



# **First Quarter 2012**

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## **Earnings Results**

May 3, 2012

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# First-Quarter 2012 Results

<i>(Unaudited; dollars, except EPS, and shares in millions)</i>	Three months ended March 31,	
	2012	2011
Earnings	\$ 236	\$ 254
Diluted weighted-average shares outstanding	244	242
EPS	\$ 0.97	\$ 1.05

- ▶ All businesses performed in-line with expectations in Q1-2012
- ▶ Remain on track to meet our full-year EPS expectations of \$4.00 to \$4.30

## SDG&E and SoCalGas

<i>(Unaudited, dollars in millions)</i>	Three months ended March 31,	
	2012	2011
SDG&E Earnings	\$ 105	\$ 89
SoCalGas Earnings	66	68
Total	\$ 171	\$ 157

- ▶ SDG&E earnings higher due primarily to increased AFUDC equity earnings driven by construction of Sunrise Powerlink
- ▶ Revenue at each utility recorded at 2011 authorized levels with no attrition; cumulative change retroactive to January 1, 2012 will be recorded when final decision on General Rate Cases is reached
  - SDG&E 2012 revenue includes adjustment for actual incremental wildfire insurance premiums

# Sempra International

<i>(Unaudited, dollars in millions)</i>	Three months ended March 31,	
	2012	2011
Sempra South American Utilities	\$ 40	\$ 22
Sempra Mexico	37	39
Total Sempra International	\$ 77	\$ 61

- ▶ Higher earnings from Sempra South American Utilities primarily due to the acquisition of additional interests in Chilquinta Energía and Luz del Sur in April 2011

## Sempra U.S. Gas & Power

<i>(Unaudited, dollars in millions)</i>	Three months ended March 31,	
	2012	2011
Sempra Renewables	\$ 10	\$ 4
Sempra Natural Gas	1	63
Total Sempra U.S. Gas & Power	\$ 11	\$ 67

- ▶ Renewables earnings higher as a result of placing solar and wind assets in service in 2012
  - Q1-2011 Renewables earnings restated to reflect deferral accounting treatment adopted on January 1, 2012
- ▶ Natural Gas earnings lower due primarily to the expiration of the CDWR contract on September 30, 2011

# SDG&E and SoCalGas Cost of Capital Filings

SDG&E Proposed				SoCalGas Proposed			
Component	Capital Ratio	Cost	Weighted Cost	Component	Capital Ratio	Cost	Weighted Cost
Long-Term Debt	45.25%	5.09%	2.30%	Long-Term Debt	46.00%	5.72%	2.63%
Preferred Stock	2.75%	6.35%	0.18%	Preferred Stock	2.00%	6.00%	0.12%
Common Equity	52.00%	11.00%	5.72%	Common Equity	52.00%	10.90%	5.67%
Rate of Return			8.20%	Rate of Return			8.42%

- ▶ SDG&E filing proposes to continue mechanism that automatically adjusts cost of capital until next proposed proceeding in 2016
- ▶ SoCalGas requests use of the same mechanism, which is already approved for the other large California energy utilities
- ▶ Proposed schedule calls for final decision by year-end 2012

# SDG&E and SoCalGas Update

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- ▶ General Rate Cases
  - Opening briefs filed last month, reply briefs due by this month
  - Continue to expect final decision in 2H-2012
- ▶ Pipeline Safety Enhancement Plan (PSEP)
  - Last month, CPUC approved memo account to track costs and transferred PSEP into Triennial Cost Allocation Proceeding
  - Schedule calls for hearings in August and a final decision in Q1-2013
- ▶ Sunrise Powerlink
  - Project is nearly 90% complete and expected to be operational by mid-year



# Cameron Liquefaction Update

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- ▶ Commercial Development Agreements (CDA) signed with Mitsubishi, Mitsui and GDF SUEZ
- ▶ CDAs obligate the parties to fund the development, design and permitting of the project
  - Negotiating 20-year tolling agreements which will commit each customer to 4 million tonnes per annum (Mtpa)
  - Key commercial terms of tolling agreements have been agreed to and outlined in the CDAs
- ▶ FERC pre-filing application submitted earlier this week for facility with total export capacity of 12 Mtpa
- ▶ Final investment decision to be made late next year, upon receipt of necessary regulatory approvals and achievement of other key milestones

# Summary

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- ▶ Solid quarter across all businesses
- ▶ Signed commercial development agreements for 12 Mtpa, representing an important first step in the Cameron liquefaction project
  - Project capacity now fully subscribed
- ▶ On-track to meet full-year 2012 EPS guidance of \$4.00 to \$4.30



# Appendix

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# Renewables Project Summary

Name	Location	MW	PPA Term (yrs)	Tax Incentives	Full COD
<b>IN OPERATION</b>					
Fowler Ridge 2 Wind	Indiana	100 MW (50%) <sup>(1)</sup>	20	PTC	2009
Copper Mountain Solar 1 (and El Dorado Solar)	Nevada	58 MW (48+10 MW)	20	ITC	2008 / 2010
Cedar Creek 2 Wind	Colorado	125 MW (50%) <sup>(1)</sup>	25	PTC	2011
<b>CONTRACTED &amp; UNDER CONSTRUCTION</b>					
Flat Ridge 2 Wind	Kansas	235 MW (50%) <sup>(1)</sup>	20 - 25	PTC	2012
Mehoopany Wind	Pennsylvania	71 MW (50%) <sup>(1)</sup>	20	PTC	2012
Mesquite Solar 1	Arizona	150 MW <sup>(2)</sup>	20	Grant	2013
Copper Mountain Solar 2	Nevada	92 MW / 58 MW <sup>(3)</sup> (150 MW total)	25	Grant <sup>(4)</sup>	2013 / 2015
Auwahi Wind	Hawaii	11 MW (50%) <sup>(1)</sup>	20	Grant	2012
Energía Sierra Juarez Wind	Baja California, Mexico	78 MW (50%) <sup>(1)</sup>	20	Accelerated Depreciation	2014

(1) Reflects Sempra's expected net ownership interests

(2) 74 MW of 150 MW total are currently in operation

(3) Reflects total capacity of project; Sempra's net ownership interest expected to be 50%

(4) Cash grant for first phase (92 MW); ITC may be required for second phase (58 MW) if COD remains 2015