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## Sempra Energy Reports Second-Quarter 2012 Financial Results

- **SDG&E Energizes Sunrise Powerlink Transmission Line**
- **Company Records \$179 Million Non-cash, After-tax Charge on Rockies Express Pipeline Investment**
- **2012 Earnings-per-share Guidance Range of \$4 to \$4.30 Reaffirmed, Excluding Rockies Express Pipeline Charge**

SAN DIEGO, Aug. 2, 2012 - [Sempra Energy](#) (NYSE: SRE) today reported second-quarter 2012 earnings of \$62 million, or \$0.25 per diluted share, compared with earnings of \$503 million, or \$2.09 per diluted share, in the second quarter 2011.

Second-quarter 2012 earnings included a \$179 million non-cash charge related to a write-down on the company's investment in the Rockies Express Pipeline. Last year's second-quarter earnings included a gain of \$277 million, reflecting the write-up in the value of the company's original investments in Chile and Peru as a result of the acquisition of a controlling interest in those utilities.

Excluding these unusual items in both years, adjusted second-quarter earnings increased to \$241 million, or \$0.98 per diluted share, in 2012 from \$226 million, or \$0.94 per diluted share, in 2011.

Sempra Energy's earnings through the first six months of 2012 were \$298 million, or \$1.21 per diluted share, compared with \$757 million, or \$3.14 per diluted share, in the first six months of 2011. Excluding the Rockies Express Pipeline charge, adjusted earnings for the first six months were \$477 million, or \$1.94 per diluted share, compared with adjusted earnings of \$480 million, or \$1.99 per diluted share, in the same period last year.

"We are pleased with our operating results during the quarter and, after adjusting for the impairment charge, remain on course to meet our 2012 earnings guidance," said Debra L. Reed, chief executive officer of Sempra Energy. "Our utilities continue to make progress with their major infrastructure projects. In June, SDG&E energized its Sunrise Powerlink transmission line. The 117-mile line will help meet summer power demand and improve reliability of the regional electric grid. The line also will serve as a critical link to developing renewable energy projects in California's Imperial Valley and provide significant economic benefits for the region."

As announced previously, on Jan. 1, Sempra Energy consolidated Sempra Generation, Sempra Pipelines & Storage and Sempra LNG into two new operating units: Sempra International and Sempra U.S. Gas & Power. Sempra International is comprised of two new reporting segments: Sempra South American Utilities and Sempra Mexico. Sempra U.S. Gas & Power also is comprised of two new reporting segments: Sempra Renewables and Sempra Natural Gas. Beginning in the first quarter 2012, in addition to San Diego Gas & Electric and Southern California Gas Co., Sempra Energy began reporting financial results under each of the above segments.

### **CALIFORNIA UTILITIES**

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

In the second quarter 2012, earnings for [San Diego Gas & Electric](#) (SDG&E) increased to \$95 million from \$71 million in last year's second quarter, due primarily to higher earnings related to the Sunrise Powerlink transmission line project.

For the first six months of 2012, SDG&E earned \$200 million, up from \$160 million in the first six months of 2011.

In addition to energizing the Sunrise Powerlink, SDG&E received approval in June from the California Public Utilities Commission to proceed with construction of the new East County electric substation project. The \$435 million project will help bolster electric reliability and support transmission of renewable energy along the Sunrise Powerlink. The project, which involves development of a new substation and modernization of a nearby older substation, is expected to be completed in 2014.

#### **Southern California Gas Co.**

Second-quarter earnings for [Southern California Gas Co.](#) (SoCalGas) were \$53 million in 2012, compared with \$59 million in 2011.

SoCalGas' earnings in the first half of 2012 were \$119 million, compared with \$127 million during the same period last year.

## **SEMPRA INTERNATIONAL**

### **Sempra South American Utilities**

In the second quarter 2012, Sempra South American Utilities had earnings of \$38 million, compared with \$314 million in the second quarter 2011.

For the first six months of 2012, earnings for Sempra South American Utilities were \$78 million, compared with \$336 million in the first six months of 2011.

Six-month and quarterly earnings in 2011 were higher due to the \$277 million second-quarter gain from the write-up in value of the company's South American utility investments.

### **Sempra Mexico**

Sempra Mexico recorded second-quarter earnings of \$43 million in 2012, up from \$35 million last year.

For the first six months of 2012, Sempra Mexico had earnings of \$80 million, compared with \$74 million during the first six months of 2011.

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

### **Sempra Renewables**

Second-quarter earnings for Sempra Renewables rose to \$24 million in 2012 from \$4 million last year, due primarily to an increase in solar and wind assets.

During the first six months of 2012, earnings for Sempra Renewables were \$34 million, up from \$8 million in the same period of 2011.

### **Sempra Natural Gas**

Sempra Natural Gas posted a second-quarter loss of \$193 million in 2012, which included the \$179 million charge related to the Rockies Express Pipeline. Excluding this charge, Sempra Natural Gas recorded a \$14 million loss in the second quarter 2012, compared with earnings of \$47 million in last year's second quarter.

For the first six months of 2012, Sempra Natural Gas recorded a loss of \$192 million, including the Rockies Express Pipeline charge. Excluding the charge, Sempra Natural Gas had a \$13 million loss in the first half of 2012, compared with \$110 million in earnings for the first six months last year.

Kinder Morgan, a 50-percent owner of Rockies Express Pipeline, is in the process of selling its interest in the pipeline. As a result of this sales process, Sempra Energy has re-evaluated the fair value of the company's 25-percent interest in the pipeline. Although the pipeline is contracted through late 2019, the impairment charge reflects the impact of the existing weak market conditions on the pipeline's value.

Excluding the Rockies Express Pipeline charge, both the quarterly and six-month results for Sempra Natural Gas were impacted by lower natural gas and power prices, including the expiration of the 10-year California Department of Water Resources power-supply contract in September 2011.

## **PARENT & OTHER**

During the second quarter 2012, Sempra Energy had earnings of \$2 million at the parent company, compared with a loss of \$27 million in the year-ago quarter. The most recent quarter included a deferred tax benefit related to life-insurance contracts.

## **EARNINGS GUIDANCE**

Sempra Energy today reaffirmed its earnings-per-share guidance for 2012 of \$4 to \$4.30, excluding the Rockies Express Pipeline charge (a \$0.73-per-share negative impact) and the tax benefit at the parent company (a \$0.19-per-share positive impact). On a GAAP basis, Sempra Energy's 2012 earnings-per-share guidance is \$3.46 to \$3.76.

## **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 1897304.

## **NON-GAAP FINANCIAL MEASURES**

Adjusted earnings for 2012 and 2011, and 2012 earnings-per-share guidance, are non-GAAP financial 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 2011 revenues of \$10 billion. The Sempra Energy companies' 17,500 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," "estimates," "may," "will," "would," "could," "should," "potential," "target," "outlook," "depends," "pursue" or similar expressions, or discussions of guidance, strategies, plans, goals, 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 by the California Public Utilities Commission, California State Legislature, Federal Energy Regulatory Commission, U.S. Department of Energy, Nuclear Regulatory Commission, 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 the U.S. Treasury bond and 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 and equipment failures; weather conditions, natural disasters, catastrophic accidents, and conservation efforts; risks inherent in nuclear power generation and radioactive materials storage, including catastrophic release of such materials, the disallowance of the recovery of the investment in, or operating costs of, the generation facility due to an extended outage, 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 status of deregulation of retail natural gas and electricity delivery; 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 reports 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).*

*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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