



August 6, 2013

## Sempra Energy Reports Higher Second-Quarter 2013 Earnings

- **California Utilities Receive Final Rate Case Decision**
- **\$119 Million Charge Recorded on Previously Announced Closure of SONGS**
- **Company Sets Updated 2013 Earnings-Per-Share Guidance of \$4.30 to \$4.60, Excluding \$119 Million SONGS Charge**
- **INova to Begin Los Ramones I Pipeline Project**

SAN DIEGO, Aug. 6, 2013 - [Sempra Energy](#) (NYSE: SRE) today reported second-quarter 2013 earnings of \$245 million, or \$0.98 per diluted share, compared with second-quarter 2012 earnings of \$62 million, or \$0.25 per diluted share.

On May 9, the California Public Utilities Commission (CPUC) issued a final General Rate Case decision for San Diego Gas & Electric (SDG&E) and Southern California Gas Co. (SoCalGas) that included a revenue increase for the full year 2012 and the first quarter 2013. Due to the rate case decision, second-quarter 2013 earnings included:

- \$77 million, or \$0.31 per diluted share, for the 2012 operations of SDG&E and SoCalGas; and
- \$29 million, or \$0.11 per diluted share, for the first-quarter 2013 operations of SDG&E and SoCalGas.

Sempra Energy's second-quarter 2013 earnings also included a \$119 million, or \$0.48 per diluted share, charge related to Southern California Edison's decision in June to permanently retire the San Onofre Nuclear Generating Station (SONGS). SDG&E owns a 20-percent stake in SONGS. Last year's second-quarter earnings included a \$179 million, or \$0.73 per diluted share, non-cash charge related to a write-down on the company's investment in the Rockies Express Pipeline. Excluding the charges in both years and the benefits from the General Rate Case related to 2012 and first-quarter 2013 operations, Sempra Energy's adjusted earnings increased to \$258 million, or \$1.04 per diluted share, in the second quarter 2013, from \$241 million, or \$0.98 per diluted share, in last year's second quarter.

"We are pleased with our solid second-quarter operating results," said Debra L. Reed, chairman and CEO of Sempra Energy. "With our California utilities' rate case now behind us and the strong performance across all of our businesses, we remain on-track to meet our updated earnings guidance for the year."

Sempra Energy's earnings for the first six months of 2013 were \$423 million, or \$1.70 per diluted share, up from \$298 million, or \$1.21 per diluted share. Excluding the charges in both years and the \$77 million benefit from the General Rate Case related to 2012 operations, Sempra Energy's adjusted earnings for the first six months of 2013 were \$465 million, or \$1.87 per diluted share, compared with \$477 million, or \$1.94 per diluted share, in the first half of 2012. Adjusted earnings in the first six months of 2013 were lower due primarily to the dilutive effect and first-quarter tax impact of the INova initial public offering that occurred in March.

### **CALIFORNIA UTILITIES**

#### **San Diego Gas & Electric**

Earnings for SDG&E were \$65 million in the second quarter 2013, compared with \$95 million in last year's second quarter. The decrease was due primarily to the \$119 million charge taken in the second quarter 2013 associated with the announced closure of SONGS. This decrease was partially offset by:

- a \$52 million benefit from the General Rate Case for 2012 operations;
- a \$17 million benefit from the General Rate Case for first-quarter 2013 operations; and
- higher base margin and a reduction in 2013 tax expense.

Excluding the charge related to SONGS and the benefits from the General Rate Case for 2012 and first-quarter 2013 operations, SDG&E's adjusted second-quarter 2013 earnings were \$115 million.

SDG&E's earnings for the first six months of 2013 were \$156 million, compared with \$200 million in the same period last year. Excluding the charge related to SONGS and the benefit from the General Rate Case related to 2012 operations, SDG&E's adjusted earnings for the first six months of 2013 were \$223 million.

## **Southern California Gas Co.**

Second-quarter earnings for SoCalGas rose to \$118 million in 2013 from \$53 million in 2012. The increase in the quarter was primarily due to:

- a \$25 million benefit from the General Rate Case for 2012 operations;
- a \$12 million benefit from the General Rate Case for first-quarter 2013 operations; and
- higher base margin, higher earnings created by the full recovery of pipeline integrity program costs and increased income-tax benefits.

Excluding the benefits from the General Rate Case for 2012 and first-quarter 2013 operations, SoCalGas' adjusted second-quarter 2013 earnings were \$81 million.

In the first half of 2013, SoCalGas' earnings increased to \$164 million from \$119 million in the first half of 2012. Excluding the benefit from the General Rate Case related to 2012 operations, SoCalGas' adjusted earnings in the first six months of 2013 were \$139 million.

## **SEMPRA INTERNATIONAL**

### **Sempra South American Utilities**

In the second quarter 2013, Sempra South American Utilities had earnings of \$34 million, compared with \$38 million in the second quarter 2012.

For the first six months of 2013, earnings for Sempra South American Utilities were \$71 million, compared with \$78 million in the first half of 2012.

In June, Sempra International completed the sale of its stake in two Argentine natural gas utility holding companies for \$13 million in cash. The company took after-tax write-downs of the Argentine assets of \$7 million and \$4 million, respectively, in the first and second quarters of 2013.

### **Sempra Mexico**

Sempra Mexico recorded second-quarter earnings of \$26 million in 2013, compared with \$47 million in 2012. Earnings in the most recent quarter were lower, due primarily to higher income-tax expense, reduced ownership in IEnova and reduced operating earnings because of planned maintenance at the Mexicali power plant.

For the first six months of 2013, Sempra Mexico had earnings of \$57 million, compared with \$80 million during the first six months of 2012.

As part of an ongoing joint venture, IEnova recently signed a contract to jointly develop with PEMEX the first phase of the Los Ramones natural gas pipeline project. Construction on the 70-mile leg of the pipeline, which originates at the U.S.-Mexico border in south Texas, is expected to begin in the fourth quarter 2013 and be completed in the second half of next year.

## **SEMPRA U.S. GAS & POWER**

### **Sempra Renewables**

Second-quarter earnings for Sempra Renewables were \$15 million in 2013, compared with \$24 million in 2012, due primarily to deferred tax benefits in 2012 from solar assets put into service last year.

In the first six months of 2013, earnings for Sempra Renewables were \$19 million, compared with \$34 million during the same period last year.

### **Sempra Natural Gas**

Sempra Natural Gas had earnings of \$9 million in the second quarter 2013, compared with a loss of \$193 million in the second quarter 2012, which included a \$179 million impairment charge on the Rockies Express Pipeline. The increase in 2013 was due primarily to improved earnings from liquefied natural gas and gas storage operations because of changes in natural gas prices.

For the first six months of 2013, Sempra Natural Gas had earnings of \$62 million, compared with a loss of \$192 million in the first half of 2012, which included last year's impairment charge on the Rockies Express Pipeline. Earnings in the first six months of

2013 included a \$44 million first-quarter gain on the sale of half of the Mesquite Power plant.

## **EARNINGS GUIDANCE**

Earlier this year, Sempra Energy set 2013 earnings-per-share guidance of \$4.30 to \$4.60, which included the anticipated retroactive impacts from the California utilities' General Rate Case. Today, the company said its updated 2013 guidance of \$4.30 to \$4.60 continues to include the \$0.31-per-share benefit for the retroactive impacts from the General Rate Case, but excludes the \$0.48-per-share charge related to the announced closure of SONGS.

## **INTERNET BROADCAST**

Sempra Energy will broadcast a live discussion of its earnings results over the Internet today at 1 p.m. EDT with senior management of the company. Access is available by logging onto the website at [www.sempra.com](http://www.sempra.com). For those unable to log onto the live webcast, the teleconference will be available on replay a few hours after its conclusion by dialing (888) 203-1112 and entering passcode 9732661.

## **NON-GAAP FINANCIAL MEASURES**

Non-GAAP financial measures include Sempra Energy's adjusted earnings and adjusted earnings per share for 2013 and 2012, as well as Sempra Energy's updated earnings-per-share guidance for 2013. Adjusted earnings for 2013 for SDG&E and SoCalGas also are non-GAAP measures. Additional information regarding these non-GAAP measures is in the appendix on Table A of the second-quarter financial tables.

Sempra Energy, based in San Diego, is a Fortune 500 energy services holding company with 2012 revenues of approximately \$10 billion. The Sempra Energy companies' nearly 17,000 employees serve more than 31 million consumers worldwide.

*This press release contains statements that are not historical fact and constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements can be identified by words like "believes," "expects," "anticipates," "intends," "plans," "forecasts," "estimates," "may," "will," "would," "could," "should," "potential," "target," "outlook," "project," "maintain," "depends," "pursue" or similar expressions, or discussions of guidance, strategies, plans, goals, opportunities, projections, initiatives, objectives or intentions. Forward-looking statements are not guarantees of performance. They involve risks, uncertainties and assumptions. Future results may differ materially from those expressed in the forward-looking statements. Forward-looking statements are necessarily based upon various assumptions involving judgments with respect to the future and other risks, including, among others: local, regional, national and international economic, competitive, political, legislative and regulatory conditions and developments; actions and the timing of actions by the California Public Utilities Commission, California State Legislature, Federal Energy Regulatory Commission, U.S. Department of Energy, Nuclear Regulatory Commission, Atomic Safety and Licensing Board, California Energy Commission, California Air Resources Board, and other regulatory, governmental and environmental bodies in the United States and other countries where the company does business; capital market conditions, including the availability of credit and the liquidity of investments; inflation, interest and exchange rates; the impact of benchmark interest rates, generally Moody's A-rated utility bond yields, on the California utilities' cost of capital; the timing and success of business development efforts and construction, maintenance and capital projects, including risks inherent in the ability to obtain, and the timing of the granting of, permits, licenses, certificates and other authorizations; energy markets, including the timing and extent of changes and volatility in commodity prices; the availability of electric power, natural gas and liquefied natural gas, including disruptions caused by failures in the North American transmission grid, pipeline explosions, equipment failure and the decommissioning of SONGS; weather conditions, natural disasters, catastrophic accidents, and conservation efforts; risks inherent with nuclear power facilities and radioactive materials storage, including catastrophic release of such materials, the disallowance of the recovery of the investment in, or operating costs of, the nuclear facility due to an extended outage and facility closure, and increased regulatory oversight; risks posed by decisions and actions of third parties who control the operations of investments in which the company does not have a controlling interest; wars, terrorist attacks and cyber security threats; business, regulatory, environmental and legal decisions and requirements; expropriation of assets by foreign governments and title and other property disputes; the impact on reliability of SDG&E's electric transmission and distribution system due to increased power supply from renewable energy sources; the impact on competitive customer rates of the growth in distributed and local power generation and the corresponding decrease in demand for power delivered through our electric transmission and distribution system; the inability or determination not to enter into long-term supply and sales agreements or long-term firm capacity agreements; the resolution of litigation; and other uncertainties, all of which are difficult to predict and many of which are beyond the control of the company. These risks and uncertainties are further discussed in the most recent Annual Report on Form 10-K and Quarterly Report on Form 10-Q that Sempra Energy has filed with the Securities and Exchange Commission. These reports are available through the EDGAR system free-of-charge on the SEC's website, [www.sec.gov](http://www.sec.gov), and on the company's website at [www.sempra.com](http://www.sempra.com).*

*We caution you not to rely unduly on any forward-looking statement. These forward-looking statements speak only as of the date hereof, and the company undertakes no obligation to update or revise these forecasts or projections or other forward-looking statements, whether as a result of new information, future events or otherwise.*

*Sempra International, LLC, and Sempra U.S. Gas & Power, LLC, are not the same companies as San Diego Gas & Electric (SDG&E) or Southern California Gas Company (SoCalGas) and Sempra International, LLC and Sempra U.S. Gas & Power, LLC are not regulated by the*

*California Public Utilities Commission. Sempra International's underlying entities include Sempra Mexico and Sempra South American Utilities. Sempra U.S. Gas & Power's underlying entities include Sempra Renewables and Sempra Natural Gas.*

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