California and effective June 11, 2020.		8-K	3.1	06/15/20
3.5	Certificate of Amendment of Amended and Restated Articles of Incorporation of Sempra dated May 12, 2023.		8-K	3.1	05/16/23
3.6	Certificate of Amendment of Certificate of Determination of Preferences of the 6% Mandatory Convertible Preferred Stock, Series A and Certificate of Determination of Preferences of the 6.75% Mandatory Convertible Preferred Stock, Series B of Sempra dated May 2, 2024.	X			
3.7	Bylaws of Sempra (as amended through May 12, 2023).		8-K	3.2	05/16/23
<i>San Diego Gas & Electric Company</i>					
3.8	Amended and Restated Articles of Incorporation of San Diego Gas & Electric Company effective August 15, 2014.		10-K	3.4	02/26/15
3.9	Bylaws of San Diego Gas & Electric Company (as amended through October 26, 2016).		10-Q	3.1	11/02/16
<i>Southern California Gas Company</i>					
3.10	Restated Articles of Incorporation of Southern California Gas Company effective October 7, 1996.		10-K	3.01	03/28/97
3.11	Bylaws of Southern California Gas Company (as amended through January 30, 2017).		8-K	3.1	01/31/17

EXHIBIT INDEX

Exhibit Number	Exhibit Description	Filed or Furnished Herewith	Incorporated by Reference		
			Form	Exhibit or Appendix	Filing Date
EXHIBIT 4 -- INSTRUMENTS DEFINING THE RIGHTS OF SECURITY HOLDERS, INCLUDING INDENTURES					
Certain instruments defining the rights of holders of long-term debt instruments are not required to be filed or incorporated by reference herein pursuant to Item 601(b)(4)(iii)(A) of SEC Regulation S-K. Each Registrant agrees to furnish a copy of such instruments to the SEC upon request.					
Sempra					
4.1	Officers' Certificate of Sempra, including the form of 6.875% Fixed-to-Fixed Reset Rate Junior Subordinated Note due 2054.		8-K	4.1	03/14/24
Sempra / San Diego Gas & Electric Company					
4.2	Seventy-Sixth Supplemental Indenture, dated as of March 22, 2024.		8-K	4.1	03/22/24
Sempra / Southern California Gas Company					
4.3	Supplemental Indenture of Southern California Gas Company to U.S. Bank National Association, dated as of March 18, 2024.		8-K	4.1	03/18/24
EXHIBIT 10 -- MATERIAL CONTRACTS					
Management Contract or Compensatory Plan, Contract or Arrangement					
Sempra / San Diego Gas & Electric Company / Southern California Gas Company					
10.1	Form of Sempra 2019 Long-Term Incentive Plan 2024 Nonqualified Stock Option Award Agreement.		10-K	10.8	02/27/24
10.2	Form of Sempra 2019 Long-Term Incentive Plan 2024 Performance-Based Restricted Stock Unit Award - EPS Growth Performance Measure.		10-K	10.9	02/27/24
10.3	Form of Sempra 2019 Long-Term Incentive Plan 2024 Performance-Based Restricted Stock Unit Award - Relative Total Shareholder Return Performance Measure-S&P 500 Index.		10-K	10.10	02/27/24
10.4	Form of Sempra 2019 Long-Term Incentive Plan 2024 Performance-Based Restricted Stock Unit Award - Relative Total Shareholder Return Performance Measure-S&P 500 Utilities Index.		10-K	10.11	02/27/24
10.5	Form of Sempra 2019 Long-Term Incentive Plan 2024 Time-Based Restricted Stock Unit Award - Three Year Ratable Vest.		10-K	10.12	02/27/24
10.6	Amended and Restated Sempra 2019 Long-Term Incentive Plan.		10-Q	10.1	11/03/23
Sempra					
10.7	Form of Sempra 2019 Long-Term Incentive Plan Non-Employee Directors' Annual Restricted Stock Unit Award.		10-K	10.34	02/27/24
10.8	Form of Sempra 2019 Long-Term Incentive Plan Non-Employee Directors' Initial Restricted Stock Unit Award.		10-K	10.35	02/27/24
10.9	Severance Pay Agreement between Sempra and Justin C. Bird, signed January 23, 2024 and effective January 1, 2024.		10-K	10.38	02/27/24
10.10	Amended and Restated Severance Pay Agreement between Sempra and Karen L. Sedgwick, signed January 25, 2024 and effective January 1, 2024.		10-K	10.42	02/27/24
10.11*	Aircraft Time Sharing Agreement, effective March 11, 2024, between Sempra and Jeffrey W. Martin.	X			
10.12	Sempra Cash Severance Payments Policy.	X			

* Portions of the exhibit have been omitted in accordance with applicable SEC rules.

EXHIBIT INDEX (CONTINUED)

Exhibit Number	Exhibit Description	Filed or Furnished Herewith
EXHIBIT 31 -- SECTION 302 CERTIFICATIONS		
<i>Sempra</i>		
31.1	Certification of Sempra's Principal Executive Officer pursuant to Rules 13a-14 and 15d-14 of the Securities Exchange Act of 1934.	X
31.2	Certification of Sempra's Principal Financial Officer pursuant to Rules 13a-14 and 15d-14 of the Securities Exchange Act of 1934.	X
<i>San Diego Gas & Electric Company</i>		
31.3	Certification of San Diego Gas & Electric Company's Principal Executive Officer pursuant to Rules 13a-14 and 15d-14 of the Securities Exchange Act of 1934.	X
31.4	Certification of San Diego Gas & Electric Company's Principal Financial Officer pursuant to Rules 13a-14 and 15d-14 of the Securities Exchange Act of 1934.	X
<i>Southern California Gas Company</i>		
31.5	Certification of Southern California Gas Company's Principal Executive Officer pursuant to Rules 13a-14 and 15d-14 of the Securities Exchange Act of 1934.	X
31.6	Certification of Southern California Gas Company's Principal Financial Officer pursuant to Rules 13a-14 and 15d-14 of the Securities Exchange Act of 1934.	X
EXHIBIT 32 -- SECTION 906 CERTIFICATIONS		
<i>Sempra</i>		
32.1	Certification of Sempra's Principal Executive Officer pursuant to 18 U.S.C. Sec. 1350.	X
32.2	Certification of Sempra's Principal Financial Officer pursuant to 18 U.S.C. Sec. 1350.	X
<i>San Diego Gas & Electric Company</i>		
32.3	Certification of San Diego Gas & Electric Company's Principal Executive Officer pursuant to 18 U.S.C. Sec. 1350.	X
32.4	Certification of San Diego Gas & Electric Company's Principal Financial Officer pursuant to 18 U.S.C. Sec. 1350.	X
<i>Southern California Gas Company</i>		
32.5	Certification of Southern California Gas Company's Principal Executive Officer pursuant to 18 U.S.C. Sec. 1350.	X
32.6	Certification of Southern California Gas Company's Principal Financial Officer pursuant to 18 U.S.C. Sec. 1350.	X
EXHIBIT 101 -- INTERACTIVE DATA FILE		
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data file because its XBRL tags are embedded within the Inline XBRL document.	X
101.SCH	Inline XBRL Taxonomy Extension Schema Document.	X
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.	X
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.	X
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.	X
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.	X
EXHIBIT 104 -- COVER PAGE INTERACTIVE DATA FILE		
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).	

SIGNATURES

Sempra:

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,
(Registrant)

Date: May 7, 2024

By: /s/ Peter R. Wall

Peter R. Wall

Senior Vice President, Controller and Chief Accounting Officer (Duly Authorized Officer)

San Diego Gas & Electric Company:

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.

SAN DIEGO GAS & ELECTRIC COMPANY,
(Registrant)

Date: May 7, 2024

By: /s/ Valerie A. Bille

Valerie A. Bille

Vice President, Controller and Chief Accounting Officer (Duly Authorized Officer)

Southern California Gas Company:

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.

SOUTHERN CALIFORNIA GAS COMPANY,
(Registrant)

Date: May 7, 2024

By: /s/ Mia L. DeMontigny

Mia L. DeMontigny

Senior Vice President, Chief Financial Officer and Chief Accounting Officer (Duly Authorized Officer)

Entity Name: SEMPRA

Entity Number: 1991515

CERTIFICATE OF AMENDMENT
 OF
 CERTIFICATE OF DETERMINATION OF PREFERENCES
 OF
 6% MANDATORY CONVERTIBLE PREFERRED STOCK, SERIES A
 AND
 CERTIFICATE OF DETERMINATION OF PREFERENCES
 OF
 6.75% MANDATORY CONVERTIBLE PREFERRED STOCK, SERIES B
 OF
 SEMPRA

Pursuant to Section 401 of the Corporations Code of the State of California (the “**Code**”), the undersigned officers of SEMPRA, a California corporation formerly known as Sempra Energy (the “**Corporation**”), do hereby certify:

FIRST: Bruce E. MacNeil is the Vice President and Treasurer of the Corporation and April R. Robinson is the Vice President, Governance and Corporate Secretary of the Corporation.

SECOND: On January 5, 2018, the Corporation filed the Certificate of Determination of Preferences of 6% Mandatory Convertible Preferred Stock, Series A of Sempra Energy with the Secretary of State of the State of California authorizing an aggregate of 17,250,000 shares of 6% Mandatory Convertible Preferred Stock, Series A (the “**Series A Mandatory Convertible Preferred Stock**”).

THIRD: On July 11, 2018, the Corporation filed the Certificate of Determination of Preferences of 6.75% Mandatory Convertible Preferred Stock, Series B of Sempra Energy with the Secretary of State of the State of California authorizing an aggregate of 5,750,000 shares of 6.75% Mandatory Convertible Preferred Stock, Series B (the “**Series B Mandatory Convertible Preferred Stock**”).

FOURTH: Pursuant to authority conferred upon the Board of Directors of the Corporation by Article III of the Amended and Restated Articles of Incorporation of the Corporation and Section 401 of the Code, the following resolution was duly adopted by the Corporation’s Board of Directors on February 23, 2021:

NOW, THEREFORE, BE IT RESOLVED, that in order to implement the revocation of the series of preferred stock of the Corporation designated as “6% Mandatory Convertible Preferred Stock, Series A” in the Certificate of Determination of Preferences filed by the Corporation with the Secretary of State of the State of California on January 5, 2018 (the “**Series A Certificate of**

Determination”), upon the filing of an officers’ certificate (as defined in Section 173 of the General Corporation Law of the State of California) of the Corporation with the Secretary of State of the State of California setting forth a copy of this resolution, the authorized number of shares constituting “6% Mandatory Convertible Preferred Stock, Series A” shall be zero (0), such series shall no longer be an authorized series of capital stock of the Corporation, and the Series A Certificate of Determination shall no longer be in force.

FIFTH: Pursuant to authority conferred upon the Board of Directors of the Corporation by Article III of the Amended and Restated Articles of Incorporation of the Corporation and Section 401 of the Code, the following resolution was duly adopted by the Corporation’s Board of Directors on September 2, 2021:

NOW, THEREFORE, BE IT RESOLVED, that in order to implement the revocation of the series of preferred stock of the Corporation designated as “6.75% Mandatory Convertible Preferred Stock, Series B” in the Certificate of Determination of Preferences filed by the Corporation with the Secretary of State of the State of California on July 11, 2018 (the “**Series B Certificate of Determination**”), upon the filing of an officers’ certificate (as defined in Section 173 of the General Corporation Law of the State of California) of the Corporation with the Secretary of State of the State of California setting forth a copy of this resolution, the authorized number of shares constituting “6.75% Mandatory Convertible Preferred Stock, Series B” shall be zero (0), such series shall no longer be an authorized series of capital stock of the Corporation, and the Series B Certificate of Determination shall no longer be in force.

SIXTH: The number of shares of Series A Mandatory Convertible Preferred Stock of the Corporation and Series B Mandatory Convertible Preferred Stock of the Corporation (i) outstanding as of the date hereof is zero and (ii) constituting each such series on the date of filing this certificate shall be decreased to zero.

SEVENTH: The Series A Certificate of Determination is hereby amended to provide that the number of shares constituting Series A Mandatory Convertible Preferred Stock of the Corporation is zero and, pursuant to Section 401(f) of the Code, the Series A Certificate of Determination shall thereupon no longer be in force and the Series A Mandatory Convertible Preferred Stock shall no longer be an authorized series of capital stock of the Corporation.

EIGHTH: The Series B Certificate of Determination is hereby amended to provide that the number of shares constituting Series B Mandatory Convertible Preferred Stock of the Corporation is zero and, pursuant to Section 401(f) of the Code, the Series B Certificate of Determination shall thereupon no longer be in force and the Series B Mandatory Convertible Preferred Stock shall no longer be an authorized series of capital stock of the Corporation.

We further declare under penalty of perjury under the laws of the State of California that the matters set forth in this certificate are true and correct of our own knowledge.

IN WITNESS WHEREOF, the undersigned have executed this certificate in the City of San Diego, State of California, this May 2, 2024.

/s/ Bruce E. MacNeil

Name: Bruce E. MacNeil

Title: Vice President and Treasurer

/s/ April R. Robinson

Name: April R. Robinson

Title: Vice President, Governance and Corporate Secretary

[Certificate of Amendment of
Certificate of Determination of Preferences of 6% Mandatory Convertible Preferred Stock, Series A and
Certificate of Determination of Preferences of 6.75% Mandatory Convertible Preferred Stock, Series B
of Sempra]

AIRCRAFT TIME SHARING AGREEMENT

This **AIRCRAFT TIME SHARING AGREEMENT** (the “Agreement”) is made and effective as of the 11th day of March, 2024, (the “Effective Date”), by and between **Semptra**, a California corporation (“Time Share Lessor”), and **Jeffrey W. Martin**, an individual (“Time Share Lessee”).

W I T N E S S E T H :

WHEREAS, Time Share Lessor has entered into contractual arrangements with FlexJet, LLC pursuant to which Time Share Lessor has an undivided fractional ownership and/or undivided fractional leasehold interest in the Aircraft (defined below);

WHEREAS, to provide for the safety and security of Time Share Lessee in his capacity as Time Share Lessor’s Chairman and Chief Executive Officer and to help maximize Time Share Lessee’s ability to carry out the responsibilities of his positions, Time Share Lessor has determined it is appropriate for Time Share Lessor to enter into this Agreement;

WHEREAS, Time Share Lessee desires to lease the Aircraft from Time Share Lessor, and Time Share Lessor is willing to lease the Aircraft to Time Share Lessee, in each case with a flight crew, on a non-exclusive basis, and on a time sharing basis as defined in Section 91.501(c)(1) of the FAR;

WHEREAS, during the Term of this Agreement, the Aircraft will be subject to use by Time Share Lessor and may be subject to use by one or more other third-parties.

NOW, THEREFORE, in consideration of the mutual promises herein contained and other good and valid consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. **Definitions.** The following terms shall have the following meanings for all purposes of this Agreement:

“**Aircraft**” means, individually and collectively as the context requires, the Aircraft described in Exhibit A.

“**Aircraft Documents**” means all flight records, maintenance records, historical records, modification records, overhaul records, manuals, logbooks, authorizations, drawings and data relating to the Aircraft or that are required by Applicable Law to be created or maintained with respect to the maintenance and/or operation of the Aircraft.

“**Applicable Law**” means, without limitation, all applicable laws, treaties, international agreements, decisions and orders of any court, arbitration or governmental agency or authority and rules, regulations, orders, directives, licenses and permits of any governmental body, instrumentality, agency or authority, including, without limitation, the FAR and 49 U.S.C. § 41101, *et seq.*, as amended.

“**Business Day**” means any day of the year in which banks are not authorized or required to close in State of California.

“**DOT**” means the United States Department of Transportation or any successor agency.

“**FAA**” means the Federal Aviation Administration or any successor agency.

“**FAR**” means collectively the Aeronautics Regulations of the FAA and the DOT, as codified at Title 14, Parts 1 to 399 of the United States Code of Federal Regulations.

“**Flight Hour**” means one hour of use of the Aircraft in flight operations, as recorded on the Aircraft hour meter and measured in one-tenth of an hour increments.

“**Operating Base**” means the applicable home base of each Aircraft.

“**Operational Control**” has the same meaning given the term in Section 1.1 of the FAR.

“**Pilot in Command**” has the same meaning given the term in Section 1.1 of the FAR.

“**Term**” means the entire period from the Effective Date to the date this Agreement is terminated pursuant to Section 3.

2. **Agreement to Lease.** Time Share Lessor agrees to lease the Aircraft to Time Share Lessee from time to time on an “as needed and as available” basis, and to provide, or cause to be provided, a fully qualified flight crew for all of Time Share Lessee’s flights, in accordance with the terms and conditions of this Agreement, subject to the Program Agreements (as such term is defined in the applicable General Terms and Conditions Agreement between Flexjet, LLC and Time Share Lessor, as it may be amended or restated from time to time). Nothing contained herein shall obligate or entitle Time Share Lessee to any minimum usage of the Aircraft.
3. **Term.**
 - 3.1 **Initial Term.** The initial term of this Agreement shall commence on the Effective Date and continue for a period of one year.
 - 3.2 **Renewal.** At the end of the initial one year term or any subsequent one year term, this Agreement shall automatically be renewed for an additional one year term.
 - 3.3 **Termination.** Each party shall have the right to terminate this Agreement at any time with or without cause upon 30 days prior written notice to the other party.
4. **Applicable Regulations.** The parties hereto intend that this Agreement shall constitute, and this Agreement shall be interpreted as, a Time Sharing Agreement as defined in Section 91.501(c)(1) of the FAR. The parties agree that for all flights under this Agreement, the Aircraft shall be operated under the pertinent provisions of Subpart F of Part 91 of the FAR. If any provision of this Agreement is determined to be inconsistent with any of the requirements of the provisions of Subpart F of Part 91 of the FAR, such provision shall be deemed amended in any respect necessary to bring it into compliance with such requirements.
5. **Non-Exclusivity.** Time Share Lessee acknowledges that the Aircraft is leased to Time Share Lessee hereunder on a non-exclusive basis, and that the Aircraft will also be subject to use by Time Share Lessor and may also be subject to non-exclusive leases to others during the Term.
6. **Flight Charges.** Time Share Lessee shall pay Time Share Lessor for each flight conducted under this Agreement an amount to be mutually agreed upon on a flight-by-flight basis (which amount could be zero for any particular flight), provided such amount shall not exceed the maximum amount of expense reimbursement permitted in accordance with Section 91.501(d) of the FAR, which expenses include and are limited to:
 - 6.1 fuel, oil, lubricants, and other additives;
 - 6.2 travel expenses of the crew, including food, lodging and ground transportation;
 - 6.3 hangar and tie down costs away from the Aircraft’s Operating Base;
 - 6.4 insurance obtained for the specific flight;
 - 6.5 landing fees, airport taxes and similar assessments;
 - 6.6 customs, foreign permit, and similar fees directly related to the flight;
 - 6.7 in-flight food and beverages;

- 6.8 passenger ground transportation;
- 6.9 flight planning and weather contract services; and
- 6.10 an additional charge equal to 100% of the expenses listed in Section 6.1.

7. **Invoices and Payment.** Time Share Lessor shall provide an invoice to Time Share Lessee for an amount, if any, determined in accordance with Section 6 above. Time Share Lessee shall remit the full amount of any such invoice to Time Share Lessor no later than 180 days following Time Share Lessee's receipt of the invoice. Without limiting the foregoing, amounts payable by Time Share Lessee to Time Share Lessor under this Agreement shall include any U.S. federal excise tax that are imposed under Section 4261 of the Internal Revenue Code of 1986, as amended, or any successor section or any similar excise taxes, if any.

8. **Scheduling Flights.** In connection with scheduling flights, Time Share Lessee shall comply with the scheduling procedures and other requirements set forth in Time Share Lessor's Corporate Aircraft Usage and Guidelines policy as it shall from time to time be in effect. Time Share Lessee's rights to schedule use of the Aircraft during the Term of this Agreement shall at all times be subordinate to the Aircraft use requirements of Time Share Lessor.

9. **Title and Registration.** Time Share Lessor has legal and equitable title to the Aircraft as described in Exhibit A, or such different amount if this percentage ownership interest changes. Time Share Lessee acknowledges that title to such ownership interest in the Aircraft shall remain vested in Time Share Lessor.

10. **Aircraft Maintenance.** As between Time Share Lessor and Time Share Lessee, Time Share Lessor shall be solely responsible for maintenance, preventive maintenance and required or otherwise necessary inspections of the Aircraft, and shall take such requirements into account in scheduling the Aircraft. No period of maintenance, preventative maintenance, or inspection shall be delayed or postponed for the purpose of scheduling the Aircraft, unless said maintenance or inspection can be safely conducted at a later time in compliance with all Applicable Laws and regulations, and within the sound discretion of the Pilot in Command.

11. **Flight Crews; Aircraft Operation; Compliance with Law.**

11.1 **Flight Crew.** Time Share Lessor shall provide, or cause to be provided, at its sole cost, to Time Share Lessee a qualified flight crew for each flight conducted in accordance with this Agreement, who in all cases shall (i) be fully qualified and properly certificated and trained, (ii) hold all licenses, certificates, ratings, type ratings or endorsements appropriate to the Aircraft, purpose of flight, condition of flight or as otherwise required by the FARs, and (iii) meet all currency of flight and other requirements specified by the FAA and the insurance policies for the Aircraft and be included under the insurance coverage for the Aircraft. The flight crew shall be and remain under the exclusive command and control of Time Share Lessor in all phases of all flights conducted hereunder.

11.2 **Operation of Aircraft.** For all of Time Share Lessee's flights under this Agreement, Time Share Lessor shall operate the Aircraft in accordance with the provisions of Part 91 of the FARs and agrees not to operate or locate the Aircraft (nor allow the Aircraft to be operated or located) (i) in any area excluded from coverage by any insurance policy in effect with respect to the Aircraft, (ii) in any area to which travel or flights are restricted or prohibited by law or in violation of any United States export control law, or (iii) in areas that are war zones or recognized as threatened or actual areas of hostilities.

11.3 **Compliance with Law, Etc.** For all of Time Share Lessee's flights under this Agreement, Time Share Lessor shall use, operate and maintain the Aircraft (i) in compliance with all laws or regulations of governmental bodies having jurisdiction over Time Share Lessor or the Aircraft

including, without limitation, the FARs, and (ii) in compliance with the Aircraft's flight manual, manufacturer's recommended maintenance program and operating procedures, airworthiness certificate, license or registration relating to the Aircraft issued by any governmental body, and the insurance policies in effect with respect to the Aircraft. Time Share Lessor shall, at its sole cost, maintain in full force and effect all authorizations required for the operation of the Aircraft by Time Share Lessor hereunder.

12. **OPERATIONAL CONTROL.** THE PARTIES EXPRESSLY AGREE THAT TIME SHARE LESSOR SHALL HAVE AND MAINTAIN SOLE OPERATIONAL CONTROL OF THE AIRCRAFT AND EXCLUSIVE POSSESSION, COMMAND AND CONTROL OF THE AIRCRAFT FOR ALL FLIGHTS OPERATED UNDER THIS AGREEMENT, AND THAT THE INTENT OF THE PARTIES IS THAT THIS AGREEMENT CONSTITUTE A "TIME SHARING AGREEMENT" AS SUCH TERM IS DEFINED IN SECTION 91.501(C)(1) OF THE FAR. TIME SHARE LESSOR SHALL EXERCISE EXCLUSIVE AUTHORITY OVER INITIATING, CONDUCTING, OR TERMINATING ANY FLIGHT CONDUCTED ON BEHALF OF TIME SHARE LESSEE PURSUANT TO THIS AGREEMENT.
13. **Authority of Pilot In Command.** Notwithstanding that Time Share Lessor shall have Operational Control of the Aircraft during any flight conducted pursuant to this Agreement, Time Share Lessor and Time Share Lessee expressly agree that the Pilot in Command, in his or her sole discretion, may terminate any flight, refuse to commence any flight, or take any other flight-related action which in the judgment of the Pilot in Command is necessary to ensure the safety of the Aircraft, the flight crew, the passengers, and persons and property on the ground. The Pilot in Command shall have final and complete authority to postpone or cancel any flight for any reason or condition that in his or her judgment would compromise the safety of the flight. No such action of the Pilot in Command shall create or support any liability of Time Share Lessor to Time Share Lessee for loss, injury, damage or delay.
14. **Passengers and Baggage.** Except as provided in Section 15, Time Share Lessee may carry on the Aircraft on all flights under this Agreement such passengers and baggage/cargo as Time Share Lessee in its sole discretion shall determine; provided, however, that the passengers to be carried on such flights shall be limited to those permitted under the pertinent provisions of Part 91 of the FAR, and that the number of such passengers shall in no event exceed the number of passenger seats legally available in the Aircraft and the total load, including fuel and oil in such quantities as the Pilot in Command shall determine to be required, shall not exceed the maximum allowable load for the Aircraft.
15. **Prohibited Items.** Time Share Lessee shall not cause or permit to be carried on board the Aircraft, and shall not cause or permit any passenger to carry on board the Aircraft, any contraband, prohibited dangerous goods, or prohibited controlled substances on the Aircraft at any time.
16. **Force Majeure.** Time Share Lessor shall not be liable for delay or failure to furnish the Aircraft and/or flight crew pursuant to this Agreement when such failure is caused by government regulation or authority, mechanical difficulty, war, civil commotion, strikes or labor disputes, weather conditions, acts of God or other unforeseen or unanticipated circumstances.
17. **Insurance.** Time Share Lessor shall obtain and maintain insurance policies with respect to the Aircraft as required pursuant to its obligations under its Program Agreements (as such term is defined in the General Terms and Conditions Agreement between Flexjet, LLC and Time Share Lessor dated February 23, 2023, as it may be amended or restated from time to time). Time Share Lessor shall name Time Share Lessee and such other persons as Time Share Lessee may reasonably request as Additional Insureds under any and all such insurance policies (without responsibility for premiums).
18. **Time Share Lessee Covenant.** During the Term of this Agreement, Time Share Lessee shall abide by and conform to all Applicable Laws, governmental and airport orders, rules and regulations, and Time Share Lessor's Corporate Aircraft Usage and Guidelines policy, in each case as shall from time to

time be in effect relating to the use of the Aircraft by a time sharing Time Share Lessee under Part 91 of the FAR.

19. **No Assignments.** Neither this Agreement nor any party's interest herein shall be assignable to any other party whatsoever.
20. **Entire Agreement.** This Agreement constitutes the entire agreement of the parties as of the Effective Date and supersedes all prior or independent, oral or written agreements, understandings, statements, representations, commitments, promises, and warranties made with respect to the subject matter of this Agreement.
21. **Prohibited or Unenforceable Provisions.** Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibitions or unenforceability in any jurisdiction. To the extent permitted by Applicable Law, each of Time Share Lessor and Time Share Lessee hereby waives any provision of Applicable Law which renders any provision hereof prohibited or unenforceable in any respect.
22. **Binding Effect.** This Agreement, including all agreements, covenants, representations and warranties, shall be binding upon and inure to the benefit of, and may be enforced by Time Share Lessor, Time Share Lessee, and each of their respective agents, servants, heirs, representatives and successors.
23. **Headings.** The section headings in this Agreement are for convenience of reference only and shall not modify, define, expand, or limit any of the terms or provisions hereof.
24. **Amendments.** No term or provision of this Agreement may be amended, changed, waived, discharged, or terminated orally, but only by an instrument in writing signed by both parties. Notwithstanding the foregoing, Time Share Lessor may from time to time add individual aircraft to become subject to this Agreement and/or remove individual aircraft from the applicability of this Agreement, without a written instrument signed by both parties, by (i) replacing Exhibit A with an updated list of Aircraft that are subject to this Agreement, (ii) mailing a copy of this Agreement, including such replaced Exhibit A, to the Federal Aviation Administration as set forth in Section 32.1 of this Agreement, and (iii) providing a copy of this Agreement, including such replaced Exhibit A, to Time Share Lessee. In the event a new Aircraft is added to Exhibit A and becomes subject to this Agreement, Time Share Lessor shall provide the FSDO notification as set forth in Section 32.1. In the event Time Share Lessor from time to time sells any interest in any individual Aircraft then listed on Exhibit A, such Aircraft shall, upon the transfer of title to such Aircraft or termination of a leasehold interest in such Aircraft, as applicable, be deemed immediately removed from the applicability of this Agreement regardless of whether or when such Aircraft is specifically removed from Exhibit A.
25. **No Waiver.** No delay or omission in the exercise or enforcement or any right or remedy hereunder by either party shall be construed as a waiver of such right or remedy. All remedies, rights, undertakings, obligations, and agreements contained herein shall be cumulative and not mutually exclusive, and in addition to all other rights and remedies which either party possesses at law or in equity.
26. **Notices.** All communications, declarations, demands, consents, directions, approvals, instructions, requests and notices required or permitted by this Agreement shall be in writing and shall be deemed to have been duly given or made when delivered personally or transmitted electronically by email, receipt acknowledged, or in the case of documented overnight delivery service or registered or certified mail, return receipt requested, delivery charge or postage prepaid, on the date shown on the receipt therefor, in each case at the address set forth below:

If to Time Share Lessor: Sempra
488 8th Avenue
San Diego, CA 92101
Attn: Chief Financial Officer
Email: [***]@sempra.com

If to Time Share Lessee: Jeffrey W. Martin
488 8th Avenue
San Diego, CA 92101
Email: [***]@sempra.com

27. **Governing Law.** This Agreement has been negotiated and delivered in the State of California and shall in all respects be governed by, and construed in accordance with, the laws of the State of California, including all matters of construction, validity and performance, without giving effect to its conflict of laws provisions.
28. **Jurisdiction and Venue.** Exclusive jurisdiction and venue over any and all disputes between the parties arising under this Agreement shall be in, and for such purpose each party hereby submits to the jurisdiction of, the state and federal courts serving the State of California.
29. **EXCULPATION FROM LIABILITY.** NEITHER TIME SHARE LESSOR NOR ITS AFFILIATES MAKES, HAS MADE OR SHALL BE DEEMED TO MAKE OR HAVE MADE ANY WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, WRITTEN OR ORAL, WITH RESPECT TO THE AIRCRAFT TO BE USED HEREUNDER OR ANY ENGINE OR COMPONENT THEREOF INCLUDING, WITHOUT LIMITATION, ANY WARRANTY AS TO DESIGN, COMPLIANCE WITH SPECIFICATIONS, QUALITY OF MATERIALS OR WORKMANSHIP, MERCHANTABILITY, FITNESS FOR ANY PURPOSE, USE OR OPERATION, AIRWORTHINESS, SAFETY, PATENT, TRADEMARK OR COPYRIGHT INFRINGEMENT OR TITLE. IN NO EVENT SHALL EITHER PARTY BE LIABLE TO THE OTHER PARTY OR ANY OTHER PERSON FOR ANY DAMAGES FOR DIMINUTION IN VALUE OF THE AIRCRAFT, OR FOR ANY INDIRECT, INCIDENTAL, SPECIAL, CONSEQUENTIAL, OR PUNITIVE DAMAGES OF ANY KIND OR NATURE, INCLUDING, BUT NOT LIMITED TO LOSS OF USE, REVENUE, OR PROFIT, BUSINESS OPPORTUNITIES AND THE LIKE, EVEN IF ANY PARTY KNEW OR SHOULD HAVE KNOWN OF THE POSSIBILITIES OF SUCH DAMAGES. The provisions of this Section 29 shall survive the expiration or termination of this Agreement.
30. **No Agent Relationship.** Nothing contained in this Agreement shall be deemed or construed by the parties hereto or by any third party to create the relationship of principal and agent, partnership, joint venture or any association between Time Share Lessor and Time Share Lessee.
31. **Counterparts.** This Agreement may be executed by the parties hereto in two or more separate counterparts, each and all of which when so executed and delivered shall be an original, and all of which shall together constitute but one and the same instrument.
32. **TRUTH IN LEASING.**

32.1 Instructions For Compliance With "Truth In Leasing" Requirements under FAR § 91.23:

Within 24 hours after execution of this Agreement:

Time Share Lessor shall mail a copy of the executed document to the following address via certified mail, return receipt requested:

Federal Aviation Administration
Aircraft Registration Branch
ATTN: Technical Section
P.O. Box 25724
Oklahoma City, Oklahoma 73125

At least 48 hours prior to the first flight to be conducted under this Agreement:

Time Share Lessor shall provide notice, using the FSDO Notification Letter in Exhibit B, of the departure airport and proposed time of departure first flight, by facsimile, to the Flight Standards District Office located nearest the departure airport.

Carry a copy of this Agreement in the Aircraft at all times.

32.2 In accordance with the "Truth In Leasing" Requirements under FAR Section 91.23:

TIME SHARE LESSOR HEREBY CERTIFIES THAT, DURING THE 12 MONTH PERIOD PRECEDING THE DATE OF THIS AGREEMENT, THE AIRCRAFT HAS BEEN INSPECTED AND MAINTAINED IN ACCORDANCE WITH THE PROVISIONS OF FAR 91.409.

DURING THE TERM OF THIS AGREEMENT AND FOR OPERATIONS CONDUCTED HEREUNDER, THE AIRCRAFT WILL BE MAINTAINED AND INSPECTED IN ACCORDANCE WITH THE PROVISIONS OF FAR 91.409.

TIME SHARE LESSOR ACKNOWLEDGES THAT WHEN IT OPERATES THE AIRCRAFT ON BEHALF OF TIME SHARE LESSEE UNDER THIS AGREEMENT, TIME SHARE LESSOR SHALL BE KNOWN AS, CONSIDERED, AND IN FACT WILL BE THE OPERATOR OF THE AIRCRAFT AND SOLELY RESPONSIBLE FOR OPERATIONAL CONTROL OF THE AIRCRAFT. EACH PARTY HERETO CERTIFIES IT UNDERSTANDS THE EXTENT OF ITS RESPONSIBILITIES, SET FORTH HEREIN, FOR COMPLIANCE WITH APPLICABLE FEDERAL AVIATION REGULATIONS.

AN EXPLANATION OF FACTORS BEARING ON OPERATIONAL CONTROL AND PERTINENT FEDERAL AVIATION REGULATIONS HAS BEEN OBTAINED FROM THE NEAREST FEDERAL AVIATION ADMINISTRATION FLIGHT STANDARDS DISTRICT OFFICE.

A TRUE COPY OF THIS AGREEMENT SHALL BE CARRIED ON THE AIRCRAFT AT ALL TIMES, AND SHALL BE MADE AVAILABLE FOR INSPECTION UPON REQUEST BY AN APPROPRIATELY CONSTITUTED IDENTIFIED REPRESENTATIVE OF THE FAA.

IN WITNESS WHEREOF, the parties have executed this **Aircraft Time Sharing Agreement** as of the date and year first written above.

TIME SHARE LESSOR:

Sempra

By: /s/ Peter R. Wall

Print: Peter R. Wall

Title: Senior Vice President – Controller & Chief Accounting Officer

TIME SHARE LESSEE:

/s/ Jeffrey W. Martin

Jeffrey W. Martin

SEMPRA**CASH SEVERANCE PAYMENTS POLICY**

Effective as of February 21, 2024

Sempra (the "Company") provides market-based compensation to its officers and employees to help ensure the Company can both attract and retain a talented workforce. Consistent with the foregoing, the Company places reasonable limitations on certain separation benefits for Executive Officers. The Company will not enter into, establish or adopt any new Severance Pay Agreement with or for the benefit of an Executive Officer that provides for Cash Severance Payments exceeding 2.99 times the sum of the Executive Officer's Base Salary plus Target Bonus, without seeking shareholder ratification of such Severance Pay Agreement.

The Compensation and Talent Development Committee (the "Committee") of the Board of Directors of the Company (the "Board"), shall administer, interpret and oversee this policy, including, without limitation, determining, in its sole discretion, the total amount of Cash Severance Payments using, to the extent applicable, commercially reasonable valuation techniques and principles. Any determination by the Committee with respect to this policy shall be final, conclusive and binding. The exercise by the Committee of any rights pursuant to this policy shall be without prejudice to any other rights that the Company, the Board or the Committee may have with respect to any Executive Officer subject to this policy. The Committee reserves the right to amend or terminate this policy from time to time in its sole discretion.

For purposes of this policy:

"Base Salary" has the meaning set forth in the applicable Executive Officer's Severance Pay Agreement.

"Cash Severance Payments" means cash payments (i) in respect of the termination of an Executive Officer's employment, (ii) to secure an agreement not to compete with the Company or its affiliates, and (iii) to offset any tax liability in respect of any of the foregoing. For the avoidance of doubt, and notwithstanding anything to the contrary in this policy or any Severance Pay Agreement, "Cash Severance Payments" do not include (a) the grant, vesting, acceleration, settlement, payment or other handling of long-term incentive awards granted or purchased under shareholder-approved or inducement plans, (b) payment of deferred compensation and retirement benefits, in each case pursuant to the terms of any plan, policy or agreement of the Company or its affiliates, (c) payment of vested employee benefits consistent with the Company's normal practices provided under the employee benefit plans of the Company or its affiliates, (d) the payment or provision of perquisites, insurance, disability, health and welfare plan coverage, outplacement or retraining, financial planning, and other benefits generally available to similarly-situated employees, including, without limitation, any cash payments provided to cover the cost of obtaining continued health care benefits, (e) amounts paid for consulting services the Executive Officer has agreed to provide after his or her termination for a period not to exceed two years, (f) any notice pay or interest required to be paid pursuant to the terms of any plan, policy or agreement between the date of the Executive Officer's termination and the payment date, (g) payments made in settlement of litigation or claims made against the Company or any of its affiliates by the Executive Officer or indemnification payments made or expenses advanced under the Company's governing

documents or any indemnification agreement with the Executive Officer, (h) compensation and benefits (including unpaid Base Salary, bonus and vacation pay) earned, accrued or otherwise provided pursuant to the terms of any plan, policy or agreement with respect to services rendered, and reimbursement for any expenses validly incurred, in each case prior to the date of the Executive Officer's termination, (i) any payment in respect of the Executive Officer's pro-rated bonus for the year of termination based on target or actual performance, or (j) any other benefit or payment required by law.

"Executive Officer" means any "officer" of the Company, as defined under Rule 16a-1(f) under Section 16 of the Securities Exchange Act of 1934, as amended, at the time such person's new Severance Pay Agreement is entered into, established or adopted and at the time of the earlier of immediately prior to (i) a Change in Control (as defined in such person's Severance Pay Agreement) or (ii) such person's termination.

"new Severance Pay Agreement" means any Severance Pay Agreement that is newly entered into, established or adopted, amended and restated or materially amended (as determined by the Committee), provided that, for the avoidance of doubt, a new Severance Pay Agreement shall not include (i) any renewal or extension (including any automatic renewal or extension) of, or any amendment due to changes in law, for tax reasons or to make immaterial or administrative changes to, any existing Severance Pay Agreement or (ii) any arrangement assumed by the Company or any of its affiliates in the context of a merger, acquisition or similar corporate transaction.

"Severance Pay Agreement" means an Executive Officer's employment agreement or other severance pay agreement or, to the extent the Executive Officer is not a party to a severance pay agreement, any other agreement, plan or policy providing for compensation payable to an Executive Officer following his or her termination or other separation from service.

"shareholder ratification" includes shareholder approval obtained before, and shareholder ratification obtained after, entering into, establishing or adopting any new Severance Pay Agreement.

"Target Bonus" has the meaning set forth in the applicable Executive Officer's Severance Pay Agreement.

"termination" refers to an Executive Officer's termination of employment from the Company and its affiliates.

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO RULES 13a-14 AND 15d-14

I, J. Walker Martin, certify that:

1. I have reviewed this report on Form 10-Q of Sempra;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report, based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

May 7, 2024

/s/ J. Walker Martin

J. Walker Martin

Chief Executive Officer

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO RULES 13a-14 AND 15d-14

I, Karen L. Sedgwick, certify that:

1. I have reviewed this report on Form 10-Q of Sempra;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report, based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

May 7, 2024

/s/ Karen L. Sedgwick

Karen L. Sedgwick

Chief Financial Officer

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO RULES 13a-14 AND 15d-14

I, Caroline A. Winn, certify that:

1. I have reviewed this report on Form 10-Q of San Diego Gas & Electric Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report, based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

May 7, 2024

/s/ Caroline A. Winn

Caroline A. Winn
Chief Executive Officer

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO RULES 13a-14 AND 15d-14

I, Bruce A. Folkmann, certify that:

1. I have reviewed this report on Form 10-Q of San Diego Gas & Electric Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report, based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

May 7, 2024

/s/ Bruce A. Folkmann

Bruce A. Folkmann

Chief Financial Officer

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO RULES 13a-14 AND 15d-14

I, Scott D. Drury, certify that:

1. I have reviewed this report on Form 10-Q of Southern California Gas Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report, based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

May 7, 2024 /s/ Scott D. Drury
Scott D. Drury
Chief Executive Officer

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO RULES 13a-14 AND 15d-14

I, Mia L. DeMontigny, certify that:

1. I have reviewed this report on Form 10-Q of Southern California Gas Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report, based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

May 7, 2024 /s/ Mia L. DeMontigny
Mia L. DeMontigny
Chief Financial Officer

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350

Pursuant to 18 U.S.C. Sec 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned principal executive officer of Sempra (the "Company") certifies that:

- (i) the Quarterly Report on Form 10-Q of the Company filed with the Securities and Exchange Commission for the quarter ended March 31, 2024 (the "Quarterly Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and
- (ii) the information contained in the Quarterly Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

May 7, 2024 /s/ J. Walker Martin
J. Walker Martin
Chief Executive Officer

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350

Pursuant to 18 U.S.C. Sec 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned principal financial officer of Sempra (the "Company") certifies that:

- (i) the Quarterly Report on Form 10-Q of the Company filed with the Securities and Exchange Commission for the quarter ended March 31, 2024 (the "Quarterly Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and
- (ii) the information contained in the Quarterly Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

May 7, 2024 /s/ Karen L. Sedgwick
Karen L. Sedgwick
Chief Financial Officer

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350

Pursuant to 18 U.S.C. Sec 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned principal executive officer of San Diego Gas & Electric Company (the "Company") certifies that:

- (i) the Quarterly Report on Form 10-Q of the Company filed with the Securities and Exchange Commission for the quarter ended March 31, 2024 (the "Quarterly Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and
- (ii) the information contained in the Quarterly Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

May 7, 2024 /s/ Caroline A. Winn
Caroline A. Winn
Chief Executive Officer

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350

Pursuant to 18 U.S.C. Sec 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned principal financial officer of San Diego Gas & Electric Company (the "Company") certifies that:

- (i) the Quarterly Report on Form 10-Q of the Company filed with the Securities and Exchange Commission for the quarter ended March 31, 2024 (the "Quarterly Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and
- (ii) the information contained in the Quarterly Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

May 7, 2024 /s/ Bruce A. Folkmann
Bruce A. Folkmann
Chief Financial Officer

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350

Pursuant to 18 U.S.C. Sec 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned principal executive officer of Southern California Gas Company (the "Company") certifies that:

- (i) the Quarterly Report on Form 10-Q of the Company filed with the Securities and Exchange Commission for the quarter ended March 31, 2024 (the "Quarterly Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and
- (ii) the information contained in the Quarterly Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

May 7, 2024 /s/ Scott D. Drury
Scott D. Drury
Chief Executive Officer

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350

Pursuant to 18 U.S.C. Sec 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned principal financial officer of Southern California Gas Company (the "Company") certifies that:

- (i) the Quarterly Report on Form 10-Q of the Company filed with the Securities and Exchange Commission for the quarter ended March 31, 2024 (the "Quarterly Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and
- (ii) the information contained in the Quarterly Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

May 7, 2024 /s/ Mia L. DeMontigny
Mia L. DeMontigny
Chief Financial Officer