

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K
CURRENT REPORT

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

Date of Report (Date of earliest event reported): May 5, 2022

SOUTHERN CALIFORNIA GAS COMPANY
(Exact name of registrant as specified in its charter)

| | | |
|---|--|--|
| <u>California</u> (State or other jurisdiction of incorporation) | <u>1-01402</u> (Commission File Number) | <u>95-1240705</u> (IRS Employer Identification No.) |
|---|--|--|

| | |
|---|----------------------------|
| <u>555 West Fifth Street, Los Angeles, California</u> (Address of principal executive offices) | <u>90013</u> (Zip Code) |
|---|----------------------------|

Registrant's telephone number, including area code (213) 244-1200

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

| Title of Each Class | Trading Symbol | Name of Each Exchange on Which Registered |
|---------------------|----------------|---|
| None | | |

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR 230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR 240.12b-2).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has 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.

Item 2.02 Results of Operations and Financial Condition.

On May 5, 2022, Sempra Energy, of which Southern California Gas Company is a consolidated subsidiary, issued a press release announcing consolidated financial results for the three months ended March 31, 2022. A copy of Sempra Energy's press release is attached hereto as Exhibit 99.1. Sempra Energy's Statements of Operations Data by Segment for the three months ended March 31, 2022 and 2021 is attached hereto as Exhibit 99.2.

The Sempra Energy financial information contained in the press release includes, on a consolidated basis, information regarding Southern California Gas Company's results of operations and financial condition.

The information furnished in this Item 2.02 and in Exhibits 99.1 and 99.2 shall not be deemed to be "filed" for purposes of the Securities Exchange Act of 1934, nor shall it be deemed to be incorporated by reference in any filing of Southern California Gas Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

| Exhibit Number | Exhibit Description |
|-----------------------|--|
| 99.1 | May 5, 2022 Sempra Energy News Release (including tables). |
| 99.2 | Sempra Energy's Statements of Operations Data by Segment for the three months ended March 31, 2022 and 2021. |
| 104 | Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101) |

SIGNATURE

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

SOUTHERN CALIFORNIA GAS COMPANY,
(Registrant)

Date: May 5, 2022

By: /s/ Mia L. DeMontigny

Mia L. DeMontigny
Chief Financial Officer, Controller and Chief Accounting Officer

**NEWS RELEASE**

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Sempra Reports First-Quarter 2022 Earnings Results

SAN DIEGO, May 5, 2022 – Sempra (NYSE: SRE) (BMV: SRE) today announced first-quarter 2022 earnings of \$612 million, or \$1.93 per diluted share, compared to first-quarter 2021 earnings of \$874 million, or \$2.87 per diluted share. On an adjusted basis, the company’s first-quarter 2022 earnings were \$924 million, or \$2.91 per diluted share, compared to \$900 million, or \$2.95 per diluted share, in 2021.

“At Sempra, we understand the importance of energy security as a critical part of the transition to a lower-carbon future. That is why our investments in North American energy networks are designed to improve the safety and reliability of our services for the benefit of our customers and the communities we serve,” said Jeffrey W. Martin, chairman and chief executive officer of Sempra. “Also, as first quarter results demonstrate, our track record of operational excellence, commitment to safety and disciplined capital allocation creates the opportunity to deliver another strong year of financial performance.”

The reported financial results reflect certain significant items as described on an after-tax basis in the following table of GAAP (generally accepted accounting principles in the United States of America) earnings, reconciled to adjusted earnings, for the first quarter of 2022 and 2021.

| (Dollars, and shares in millions, except EPS) | Three months ended March 31, | |
|---|---------------------------------|---------------|
| | 2022 | 2021 |
| | (Unaudited) | |
| GAAP Earnings | \$ 612 | \$ 874 |
| Impacts Associated with Aliso Canyon Litigation ⁽¹⁾ | 66 | — |
| Impact from Foreign Currency and Inflation and Associated Undesignated Derivatives | 75 | (3) |
| Net Unrealized Losses on Commodity Derivatives | 51 | 29 |
| Deferred Income Tax Expense Associated with the Change in our Indefinite Reinvestment Assertion Related to the Pending Sale of a Non-Controlling Interest to ADIA | 120 | — |
| Adjusted Earnings ⁽²⁾ | <u>\$ 924</u> | <u>\$ 900</u> |
| Diluted Weighted-Average Common Shares Outstanding | 317 | 308 |
| GAAP EPS ^{(3),(4)} | \$ 1.93 | \$ 2.87 |
| Diluted Weighted-Average Common Shares Outstanding | 317 | 308 |
| Adjusted EPS ^{(2),(3),(4)} | \$ 2.91 | \$ 2.95 |

¹⁾ Related to five property developer claims, four of which were settled in Q1-2022.

²⁾ See Table A for information regarding non-GAAP financial measures and descriptions of adjustments.

³⁾ For Q1-2021, preferred dividends of \$10M are added back to GAAP earnings and adjusted earnings because of the dilutive effect of Series B mandatory convertible preferred stock.

⁴⁾ For Q1-2022, higher weighted-average shares are driven by the IEnova exchange offer, partially offset by share repurchases of \$300M in Q4-2021 and \$200M in Q1-2022.

Sempra California

During the quarter, San Diego Gas & Electric Co. (SDG&E) and the U.S. Forest Service announced the completion of the Cleveland National Forest fire hardening and safety project, which is helping to reinforce the San Diego region's community fire safety and electric system hardening efforts. The \$700 million project was part of a decade-long collaboration with local, state and federal agencies to improve the fire resistance of electric infrastructure throughout approximately 880 square miles of SDG&E's service territory.

Last month, SDG&E and Southern California Gas Co. (SoCalGas) filed their 2023 cost of capital applications to update their cost of capital for 2023 through 2025 and expect a decision later this year. Later this month, both utilities expect to file their general rate cases with the California Public Utilities Commission to update their authorized revenue requirements for 2024 through 2027.

Sempra Texas

In Texas, Oncor Electric Delivery Company LLC (Oncor) is executing on its five-year capital plan by expanding and modernizing the transmission and distribution infrastructure within its service territory to support strong demographic growth. In the first quarter, Oncor recorded a 78% increase in new transmission point of interconnection requests compared to the prior year. Additionally, during the quarter, Oncor connected approximately 16,000 premises to the grid and upgraded approximately 380 miles of power lines as a result of continued growth in its service territory.

In 2021, the Public Utility Commission of Texas (PUCT) approved a request to extend Oncor's rate case filing deadline to June of 2022. Oncor plans to file its rate case with the PUCT later this month.

Sempra Infrastructure

Sempra Infrastructure is working to expand its North American infrastructure network through the development of its liquefied natural gas (LNG) portfolio that is uniquely positioned to serve customers in both the Pacific and Atlantic markets. The company also is continuing to support growing integration of North American energy markets through its U.S.-Mexico cross-border infrastructure business.

To support its growth, the company took steps to advance the development of its Cameron LNG Phase 2 expansion project with its partners at the Cameron LNG joint venture. These include a non-binding Heads of Agreement, which provides the commercial framework for the expansion of the facility by adding a fourth LNG train and also increasing the production capacity of the existing three trains through debottlenecking activities. Furthermore, the company and Cameron LNG entered into a project development agreement, which provides for the management and funding of the ongoing development work that is necessary to prepare for a final investment decision. Concurrent with these activities, Cameron LNG is also conducting a competitive Front-End Engineering Design process. This development work is targeted to be completed in the summer of 2023 and the company expects to be in a position to make a final investment decision thereafter.

In March, the company announced a non-binding memorandum of understanding (MOU) with TotalEnergies for the company's Vista Pacífico LNG project under development in Mexico. The referenced MOU for the Vista Pacífico project contemplates TotalEnergies contracting for approximately one-third of the long-term export production, as well as TotalEnergies' participation as a minority equity investor in the project.

Sempra expects to close the sale of a non-controlling 10% interest in Sempra Infrastructure Partners to a subsidiary of Abu Dhabi Investment Authority (ADIA) for \$1.785 billion in cash in the second quarter, subject to customary closing adjustments and conditions. Upon closing, Sempra will own a 70% controlling interest in Sempra Infrastructure Partners.

Sustainable Business Practices

Sempra's focus on sustainability is central to its corporate strategy with an unwavering focus on safety, resilience, energy security and climate security. Sempra's newly published 2021 Corporate Sustainability Report highlights the company's commitment to sustainable business practices, including its proactive management of environmental, social and governance risks and opportunities across its three growth platforms. These practices include aligning the company's portfolio with long-term macroeconomic, market and policy trends, strengthening operational excellence by enhancing safety, climate resilience and affordability, and capturing new investments in infrastructure that support increasingly diversified and cleaner forms of energy.

Earnings Guidance

Sempra is updating its full-year 2022 GAAP earnings per common share (EPS) guidance range to \$7.11 to \$7.71, affirming its full-year 2022 adjusted EPS guidance range of \$8.10 to \$8.70, and affirming its full-year 2023 EPS guidance range of \$8.60 to \$9.20.

Non-GAAP Financial Measures

Non-GAAP financial measures include Sempra's adjusted earnings, adjusted EPS and adjusted EPS guidance range. See Table A for additional information regarding these non-GAAP financial measures.

Internet Broadcast

Sempra will broadcast a live discussion of its earnings results over the Internet today at 12 p.m. ET with senior management of the company. Access is available by logging onto the company's website, sempra.com. For those unable to log on to the live webcast, the teleconference will be available on replay a few hours after its conclusion by dialing (888) 203-1112 and entering passcode 3600295.

About Sempra

Sempra's mission is to be North America's premier energy infrastructure company. The Sempra family of companies have 20,000 talented employees who deliver energy with purpose to nearly 40 million consumers. With more than \$72 billion in total assets at the end of 2021, the San Diego-based company is the owner of one of the largest energy networks in North America helping some of the world's leading economies move to cleaner sources of energy. The company is helping to advance the global energy transition through electrification and decarbonization in the markets it serves, including California, Texas, Mexico and the LNG export market. Sempra is consistently recognized as a leader in sustainable business practices and for its long-standing commitment to building a high-performing culture focused on safety, workforce development and training, and diversity and inclusion. Sempra is the only North American utility sector company included on the Dow Jones Sustainability World Index and was also named one of the "World's Most Admired Companies" for 2022 by Fortune Magazine. For additional information about Sempra, please visit Sempra's website at sempra.com and on Twitter @Sempra.

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

In this press release, forward-looking statements can be identified by words such as "believes," "expects," "intends," "anticipates," "plans," "estimates," "projects," "forecasts," "should," "could," "would," "will," "confident," "may," "can," "potential," "possible," "proposed," "in process," "under construction," "in development," "opportunity," "target," "outlook," "maintain," "continue," "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 described in any forward-looking statements include risks and uncertainties relating to: California wildfires, including the risks that we may be found liable for damages regardless of fault and that we may not be able to recover all or a substantial portion of costs from insurance, the wildfire fund established by California Assembly Bill 1054, in rates from customers or a combination thereof; decisions, investigations, regulations, issuances or revocations of permits and other authorizations, renewals of franchises, and other actions by (i) the California Public Utilities Commission (CPUC), Comisión Reguladora de Energía, U.S. Department of Energy, U.S. Federal Energy Regulatory Commission, Public Utility Commission of Texas, and other regulatory and governmental bodies and (ii) states, counties, cities and other jurisdictions in the U.S., Mexico and other countries in which we do business; the success of business development efforts, construction projects and acquisitions and divestitures, including risks in (i) the ability to make a final investment decision, (ii) completing construction projects or other transactions on schedule and budget, (iii) the ability to realize anticipated benefits from any of these efforts if completed, and (iv) obtaining the consent or approval of partners or other third parties, including governmental entities and regulatory bodies; the resolution of civil and criminal litigation, regulatory inquiries, investigations and proceedings, arbitrations, and property disputes, including those related to the natural gas leak at Southern California Gas Company's (SoCalGas) Aliso Canyon natural gas storage facility; changes to laws, including changes to certain of Mexico's laws and rules that impact energy supplier permitting, energy contract rates, the electricity industry generally and the ability to import, export, transport and store hydrocarbons; cybersecurity threats, including by state and state-sponsored actors, to the energy grid, storage and pipeline infrastructure, information and systems used to operate our businesses, and confidentiality of our proprietary information and personal information of our customers and employees, including ransomware attacks on our systems and the systems of third-party vendors and other parties with which we conduct business, all of which have become more pronounced due to recent geopolitical events and other uncertainties, such as the war in Ukraine; failure of foreign governments and state-owned entities to honor their contracts and commitments; actions by credit rating agencies to downgrade our credit ratings or to place those ratings on negative outlook and our ability to borrow on favorable terms and meet our debt service obligations; the impact of energy and climate policies, legislation, rulemaking and disclosures, as well as related goals set and actions taken by companies in our industry, including actions to reduce or eliminate reliance on natural gas generally and any deterioration of or increased uncertainty in the political or regulatory environment for California natural gas distribution companies and the risk of nonrecovery for stranded assets; the pace of the development and adoption of new technologies in the energy sector, including those designed to support governmental and private party energy and climate goals, and our ability to timely and economically incorporate them into our business; weather, natural disasters, pandemics, accidents, equipment failures, explosions, acts of terrorism, information system outages or other events that disrupt our operations, damage our facilities and systems, cause the release of harmful materials, cause fires or subject us to liability for property damage or personal injuries, fines and penalties, some of which may not be covered by insurance, may be disputed by insurers or may otherwise not be recoverable through regulatory mechanisms or may impact our ability to obtain satisfactory levels of affordable insurance; the availability of electric power and natural gas and natural gas storage capacity, including disruptions caused by failures in the transmission grid or limitations on the withdrawal of natural gas from storage facilities; the impact of the COVID-19 pandemic, including potential vaccination mandates, on capital projects, regulatory approvals and the execution of our operations; the impact at San Diego Gas & Electric Company (SDG&E) on competitive customer rates and reliability due to the growth in distributed and local power generation, including from departing retail load resulting from customers transferring to Community Choice Aggregation and Direct Access, and the risk of nonrecovery for stranded assets and contractual obligations; Oncor Electric Delivery Company LLC's (Oncor) ability to eliminate or reduce its quarterly dividends due to regulatory and governance requirements and commitments, including by actions of Oncor's independent directors or a minority member director; volatility in foreign currency exchange, inflation and interest rates and commodity prices, including inflationary pressures in the U.S., and our ability to effectively hedge these risks and with respect to inflation and interest rates, the impact on SDG&E's and SoCalGas' cost of capital and the affordability of customer rates; changes in tax and trade policies, laws and regulations, including tariffs, revisions to international trade agreements and sanctions, such as those that have been imposed and that may be imposed in the future in connection with the war in Ukraine, which may increase our costs, reduce our competitiveness, impact our ability to

do business with certain current or potential counterparties, or impair our ability to resolve trade disputes; and other uncertainties, some of which may be difficult to predict and are beyond our control.

These risks and uncertainties are further discussed in the reports that Sempra has filed with the U.S. Securities and Exchange Commission (SEC). These reports are available through the EDGAR system free-of-charge on the SEC's website, sec.gov, and on Sempra's website, sempra.com. Investors should not rely unduly on any forward-looking statements.

Sempra Infrastructure, Sempra Texas, Sempra Mexico, Sempra Texas Utilities, Oncor and Infraestructura Energética Nova, S.A.P.I. de C.V. (IEnova) are not the same companies as the California utilities, SDG&E or SoCalGas, and Sempra Infrastructure, Sempra Texas, Sempra Mexico, Sempra Texas Utilities, Oncor and IEnova are not regulated by the CPUC.

None of the website references in this press release 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 this document.

SEMPRA ENERGY

Table A

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

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

| | Three months ended March 31, | |
|---|------------------------------|---------------|
| | 2022 | 2021 |
| | (unaudited) | |
| REVENUES | | |
| Utilities: | | |
| Natural gas | \$ 2,320 | \$ 1,777 |
| Electric | 1,117 | 1,068 |
| Energy-related businesses | 383 | 414 |
| Total revenues | 3,820 | 3,259 |
| EXPENSES AND OTHER INCOME | | |
| Utilities: | | |
| Cost of natural gas | (802) | (349) |
| Cost of electric fuel and purchased power | (205) | (232) |
| Energy-related businesses cost of sales | (135) | (109) |
| Operation and maintenance | (1,086) | (1,001) |
| Aliso Canyon litigation and regulatory matters | (92) | — |
| Depreciation and amortization | (493) | (442) |
| Franchise fees and other taxes | (162) | (153) |
| Other income, net | 38 | 35 |
| Interest income | 25 | 19 |
| Interest expense | (243) | (259) |
| Income before income taxes and equity earnings | 665 | 768 |
| Income tax expense | (334) | (158) |
| Equity earnings | 326 | 318 |
| Net income | 657 | 928 |
| Earnings attributable to noncontrolling interests | (34) | (33) |
| Preferred dividends | (11) | (21) |
| Earnings attributable to common shares | \$ 612 | \$ 874 |
| Basic earnings per common share (EPS): | | |
| Earnings | \$ 1.93 | \$ 2.91 |
| Weighted-average common shares outstanding | 316,353 | 300,905 |
| Diluted EPS: | | |
| Earnings | \$ 1.93 | \$ 2.87 |
| Weighted-average common shares outstanding | 317,434 | 308,458 |

SEMPRA ENERGY
Table A (Continued)

RECONCILIATION OF SEMPRA ADJUSTED EARNINGS TO SEMPRA GAAP EARNINGS (Unaudited)

Sempra Adjusted Earnings and Adjusted EPS exclude items (after the effects of income taxes and, if applicable, noncontrolling interests (NCI)) in 2022 and 2021 as follows:

Three months ended March 31, 2022:

- \$(66) million from impacts associated with Aliso Canyon natural gas storage facility litigation related to five property developer claims, four of which were settled, at Southern California Gas Company (SoCalGas)
- \$(75) million impact from foreign currency and inflation and associated undesignated derivatives
- \$(51) million net unrealized losses on commodity derivatives
- \$(120) million deferred income tax expense associated with the change in our indefinite reinvestment assertion as a result of progress in obtaining regulatory approvals necessary to close the pending sale of NCI to Abu Dhabi Investment Authority (ADIA), which remains subject to the satisfaction of closing conditions

Three months ended March 31, 2021:

- \$3 million impact from foreign currency and inflation and associated undesignated derivatives
- \$(29) million net unrealized losses on commodity derivatives

Sempra Adjusted Earnings and Adjusted EPS are non-GAAP financial measures (GAAP represents generally accepted accounting principles in the United States of America). These non-GAAP financial measures exclude significant items that are generally not related to our ongoing business activities and/or are infrequent in nature. These non-GAAP financial measures also exclude the impact from foreign currency and inflation effects and associated undesignated derivatives and unrealized gains and losses on commodity derivatives, which we expect to occur in future periods, and which can vary significantly from one period to the next. Exclusion of these items is useful to management and investors because it provides a meaningful comparison of the performance of Sempra's business operations to prior and future periods. Non-GAAP financial measures are supplementary information that should be considered in addition to, but not as a substitute for, the information prepared in accordance with GAAP. The table below reconciles for historical periods these non-GAAP financial measures to Sempra GAAP Earnings and GAAP EPS, which we consider to be the most directly comparable financial measures calculated in accordance with GAAP.

SEMPRA ENERGY
Table A (Continued)

RECONCILIATION OF ADJUSTED EARNINGS TO GAAP EARNINGS

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

| | Three months ended March 31, 2022 | | | | Three months ended March 31, 2021 | | | |
|--|-----------------------------------|---|---------------------------|----------------|-----------------------------------|-----------------------------------|---------------------------|----------------|
| | Pretax amount | Income tax (benefit) expense ⁽¹⁾ | Non-controlling interests | Earnings | Pretax amount | Income tax benefit ⁽¹⁾ | Non-controlling interests | Earnings |
| Sempra GAAP Earnings | | | | \$ 612 | | | | \$ 874 |
| Excluded items: | | | | | | | | |
| Impacts associated with Aliso Canyon litigation | \$ 92 | \$ (26) | \$ — | 66 | \$ — | \$ — | \$ — | — |
| Impact from foreign currency and inflation and associated undesignated derivatives | 25 | 70 | (20) | 75 | 30 | (42) | 9 | (3) |
| Net unrealized losses on commodity derivatives | 88 | (20) | (17) | 51 | 46 | (13) | (4) | 29 |
| Deferred income tax expense associated with the change in our indefinite reinvestment assertion related to the pending sale of NCI to ADIA | — | 120 | — | 120 | — | — | — | — |
| Sempra Adjusted Earnings | | | | <u>\$ 924</u> | | | | <u>\$ 900</u> |
| Diluted EPS: | | | | | | | | |
| Sempra GAAP Earnings | | | | \$ 612 | | | | \$ 874 |
| Add back dividends for dilutive series B preferred stock | | | | — | | | | 10 |
| Sempra GAAP Earnings for GAAP EPS | | | | <u>\$ 612</u> | | | | <u>\$ 884</u> |
| Weighted-average common shares outstanding, diluted | | | | 317,434 | | | | 308,458 |
| Sempra GAAP EPS | | | | <u>\$ 1.93</u> | | | | <u>\$ 2.87</u> |
| Sempra Adjusted Earnings | | | | \$ 924 | | | | \$ 900 |
| Add back dividends for dilutive series B preferred stock | | | | — | | | | 10 |
| Sempra Adjusted Earnings for Adjusted EPS | | | | <u>\$ 924</u> | | | | <u>\$ 910</u> |
| Weighted-average common shares outstanding, diluted | | | | 317,434 | | | | 308,458 |
| Sempra Adjusted EPS | | | | <u>\$ 2.91</u> | | | | <u>\$ 2.95</u> |

⁽¹⁾ Except for adjustments that are solely income tax, income taxes on pretax amounts were primarily calculated based on applicable statutory tax rates.

SEMPRA ENERGY
Table A (Continued)

RECONCILIATION OF SEMPRA 2022 ADJUSTED EPS GUIDANCE RANGE TO SEMPRA 2022 GAAP EPS GUIDANCE RANGE (Unaudited)

Sempra 2022 Adjusted EPS Guidance Range of \$8.10 to \$8.70 excludes items (after the effects of income taxes and, if applicable, noncontrolling interests) as follows:

- \$(66) million from impacts associated with Aliso Canyon natural gas storage facility litigation related to five property developer claims, four of which were settled in the three months ended March 31, 2022, at SoCalGas
- \$(75) million impact from foreign currency and inflation and associated undesignated derivatives for the three months ended March 31, 2022
- \$(51) million net unrealized losses on commodity derivatives for the three months ended March 31, 2022
- \$(120) million deferred income tax expense associated with the change in our indefinite reinvestment assertion as a result of progress in obtaining regulatory approvals necessary to close the pending sale of NCI to ADIA, which remains subject to the satisfaction of closing conditions

Sempra 2022 Adjusted EPS Guidance is a non-GAAP financial measure. This non-GAAP financial measure excludes significant items that are generally not related to our ongoing business activities and/or infrequent in nature. This non-GAAP financial measure also excludes the impact from foreign currency and inflation effects and associated undesignated derivatives and unrealized gains and losses on commodity derivatives, which we expect to occur in future periods, and which can vary significantly from one period to the next. Exclusion of these items is useful to management and investors because it provides a meaningful comparison of the performance of Sempra's business operations to prior and future periods. Sempra 2022 Adjusted EPS Guidance Range should not be considered an alternative to Sempra 2022 GAAP EPS Guidance Range. Non-GAAP financial measures are supplementary information that should be considered in addition to, but not as a substitute for, the information prepared in accordance with GAAP. The table below reconciles Sempra 2022 Adjusted EPS Guidance Range to Sempra 2022 GAAP EPS Guidance Range, which we consider to be the most directly comparable financial measure calculated in accordance with GAAP.

RECONCILIATION OF ADJUSTED EPS GUIDANCE RANGE TO GAAP EPS GUIDANCE RANGE

| | Full-Year 2022 | |
|--|----------------|-----------------|
| Sempra GAAP EPS Guidance Range | \$ | 7.11 to \$ 7.71 |
| Excluded items: | | |
| Impacts associated with Aliso Canyon litigation | | 0.21 0.21 |
| Impact from foreign currency and inflation and associated undesignated derivatives | | 0.24 0.24 |
| Net unrealized losses on commodity derivatives | | 0.16 0.16 |
| Deferred income tax expense associated with the change in our indefinite reinvestment assertion related to the pending sale of NCI to ADIA | | 0.38 0.38 |
| Sempra Adjusted EPS Guidance Range | \$ | 8.10 to \$ 8.70 |
| Weighted-average common shares outstanding, diluted (millions) | | 317 |

SEMPRA ENERGY

Table B

CONDENSED CONSOLIDATED BALANCE SHEETS

(Dollars in millions)

| | March 31, 2022 | December 31, 2021 ⁽¹⁾ |
|--|-------------------|-------------------------------------|
| | (unaudited) | |
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 2,519 | \$ 559 |
| Restricted cash | 14 | 19 |
| Accounts receivable – trade, net | 1,857 | 2,071 |
| Accounts receivable – other, net | 338 | 398 |
| Due from unconsolidated affiliates | 671 | 23 |
| Income taxes receivable | 139 | 79 |
| Inventories | 352 | 389 |
| Prepaid expenses | 239 | 260 |
| Regulatory assets | 127 | 271 |
| Greenhouse gas allowances | 98 | 97 |
| Other current assets | 147 | 209 |
| Total current assets | 6,501 | 4,375 |
| Other assets: | | |
| Restricted cash | 3 | 3 |
| Due from unconsolidated affiliates | — | 637 |
| Regulatory assets | 2,349 | 2,011 |
| Insurance receivable for Aliso Canyon costs | 360 | 360 |
| Greenhouse gas allowances | 539 | 422 |
| Nuclear decommissioning trusts | 946 | 1,012 |
| Dedicated assets in support of certain benefit plans | 532 | 567 |
| Deferred income taxes | 148 | 151 |
| Right-of-use assets – operating leases | 595 | 594 |
| Investment in Oncor Holdings | 13,116 | 12,947 |
| Other investments | 1,674 | 1,525 |
| Goodwill | 1,602 | 1,602 |
| Other intangible assets | 363 | 370 |
| Wildfire fund | 324 | 331 |
| Other long-term assets | 1,268 | 1,244 |
| Total other assets | 23,819 | 23,776 |
| Property, plant and equipment, net | 44,602 | 43,894 |
| Total assets | \$ 74,922 | \$ 72,045 |

⁽¹⁾ Derived from audited financial statements.

SEMPRA ENERGY

Table B (Continued)

CONDENSED CONSOLIDATED BALANCE SHEETS

(Dollars in millions)

| | March 31, 2022 | December 31, 2021 ⁽¹⁾ |
|---|-------------------|-------------------------------------|
| | (unaudited) | |
| LIABILITIES AND EQUITY | | |
| Current liabilities: | | |
| Short-term debt | \$ 2,181 | \$ 3,471 |
| Accounts payable – trade | 1,375 | 1,671 |
| Accounts payable – other | 171 | 178 |
| Dividends and interest payable | 591 | 563 |
| Accrued compensation and benefits | 312 | 479 |
| Regulatory liabilities | 704 | 359 |
| Current portion of long-term debt and finance leases | 298 | 106 |
| Reserve for Aliso Canyon costs | 2,052 | 1,980 |
| Greenhouse gas obligations | 98 | 97 |
| Other current liabilities | 1,218 | 1,131 |
| Total current liabilities | 9,000 | 10,035 |
| Long-term debt and finance leases | 24,416 | 21,068 |
| Deferred credits and other liabilities: | | |
| Due to unconsolidated affiliates | 309 | 287 |
| Regulatory liabilities | 3,360 | 3,402 |
| Greenhouse gas obligations | 290 | 225 |
| Pension and other postretirement benefit plan obligations, net of plan assets | 704 | 687 |
| Deferred income taxes | 3,948 | 3,477 |
| Asset retirement obligations | 3,417 | 3,375 |
| Deferred credits and other | 1,918 | 2,070 |
| Total deferred credits and other liabilities | 13,946 | 13,523 |
| Equity: | | |
| Sempra Energy shareholders' equity | 26,114 | 25,981 |
| Preferred stock of subsidiary | 20 | 20 |
| Other noncontrolling interests | 1,426 | 1,418 |
| Total equity | 27,560 | 27,419 |
| Total liabilities and equity | \$ 74,922 | \$ 72,045 |

⁽¹⁾ Derived from audited financial statements.

SEMPRA ENERGY

Table C

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Dollars in millions)

| | Three months ended March 31, | |
|--|------------------------------|----------------|
| | 2022 | 2021 |
| | (unaudited) | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Net income | \$ 657 | \$ 928 |
| Adjustments to reconcile net income to net cash provided by operating activities | 705 | 446 |
| Net change in working capital components | 326 | 84 |
| Insurance receivable for Aliso Canyon costs | — | 31 |
| Distributions from investments | 204 | 208 |
| Changes in other noncurrent assets and liabilities, net | (285) | (195) |
| Net cash provided by operating activities | 1,607 | 1,502 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Expenditures for property, plant and equipment | (1,204) | (1,181) |
| Expenditures for investments and acquisitions | (85) | (115) |
| Purchases of nuclear decommissioning trust assets | (242) | (288) |
| Proceeds from sales of nuclear decommissioning trust assets | 242 | 288 |
| Advances to unconsolidated affiliates | — | (8) |
| Distributions from investments | — | 4 |
| Other | (1) | (1) |
| Net cash used in investing activities | (1,290) | (1,301) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Common dividends paid | (349) | (301) |
| Preferred dividends paid | — | (36) |
| Issuances of common stock | 3 | — |
| Repurchases of common stock | (226) | (37) |
| Issuances of debt (maturities greater than 90 days) | 4,023 | 102 |
| Payments on debt (maturities greater than 90 days) and finance leases | (1,048) | (1,093) |
| (Decrease) increase in short-term debt, net | (720) | 932 |
| Advances from unconsolidated affiliates | 18 | 20 |
| Proceeds from sales of noncontrolling interests | 13 | 7 |
| Distributions to noncontrolling interests | (53) | — |
| Contributions from noncontrolling interests | 6 | — |
| Other | (29) | (1) |
| Net cash provided by (used in) financing activities | 1,638 | (407) |
| Effect of exchange rate changes on cash, cash equivalents and restricted cash | — | (1) |
| Increase (decrease) in cash, cash equivalents and restricted cash | 1,955 | (207) |
| Cash, cash equivalents and restricted cash, January 1 | 581 | 985 |
| Cash, cash equivalents and restricted cash, March 31 | \$ 2,536 | \$ 778 |

SEMPRA ENERGY

Table D

SEGMENT EARNINGS (LOSSES) AND CAPITAL EXPENDITURES, INVESTMENTS AND ACQUISITIONS

(Dollars in millions)

| | Three months ended March 31, | |
|--|------------------------------|--------|
| | 2022 | 2021 |
| | (unaudited) | |
| Earnings (Losses) Attributable to Common Shares | | |
| SDG&E | \$ 234 | \$ 212 |
| SoCalGas | 334 | 407 |
| Sempra Texas Utilities | 162 | 135 |
| Sempra Infrastructure | 95 | 202 |
| Parent and other | (213) | (82) |
| Total | \$ 612 | \$ 874 |

| | Three months ended March 31, | |
|---|------------------------------|----------|
| | 2022 | 2021 |
| | (unaudited) | |
| Capital Expenditures, Investments and Acquisitions | | |
| SDG&E | \$ 552 | \$ 555 |
| SoCalGas | 468 | 459 |
| Sempra Texas Utilities | 85 | 50 |
| Sempra Infrastructure | 182 | 231 |
| Parent and other | 2 | 1 |
| Total | \$ 1,289 | \$ 1,296 |

SEMPRA ENERGY

Table E

OTHER OPERATING STATISTICS

| | Three months ended March 31, | |
|--|------------------------------|--------|
| | 2022 | 2021 |
| | (unaudited) | |
| UTILITIES | | |
| SDG&E and SoCalGas | | |
| Gas sales (Bcf) ⁽¹⁾ | 116 | 127 |
| Transportation (Bcf) ⁽¹⁾ | 144 | 137 |
| Total deliveries (Bcf) ⁽¹⁾ | 260 | 264 |
| Total gas customer meters (thousands) | 7,013 | 6,975 |
| SDG&E | | |
| Electric sales (millions of kWh) ⁽¹⁾ | 2,266 | 3,289 |
| Community Choice Aggregation and Direct Access (millions of kWh) | 1,898 | 813 |
| Total deliveries (millions of kWh) ⁽¹⁾ | 4,164 | 4,102 |
| Total electric customer meters (thousands) | 1,498 | 1,486 |
| Oncor⁽²⁾ | | |
| Total deliveries (millions of kWh) | 33,711 | 30,677 |
| Total electric customer meters (thousands) | 3,848 | 3,781 |
| Ecogas | | |
| Natural gas sales (Bcf) | 1 | 1 |
| Natural gas customer meters (thousands) | 144 | 136 |
| ENERGY-RELATED BUSINESSES | | |
| Power generated and sold | | |
| Sempra Infrastructure | | |
| Termoeléctrica de Mexicali (TDM) (millions of kWh) | 524 | 845 |
| Wind and solar (millions of kWh) ⁽¹⁾⁽³⁾ | 732 | 543 |

⁽¹⁾ Include intercompany sales.

⁽²⁾ Includes 100% of the electric deliveries and customer meters of Oncor Electric Delivery Company LLC (Oncor), in which we hold an indirect 80.25% interest through our investment in Oncor Electric Delivery Holdings Company LLC.

⁽³⁾ Includes 50% of the total power generated and sold at the Energía Sierra Juárez (ESJ) wind power generation facility through March 19, 2021. As of March 19, 2021, ESJ became a wholly owned, consolidated subsidiary of IEnova.

SEMPRA ENERGY
Table F (Unaudited)

STATEMENTS OF OPERATIONS DATA BY SEGMENT

(Dollars in millions)

| Three months ended March 31, 2022 | SDG&E | SoCalGas | Sempra Texas Utilities | Sempra Infrastructure | Consolidating Adjustments, Parent & Other | Total |
|--|----------|----------|------------------------------|--------------------------|--|----------|
| Revenues | \$ 1,445 | \$ 1,993 | \$ — | \$ 424 | \$ (42) | \$ 3,820 |
| Cost of sales and other expenses | (836) | (1,290) | (2) | (279) | 17 | (2,390) |
| Aliso Canyon litigation and regulatory matters | — | (92) | — | — | — | (92) |
| Depreciation and amortization | (239) | (187) | — | (65) | (2) | (493) |
| Other income (expense), net | 34 | 34 | — | (16) | (14) | 38 |
| Income (loss) before interest and tax ⁽¹⁾ | 404 | 458 | (2) | 64 | (41) | 883 |
| Net interest expense | (106) | (40) | — | (6) | (66) | (218) |
| Income tax expense | (64) | (84) | — | (91) | (95) | (334) |
| Equity earnings, net | — | — | 164 | 162 | — | 326 |
| Earnings attributable to noncontrolling interests | — | — | — | (34) | — | (34) |
| Preferred dividends | — | — | — | — | (11) | (11) |
| Earnings (losses) attributable to common shares | \$ 234 | \$ 334 | \$ 162 | \$ 95 | \$ (213) | \$ 612 |

| Three months ended March 31, 2021 | SDG&E | SoCalGas | Sempra Texas Utilities | Sempra Infrastructure | Consolidating Adjustments, Parent & Other | Total |
|--|----------|----------|------------------------------|--------------------------|--|----------|
| Revenues | \$ 1,337 | \$ 1,508 | \$ — | \$ 449 | \$ (35) | \$ 3,259 |
| Cost of sales and other expenses | (801) | (834) | (2) | (220) | 13 | (1,844) |
| Depreciation and amortization | (213) | (173) | — | (54) | (2) | (442) |
| Other income (expense), net | 35 | 39 | — | (44) | 5 | 35 |
| Income (loss) before interest and tax ⁽¹⁾ | 358 | 540 | (2) | 131 | (19) | 1,008 |
| Net interest expense | (101) | (39) | — | (20) | (80) | (240) |
| Income tax (expense) benefit | (45) | (94) | — | (57) | 38 | (158) |
| Equity earnings, net | — | — | 137 | 181 | — | 318 |
| Earnings attributable to noncontrolling interests | — | — | — | (33) | — | (33) |
| Preferred dividends | — | — | — | — | (21) | (21) |
| Earnings (losses) attributable to common shares | \$ 212 | \$ 407 | \$ 135 | \$ 202 | \$ (82) | \$ 874 |

⁽¹⁾ Management believes Income (Loss) Before Interest and Tax is a useful measurement of our segments' performance because it can be used to evaluate the effectiveness of our operations exclusive of interest and income tax, neither of which is directly relevant to the efficiency of those operations.