



2013

Earnings Results

February 27, 2014

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Agenda

- ▶ 2013 Financial Results
- ▶ 2014 Guidance
- ▶ Cameron LNG Project
- ▶ California Utilities
- ▶ Sempra International



Fourth Quarter and Full Year 2013 Results

<i>(Dollars, except EPS, and shares in millions)</i>	Three months ended December 31,		Years ended December 31,	
	2013	2012	2013	2012
	<i>(Unaudited)</i>			
GAAP Earnings	\$ 282	\$ 293	\$ 1,001	\$ 859
Loss on San Onofre Nuclear Generating Station (SONGS) Plant Closure	-	-	119	-
Rockies Express Pipeline (REX) Impairment, offset by Kinder Morgan Receipt	-	(25)	-	214
Earnings for 2013 Guidance Comparison ^(1,2)	282	268	1,120	1,073
Retroactive 2012 Benefit from General Rate Case (GRC)	-	-	(77)	-
Adjusted Earnings ^(1,3)	<u>\$ 282</u>	<u>\$ 268</u>	<u>\$ 1,043</u>	<u>\$ 1,073</u>
Diluted weighted-average shares outstanding	250	248	249	247
GAAP EPS	\$ 1.13	\$ 1.18	\$ 4.01	\$ 3.48
EPS for 2013 Guidance Comparison ^(1,2)	\$ 1.13	\$ 1.08	\$ 4.49	\$ 4.35
Adjusted EPS ^(1,3)	\$ 1.13	\$ 1.08	\$ 4.18	\$ 4.35

- ▶ Q4-13 and full-year 2013 earnings per share exceed prior expectations
- ▶ 2013 earnings per share include \$0.25 per share impact from repatriation plan and \$0.10 per share dilution from IEnova IPO

(1) See appendix for information regarding non-GAAP financial measures.
 (2) Full year 2013 results exclude loss on SONGS closure.
 (3) Full year 2013 results exclude both loss on SONGS closure and 2012 retroactive benefit from GRC.

San Diego Gas & Electric

<i>(Dollars in millions)</i>	Three months ended		Years ended	
	December 31,		December 31,	
	2013	2012	2013	2012
	<i>(Unaudited)</i>			
SDG&E GAAP Earnings	\$ 119	\$ 110	\$ 404	\$ 484
Loss on SONGS Plant Closure	-	-	119	-
Retroactive 2012 Benefit from GRC	-	-	(52)	-
Adjusted SDG&E Earnings ⁽¹⁾	\$ 119	\$ 110	\$ 471	\$ 484

- ▶ Q4-13 higher earnings primarily due to:
 - \$28 million higher CPUC base margin, net of expenses, partially offset by
 - \$10 million decrease in earnings from lower authorized returns; and
 - \$4 million loss of earnings due to SONGS plant closure
- ▶ 2012 earnings included \$22 million of lower taxes from the retroactive benefit for 2011 of a change in treatment of repair expenditures

(1) See appendix for information regarding non-GAAP financial measures.

Southern California Gas

<i>(Dollars in millions)</i>	Three months ended		Years ended	
	December 31,		December 31,	
	2013	2012	2013	2012
	<i>(Unaudited)</i>			
SoCalGas GAAP Earnings	\$ 98	\$ 99	\$ 364	\$ 289
Retroactive 2012 Benefit from GRC	-	-	(25)	-
Adjusted SoCalGas Earnings ⁽¹⁾	\$ 98	\$ 99	\$ 339	\$ 289

- ▶ Q4-13 earnings impacted by:
 - \$19 million higher CPUC base margin, net of expenses, and
 - \$12 million in reduced tax expenses related to prior years' income tax issues, offset by
 - \$30 million lower income tax benefit due to full year benefit from change in treatment of repair expenditures recorded in Q4-12
- ▶ Increase in 2013 full-year adjusted earnings primarily due to \$51 million higher CPUC base margin, net of expenses, and gas pipeline integrity expenses now fully recovered in rates

(1) See appendix for information regarding non-GAAP financial measures.

Sempra International

<i>(Dollars in millions)</i>	Three months ended		Years ended	
	December 31,		December 31,	
	2013	2012	2013	2012
	<i>(Unaudited)</i>			
Sempra South American Utilities	\$ 43	\$ 46	\$ 153	\$ 164
Sempra Mexico	26	35	122	157
Sempra International Earnings	\$ 69	\$ 81	\$ 275	\$ 321

- ▶ South American utilities full-year impacted by \$11 million loss related to sale of Argentine investments
- ▶ Mexico Q4-13 earnings lower due to:
 - \$13 million increase in deferred income tax expense due to tax law enacted in fourth quarter 2013; and
 - \$8 million decrease from non-controlling interest at IEnova, partially offset by
 - \$9 million net increase from gas pipeline AFUDC earnings



Sempra U.S. Gas & Power

<i>(Dollars in millions)</i>	Three months ended		Years ended	
	December 31,		December 31,	
	2013	2012	2013	2012
	<i>(Unaudited)</i>			
Sempra Natural Gas	\$ 9	\$ 19	\$ 64	\$ (241)
REX Impairment, offset by Kinder Morgan Receipt	-	(25)	-	214
Sempra Natural Gas excl. Impairment	9	(6)	64	(27)
Sempra Renewables	6	14	62	61
Sempra U.S. Gas & Power Earnings excl. Impairment	\$ 15	\$ 8	\$ 126	\$ 34

- ▶ Excluding the Kinder Morgan make-whole payment, Sempra Natural Gas Q4-13 earnings increased due primarily to:
 - Lower of cost or market adjustment related to the purchase of an LNG cargo in Q4-12, and
 - Change in intercompany marketing agreements reducing 2013 costs
- ▶ Renewables Q4-13 earnings decreased as higher operational earnings were more than offset by higher deferred income tax benefits recorded in Q4-12 from assets placed in service that year



2014 Guidance and Dividend Increase

- ▶ Reaffirm 2014 consolidated guidance range of \$4.25-\$4.55 per share
 - Will provide updated 2014 segment level detail and longer term guidance at Analyst Conference on March 27, 2014

- ▶ Dividend increased by approximately 5% to \$2.64 per share on an annualized basis
 - Once Cameron is in construction, we intend to recommend higher dividend growth as an alternative to a larger one time increase after Cameron is operational



Cameron LNG Project Update

- ▶ DOE conditional non-FTA permit received February 11, 2014
- ▶ Substantial progress made in obtaining FERC permit:
 - Draft Environmental Impact Statement (DEIS) published January 10, 2014
 - Final EIS scheduled by April 30, 2014 is last major step in securing FERC order authorizing construction and operation
- ▶ Selected preferred EPC contractor and working to finalize lump-sum contract
- ▶ Financing progressing according to plan with strong interest from multiple sources and attractive pricing
- ▶ Construction expected to begin in 2014 at a total project cost of \$9 - \$10 billion
- ▶ Still expect all 3 trains on line in 2018 with first full year of 3-train production in 2019



California Utilities Update

- ▶ SDG&E settlement filed with FERC on electric transmission formula
 - Establishes ROE of 10.05% through December 31, 2018
 - Sets capital structure at actual levels as of 12/31 of prior year
 - Specifically allows SDG&E to apply for future incentives

- ▶ SONGS
 - CPUC proceedings ongoing
 - SDG&E efforts continue on multiple tracks



Sempra International Update

- ▶ Santa Teresa Hydro
 - 100 MW project on schedule to be completed this year
- ▶ Sonora Pipeline Phase 1
 - Construction on schedule and on budget; expected to be completed in 2H-14
- ▶ Los Ramones I
 - Construction began in January; expected to be completed in 2H-14
- ▶ Los Ramones II Northern Phase
 - Finalization of contract with PEMEX ongoing
 - Expect IEnova will have 25% interest in \$1 billion project
- ▶ Energía Sierra Juárez Wind
 - Construction began in Q4-13
 - JV negotiations to sell 50% ownership progressing well



Summary

- ▶ Strong 2013 adjusted earnings¹ performance
- ▶ Clear visibility to future growth provides confidence in dividend; Board increased by about 5% to annualized level of \$2.64 per share
- ▶ DOE Non-FTA approval and FERC schedule keep Cameron on-track to start construction later this year
- ▶ Well on our way to meeting 9%-11% earnings CAGR through 2019 with confidence on Cameron's contribution starting in 2018
- ▶ Reaffirm 2014 guidance of \$4.25-\$4.55 per share with segment level detail provided at Analyst Conference March 27 in San Diego

(1) See appendix for information regarding non-GAAP financial measures.



Appendix



Non-GAAP Financial Measures

Sempra Energy Consolidated: Sempra Energy Adjusted Earnings and Adjusted Earnings Per Share excluding: 1) in the year ended December 31, 2013, the \$119 million loss from plant closure and \$77 million retroactive impact of the 2012 GRC for the full-year 2012; and 2) in the year ended December 31, 2012, a \$214 million impairment charge on our investment in Rockies Express Pipeline LLC, net of a \$25 million Kinder Morgan receipt in the fourth quarter, are non-GAAP financial measures (GAAP represents accounting principles generally accepted in the United States). Because of the significance and nature of these items, management believes that these non-GAAP financial measures provide a more meaningful comparison of the performance of Sempra Energy's business operations from 2013 to 2012 and to future periods, and also as a base for projection of future compounded annual growth rate. Our 2013 guidance of \$4.30 to \$4.60 per diluted share also excludes the \$119 million loss from plant closure, or \$0.48 per diluted share. Management believes that excluding the impact of the loss from plant closure from current year guidance provides a more meaningful measure of Sempra Energy's financial performance in 2013 in comparison to previously issued guidance.

San Diego Gas & Electric Company (SDG&E) and Southern California Gas Company (SoCalGas): SDG&E Adjusted Earnings excluding in the year ended December 31, 2013, the \$119 million loss from plant closure and \$52 million retroactive impact of the 2012 GRC for the full-year 2012 is a non-GAAP financial measure. SoCalGas Adjusted Earnings excluding in the year ended December 31, 2013, the \$25 million retroactive impact of the 2012 GRC for the full-year 2012 is a non-GAAP financial measure. Because of the significance and nature of these items, management believes that these non-GAAP financial measures provide a more meaningful comparison of the performance of SDG&E's and SoCalGas' business operations from 2013 to 2012 and to 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. Slides 4, 5, and 6 of this presentation and Table A of our financial tables in our fourth-quarter and full-year 2013 earnings press release reconcile these non-GAAP financial measures to Sempra Energy Earnings and Diluted Earnings Per Common Share and SDG&E Earnings and SoCalGas Earnings, which we consider to be the most directly comparable financial measures calculated in accordance with GAAP. Our fourth-quarter and year-end 2013 earnings press release is available in the News section of our website at www.sempra.com.



Mexican Project Summary

Name	Ultimate Ownership Interest	Length of Pipeline (km)	Design Capacity	Full COD	Contract Term (yrs)	Planned CapEx (\$ in millions)
IN DEVELOPMENT						
Sonora Pipeline Phase 1	100%	505	770 MMcfd	2H-14	25	~\$500
Los Ramones Phase 1	50% ⁽¹⁾	110	2,100 MMcfd	2H-14	25	\$450-\$550
Ethane Pipeline	50% ⁽¹⁾	226	152 MMcfd	1H-15	21	\$330
Energía Sierra Juárez	50%	NA	156 MW ⁽²⁾	1H-15	20	\$300 ⁽⁵⁾
Los Ramones Phase 2	25% ⁽¹⁾	440	TBD	2H-15	TBD	\$1,000
Sonora Pipeline Phase 2	100%	330	510 MMcfd	2H-16	25	~\$500
IN OPERATION						
Guadalajara LPG Terminal	50% ⁽¹⁾	NA	80,000 Bbld ⁽³⁾	Dec-13	15	
Samalayuca Pipeline	50% ⁽¹⁾	37	272 MMcfd	Dec-97	Annual	
Baja West Pipeline System	100%	45	940 MMcfd	Jun-00	20	
Baja East Pipeline System	100%	302	3,450 MMcfd ⁽⁴⁾	Aug-02	20	
Aguaprieta Pipeline	100%	13	200 MMcfd	Nov-02	25	
San Fernando Pipeline	50% ⁽¹⁾	114	1,000 MMcfd	Nov-03	20	
TDF Pipeline and Terminal	50% ⁽¹⁾	190	30,000 Bbld ⁽³⁾	Dec-07	20	
Energía Costa Azul	100%	NA	1 Bcf/d	May-08	20	

(1) Assets owned under our joint venture with PEMEX Gas. Planned Capex is 100% of project.

(2) Reflects total capacity of project; IEnova's net ownership interest expected to be 50%.

(3) In barrels of LPG.

(4) Design capacity including compression.

(5) Reflects total capex of project; IEnova's share is expected to be 50% of total.

Renewable Project Summary

Name	Location	MW	PPA Term (yrs)	Tax Credits	Full COD
IN OPERATION					
Fowler Ridge 2 Wind	Indiana	100 MW (50%)	20	PTC	2009
Copper Mountain Solar 1	Nevada	58 MW	20	ITC	2010
Cedar Creek 2 Wind	Colorado	125 MW (50%)	25	PTC	2011
Flat Ridge 2 Wind	Kansas	235 MW (50%)	20 - 25	PTC	2012
Mehoopany Wind	Pennsylvania	71 MW (50%)	20	PTC	2012
Mesquite Solar 1	Arizona	75 MW (50%)	20	Grant	2012
Copper Mountain Solar 2 (1 st Phase)	Nevada	46 MW (50%)	25	Grant	2012
Auwahi Wind	Hawaii	11 MW (50%)	20	Grant	2012
CONTRACTED/UNDER CONSTRUCTION					
Broken Bow 2 Wind	Nebraska	38 MW ⁽¹⁾	25	PTC	2014
Copper Mountain Solar 2 (2 nd Phase)	Nevada	29 MW (50%)	25	ITC	2015
Copper Mountain Solar 3	Nevada	125 MW ⁽¹⁾	20	ITC	2015

(1) Reflects Sempra Renewables' expected net ownership interest of 50%.