Sempra Energy®

# STATISTICAL REPORT

Unaudited Supplement to the Financial Report

2004

Sempra Energy®

# 2004 Statistical Report

(unaudited)

*Supplement to the 2004 Annual Report*

Sempra Energy (NYSE: SRE), based in San Diego, is a Fortune 500 energy services holding company with more than 13,000 employees and $9.4 billion of revenues.

Through its principal business units -- Southern California Gas Company, San Diego Gas & Electric, Sempra Commodities, Sempra Generation and Sempra Pipelines & Storage -- Sempra Energy serves more than 10 million customers in the United States, Europe, Canada, Mexico, South America and Asia.

## *Shareholder Services*

Investors with general questions regarding Sempra Energy, San Diego Gas & Electric, Southern California Gas Company or Pacific Enterprises securities should contact the company at:

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Shareholder Services
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## *Investor Relations*

Security analysts, portfolio managers and other members of the financial community should contact:

Dennis Arriola
Vice President, Communications and Investor Relations
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Sempra Energy Common Stock:
Ticker Symbol: SRE
Stock Exchange Listings:
New York Stock Exchange
Pacific Stock Exchange

Sempra Commodities, Sempra Generation and Sempra Pipelines & Storage are not the same companies as the utilities SDG&E and SoCalGas, and they are not regulated by the California Public Utilities Commission.

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# Selected Financial Data 2000-2004

Sempra Energy®

| (Dollars in millions, except per share amounts) | Years ended December 31, 2004 | 2003 | 2002 | 2001 | 2000 |
|---|---|---|---|---|---|
| Operating revenues | | | | | |
| California utilities: | | | | | |
| Natural gas | $ 4,537 | $ 4,010 | $ 3,263 | $ 4,371 | $ 3,305 |
| Electric | 1,658 | 1,787 | 1,282 | 1,676 | 2,184 |
| Other | 3,215 | 2,090 | 1,503 | 1,683 | 1,271 |
| Total | $ 9,410 | $ 7,887 | $ 6,048 | $ 7,730 | $ 6,760 |
| Operating income | $ 1,272 | $ 939 | $ 987 | $ 997 | $ 884 |
| Net income | $ 895 | $ 649 | $ 591 | $ 518 | $ 429 |
| Net income per common share: | | | | | |
| Basic | $ 3.92 | $ 3.07 | $ 2.88 | $ 2.54 | $ 2.06 |
| Diluted | $ 3.83 | $ 3.03 | $ 2.87 | $ 2.52 | $ 2.06 |
| Dividends declared per common share | $ 1.00 | $ 1.00 | $ 1.00 | $ 1.00 | $ 1.00 |
| Weighted average number of common shares outstanding (diluted, in millions) | 233.9 | 214.5 | 206.1 | 205.3 | 208.3 |
| Return on common equity | 20.5% | 19.3% | 21.4% | 19.5% | 15.7% |
| Effective income tax rate | 17.3% | 6.3% | 20.2% | 29.1% | 38.6% |
| Price range of common shares | $ 37.93-29.51 | $ 30.90-22.25 | $ 26.25-15.50 | $ 28.61-17.31 | $ 24.88-16.19 |
| At December 31, | | | | | |
| Current assets | $ 8,776 | $ 7,866 | $ 7,010 | $ 4,692 | $ 6,525 |
| Total assets | $ 23,643 | $ 21,988 | $ 20,242 | $ 17,378 | $ 17,850 |
| Current liabilities | $ 9,082 | $ 8,569 | $ 7,554 | $ 5,629 | $ 7,490 |
| Long-term debt (excludes current portion) | $ 4,192 | $ 3,841 | $ 4,083 | $ 3,436 | $ 3,268 |
| Shareholders' equity | $ 4,865 | $ 3,890 | $ 2,825 | $ 2,692 | $ 2,494 |
| Common shares outstanding (in millions) | 234.2 | 226.6 | 204.9 | 204.5 | 201.9 |
| Book value per common share | $ 20.77 | $ 17.17 | $ 13.79 | $ 13.16 | $ 12.35 |

# Comparative Statistics 2000-2004 - California Utilities

Sempra Energy®

| (Dollars in millions, except average cost of natural gas) | Years ended December 31, 2004 | 2003 | 2002 | 2001 | 2000 |
|---|---|---|---|---|---|
| **Gas operations** | | | | | |
| Gas revenues | | | | | |
| Residential | $ 2,911 | $ 2,486 | $ 2,097 | $ 2,803 | $ 2,459 |
| Commercial and industrial | 1,211 | 1,052 | 818 | 1,077 | 985 |
| Electric generation plants | 92 | 82 | 43 | 104 | 130 |
| Wholesale | 6 | 4 | 12 | 10 | 18 |
| Gas revenues in rates | 4,220 | 3,624 | 2,970 | 3,994 | 3,592 |
| Balancing accounts and other | 317 | 386 | 293 | 377 | (287) |
| Total gas revenues | $ 4,537 | $ 4,010 | $ 3,263 | $ 4,371 | $ 3,305 |
| Gas volumes delivered (billion cubic feet) | | | | | |
| Residential | 289 | 275 | 291 | 299 | 287 |
| Commercial and industrial | 402 | 398 | 411 | 375 | 446 |
| Electric generation plants | 252 | 241 | 264 | 417 | 373 |
| Wholesale | 20 | 20 | 16 | 40 | 25 |
| Total | 963 | 934 | 982 | 1,131 | 1,131 |
| Core | 410 | 386 | 408 | 412 | 397 |
| Noncore | 553 | 548 | 574 | 719 | 734 |
| Total | 963 | 934 | 982 | 1,131 | 1,131 |
| Number of customers at December 31 | | | | | |
| Residential | 6,000,853 | 5,916,482 | 5,835,458 | 5,760,594 | 5,693,434 |
| Commercial | 267,130 | 265,246 | 263,312 | 262,177 | 257,500 |
| Industrial | 28,207 | 28,118 | 28,107 | 28,509 | 28,708 |
| Off-system sales and transportation | 210 | 184 | 281 | 1,115 | 1,672 |
| Electric generation plants and wholesale | 148 | 197 | 178 | 148 | 133 |
| Total | 6,296,548 | 6,210,227 | 6,127,336 | 6,052,543 | 5,981,447 |
| Average cost of natural gas (per million British thermal units) | $ 5.94 | $ 5.06 | $ 3.12 | $ 5.99 | $ 4.04 |

**Electric operations (provided on page 17)**

## Statements of Consolidated Income

Sempra Energy®

| (Dollars in millions, except per share amounts) | Years ended December 31, 2004 | 2003 | 2002 | 2001 | 2000 |
|---|---|---|---|---|---|
| OPERATING REVENUES | | | | | |
| California utilities: | | | | | |
| Natural gas | $ 4,537 | $ 4,010 | $ 3,263 | $ 4,371 | $ 3,305 |
| Electric | 1,658 | 1,787 | 1,282 | 1,676 | 2,184 |
| Other | 3,215 | 2,090 | 1,503 | 1,683 | 1,271 |
| Total operating revenues | 9,410 | 7,887 | 6,048 | 7,730 | 6,760 |
| OPERATING EXPENSES | | | | | |
| California utilities: | | | | | |
| Cost of natural gas | 2,593 | 2,071 | 1,381 | 2,549 | 1,599 |
| Cost of electric fuel and purchased power | 576 | 541 | 297 | 782 | 1,326 |
| Other cost of sales | 1,741 | 1,204 | 709 | 873 | 648 |
| Other operating expenses | 2,371 | 2,287 | 1,901 | 1,760 | 1,560 |
| Depreciation and amortization | 621 | 615 | 596 | 579 | 563 |
| Franchise fees and other taxes | 236 | 230 | 177 | 190 | 180 |
| Total operating expenses | 8,138 | 6,948 | 5,061 | 6,733 | 5,876 |
| Operating income | 1,272 | 939 | 987 | 997 | 884 |
| Other income, net | 104 | 26 | 15 | 3 | 59 |
| Interest income | 69 | 104 | 42 | 83 | 68 |
| Interest expense | (322) | (308) | (294) | (323) | (286) |
| Preferred dividends of subsidiaries | (10) | (10) | (11) | (11) | (11) |
| Trust preferred distributions by subsidiary | - | (9) | (18) | (18) | (15) |
| Income from continuing operations before income taxes | 1,113 | 742 | 721 | 731 | 699 |
| Income tax expense | 193 | 47 | 146 | 213 | 270 |
| Income from continuing operations | 920 | 695 | 575 | 518 | 429 |
| Loss from discontinued operations, net of tax | (23) | - | - | - | - |
| Loss on disposal of discontinued operations, net of tax | (2) | - | - | - | - |
| Income before extraordinary item and cumulative effect of changes in accounting principles | 895 | 695 | 575 | 518 | 429 |
| Extraordinary item (2002) and cumulative effect of changes in accounting principles (2003), net of tax | - | (46) | 16 | - | - |
| Net income | $ 895 | $ 649 | $ 591 | $ 518 | $ 429 |
| Basic earnings per share: | | | | | |
| Income from continuing operations | $ 4.03 | $ 3.29 | $ 2.80 | $ 2.54 | $ 2.06 |
| Discontinued operations, net of tax | (0.11) | - | - | - | - |
| Extraordinary item (2002) and cumulative effect of changes in accounting principles (2003), net of tax | - | (0.22) | 0.08 | - | - |
| Net income | $ 3.92 | $ 3.07 | $ 2.88 | $ 2.54 | $ 2.06 |
| Weighted-average number of shares outstanding (thousands) | 228,271 | 211,740 | 205,003 | 203,593 | 208,155 |
| Diluted earnings per share: | | | | | |
| Income from continuing operations | $ 3.93 | $ 3.24 | $ 2.79 | $ 2.52 | $ 2.06 |
| Discontinued operations, net of tax | (0.10) | - | - | - | - |
| Extraordinary item (2002) and cumulative effect of changes in accounting principles (2003), net of tax | - | (0.21) | 0.08 | - | - |
| Net income | $ 3.83 | $ 3.03 | $ 2.87 | $ 2.52 | $ 2.06 |
| Weighted-average number of shares outstanding (thousands) | 233,852 | 214,482 | 206,062 | 205,338 | 208,345 |
| Dividends declared per share of common stock | $ 1.00 | $ 1.00 | $ 1.00 | $ 1.00 | $ 1.00 |

# Consolidated Balance Sheets

Sempra Energy®

| (Dollars in millions) | December 31, 2004 | 2003 | 2002 | 2001 | 2000 |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| Current assets: | | | | | |
| Cash and cash equivalents | $ 419 | $ 409 | $ 427 | $ 572 | $ 620 |
| Short-term investments | 15 | 386 | * 28 | 33 | 17 |
| Trade accounts receivable, net | 950 | 749 | 668 | 639 | 970 |
| Other accounts and notes receivable, net | 82 | 125 | 131 | 94 | 147 |
| Interest receivable | 80 | 62 | 3 | 4 | 1 |
| Due from unconsolidated affiliates | 4 | - | 80 | 57 | - |
| Income taxes receivable | - | - | - | - | 24 |
| Deferred income taxes | 15 | - | 20 | - | - |
| Trading assets | 6,492 | 5,377 | 5,154 | 2,801 | 4,174 |
| Regulatory assets arising from fixed-price contracts and other derivatives | 152 | 144 | 151 | 168 | - |
| Other regulatory assets | 103 | 89 | 75 | 75 | 100 |
| Inventories | 172 | 147 | 130 | 120 | 340 |
| Other | 222 | 158 | 143 | 129 | 132 |
| Current assets of continuing operations | 8,706 | 7,646 | 7,010 | 4,692 | 6,525 |
| Current assets of discontinued operations | 70 | 220 | - | - | - |
| Total current assets | 8,776 | 7,866 | 7,010 | 4,692 | 6,525 |
| Investments and other assets: | | | | | |
| Due from unconsolidated affiliates | 42 | 55 | 55 | - | - |
| Regulatory assets arising from fixed-price contracts and other derivatives | 500 | 650 | 812 | 784 | - |
| Other regulatory assets | 619 | 552 | 532 | 1,004 | 1,001 |
| Nuclear decommissioning trusts | 612 | 570 | 494 | 526 | 543 |
| Investments | 1,164 | 1,112 | 1,313 | 1,169 | 1,288 |
| Sundry | 844 | 707 | 708 | 591 | 457 |
| Total investments and other assets | 3,781 | 3,646 | 3,914 | 4,074 | 3,289 |
| Property, plant and equipment: | | | | | |
| Property, plant and equipment | 16,203 | 15,319 | 13,816 | 12,806 | 11,889 |
| Accumulated depreciation and amortization | (5,117) | (4,843) | (4,498) | (4,194) | (3,853) |
| Property, plant and equipment, net | 11,086 | 10,476 | 9,318 | 8,612 | 8,036 |
| Total assets | $ 23,643 | $ 21,988 | $ 20,242 | $ 17,378 | $ 17,850 |

* Represents the collateralized U.S. Treasury obligations related to a synthetic lease.

## Consolidated Balance Sheets (continued)

Sempra Energy®

| (Dollars in millions) | December 31, 2004 | 2003 | 2002 | 2001 | 2000 |
|---|---|---|---|---|---|
| **Liabilities and Shareholders' Equity** | | | | | |
| Current liabilities: | | | | | |
| Short-term debt | $ 405 | $ 28 | $ 570 | $ 875 | $ 568 |
| Accounts payable - trade | 1,020 | 725 | 655 | 701 | 1,162 |
| Accounts payable - other | 106 | 63 | 50 | 102 | 61 |
| Due to unconsolidated affiliates | 205 | 1 | - | - | - |
| Income taxes payable | 187 | 336 | 328 | 164 | - |
| Deferred income taxes | - | 31 | - | 62 | 110 |
| Trading liabilities | 5,179 | 4,517 | 4,137 | 1,804 | 3,675 |
| Dividends and interest payable | 123 | 136 | 133 | 133 | 124 |
| Regulatory balancing accounts, net | 509 | 424 | 578 | 733 | 832 |
| Fixed-price contracts and other derivatives | 157 | 148 | 153 | 171 | - |
| Current portion of long-term debt | 398 | 1,433 | 281 | 242 | 368 |
| Other | 776 | 675 | 669 | 642 | 590 |
| Current liabilities of continuing operations | 9,065 | 8,517 | 7,554 | 5,629 | 7,490 |
| Current liabilities of discontinued operations | 17 | 52 | - | - | - |
| Total current liabilities | 9,082 | 8,569 | 7,554 | 5,629 | 7,490 |
| Long-term debt | 4,192 | 3,841 | 4,083 | 3,436 | 3,268 |
| Deferred credits and other liabilities: | | | | | |
| Due to unconsolidated affiliates | 162 | 362 | 162 | 162 | - |
| Customer advances for construction | 97 | 89 | 91 | 72 | 56 |
| Postretirement benefits other than pensions | 129 | 131 | 136 | 145 | 152 |
| Deferred income taxes | 420 | 368 | 457 | 566 | 752 |
| Deferred investment tax credits | 78 | 84 | 90 | 95 | 101 |
| Regulatory liabilities arising from cost of removal obligations | 2,359 | 2,238 | 2,486 | 2,396 | 2,310 |
| Regulatory liabilities arising from asset retirement obligations | 333 | 303 | - | - | - |
| Other regulatory liabilities | 67 | 109 | 121 | 86 | - |
| Fixed-price contracts and other derivatives | 500 | 680 | 813 | 788 | - |
| Asset retirement obligations | 326 | 313 | - | - | - |
| Deferred credits and other | 854 | 832 | 1,020 | 907 | 823 |
| Total deferred credits and other liabilities | 5,325 | 5,509 | 5,376 | 5,217 | 4,194 |
| Preferred stock of subsidiaries | 179 | 179 | 204 | 204 | 204 |
| Mandatorily redeemable trust preferred securities* | - | - | 200 | 200 | 200 |
| **Shareholders' Equity** | | | | | |
| Common stock | 2,301 | 2,028 | 1,436 | 1,495 | 1,420 |
| Retained earnings | 2,961 | 2,298 | 1,861 | 1,475 | 1,162 |
| Deferred compensation relating to ESOP | (32) | (35) | (33) | (36) | (39) |
| Accumulated other comprehensive income (loss) | (365) | (401) | (439) | (242) | (49) |
| Total shareholders' equity | 4,865 | 3,890 | 2,825 | 2,692 | 2,494 |
| Total liabilities and shareholders' equity | $ 23,643 | $ 21,988 | $ 20,242 | $ 17,378 | $ 17,850 |

* Reclassified to Due To Unconsolidated Affiliates in 2003 due to the adoption of Interpretation No. 46 of the Financial Accounting Standards Board.

# Statements of Consolidated Cash Flows

Sempra Energy®

| (Dollars in millions) | Years ended December 31, 2004 | 2003 | 2002 | 2001 | 2000 |
|---|---|---|---|---|---|
| **Cash Flows from Operating Activities** | | | | | |
| Net income | $ 895 | $ 649 | $ 591 | $ 518 | $ 429 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | | | |
| Discontinued operations, net of tax | 25 | - | - | - | - |
| Depreciation and amortization | 621 | 615 | 596 | 579 | 563 |
| Deferred income taxes and investment tax credits | 13 | (118) | (143) | 106 | 258 |
| Non-cash rate reduction bond expense | 75 | 68 | 82 | 66 | 32 |
| Equity in (income) losses of unconsolidated affiliates | (36) | (8) | 55 | (12) | (62) |
| Impairment losses | 12 | 101 | - | - | - |
| Loss (gain) on sale and disposition of assets | (15) | 8 | 14 | (14) | - |
| Foreign currency loss (gain) | - | 8 | (63) | - | - |
| Extraordinary item, net of tax | - | - | (16) | - | - |
| Cumulative effect of changes in accounting principles, net of tax | - | 46 | - | - | - |
| Other, net | 37 | 23 | (2) | 3 | 2 |
| Net changes in other working capital components | (427) | (154) | 203 | (200) | 408 |
| Customer refunds paid | - | - | - | (127) | (628) |
| Changes in other assets | (200) | (71) | 84 | (283) | (9) |
| Changes in other liabilities | (21) | (26) | 40 | 99 | (108) |
| Net cash provided by continuing operations | 979 | 1,141 | 1,441 | 735 | 885 |
| Net cash used in discontinued operations | (30) | - | - | - | - |
| Net cash provided by operating activities | 949 | 1,141 | 1,441 | 735 | 885 |
| **Cash Flows from Investing Activities** | | | | | |
| Expenditures for property, plant and equipment | (1,083) | (1,049) | (1,214) | (1,068) | (759) |
| Investments in and acquisitions of subsidiaries, net of cash acquired | (74) | (202) | (429) | (111) | (243) |
| Proceeds from disposal of discontinued operations | 157 | - | - | - | - |
| Net proceeds from sale of assets | 372 | 29 | - | 128 | 24 |
| Dividends received from affiliates | 59 | 72 | 11 | 80 | 30 |
| Affiliate loans | - | (99) | (82) | (57) | - |
| Other, net | 10 | 1 | (9) | (27) | 28 |
| Net cash used in investing activities | (559) | (1,248) | (1,723) | (1,055) | (920) |
| **Cash Flows from Financing Activities** | | | | | |
| Common dividends paid | (195) | (182) | (201) | (187) | (247) |
| Issuances of common stock | 110 | 505 | 9 | 24 | 12 |
| Repurchases of common stock | (5) | (7) | (17) | (3) | (725) |
| Issuances of long-term debt | 997 | 900 | 1,150 | 675 | 813 |
| Payments on long-term debt | (1,670) | (601) | (479) | (681) | (238) |
| Increase (decrease) in short-term debt, net | 397 | (518) | (307) | 310 | 386 |
| Loan from unconsolidated affiliate | - | - | - | 160 | - |
| Issuance of trust preferred securities | - | - | - | - | 200 |
| Other, net | (14) | (8) | (18) | (26) | (12) |
| Net cash provided by (used in) financing activities | (380) | 89 | 137 | 272 | 189 |
| Increase (decrease) in cash and cash equivalents | 10 | (18) | (145) | (48) | 154 |
| Cash and cash equivalents, January 1 | 409 | 427 | 572 | 620 | 466 |
| Cash and cash equivalents, December 31 | $ 419 | $ 409 | $ 427 | $ 572 | $ 620 |

# Statements of Consolidated Cash Flows (continued)

Sempra Energy®

| (Dollars in millions) | Years ended December 31, 2004 | 2003 | 2002 | 2001 | 2000 |
|---|---|---|---|---|---|
| **Changes in Other Working Capital Components** | | | | | |
| (Excluding cash and cash equivalents, and debt due within one year) | | | | | |
| Accounts and notes receivable | $ (346) | $ (231) | $ (121) | $ 353 | $ (655) |
| Net trading assets | (442) | 81 | 66 | (362) | (290) |
| Income taxes, net | (66) | 72 | 137 | (121) | 120 |
| Inventories | (25) | (13) | (11) | 33 | (97) |
| Regulatory balancing accounts | 79 | (156) | 170 | 88 | 545 |
| Regulatory assets and liabilities | (23) | (30) | 1 | 39 | (2) |
| Other current assets | (31) | (8) | 51 | 33 | (84) |
| Accounts payable | 324 | 98 | (103) | (302) | 733 |
| Other current liabilities | 103 | 33 | 13 | 39 | 138 |
| Net changes in other working capital components | $ (427) | $ (154) | $ 203 | $ (200) | $ 408 |
| **Supplemental Disclosure of Cash Flow Information** | | | | | |
| Interest payments, net of amounts capitalized | $ 318 | $ 296 | $ 279 | $ 302 | $ 291 |
| Income tax payments, net of refunds | $ 254 | $ 118 | $ 140 | $ 138 | $ 104 |
| **Supplemental Schedule of Non-Cash Investing and Financing Activities** | | | | | |
| Common dividends paid in stock | $ 35 | $ 25 | $ 4 | $ 16 | $ - |
| Acquisition of subsidiaries: | | | | | |
| Assets acquired | $ - | $ - | $ 1,134 | $ - | $ 40 |
| Cash paid, net of cash acquired | - | - | (119) | - | (39) |
| Liabilities assumed | $ - | $ - | $ 1,015 | $ - | $ 1 |
| Consolidation of variable interest entities: | | | | | |
| Assets recorded | $ - | $ 820 | $ - | $ - | $ - |
| Liabilities recorded | - | (881) | - | - | - |
| Total | $ - | $ (61) | $ - | $ - | $ - |

## Statements of Consolidated Changes in Shareholders' Equity

Sempra Energy®

| (Dollars in millions) | Comprehensive Income | Common Stock | Retained Earnings | Deferred Compensation Relating to ESOP | Accumulated Other Comprehensive Income (Loss) | Total Shareholders' Equity |
|---|---|---|---|---|---|---|
| Balance at December 31, 2000 | | $ 1,420 | $ 1,162 | $ (39) | $ (49) | $ 2,494 |
| Net income | $ 518 | | 518 | | | 518 |
| Comprehensive income adjustments: | | | | | | |
| Foreign-currency translation losses | (186) | | | | (186) | (186) |
| Pension | (7) | | | | (7) | (7) |
| Comprehensive income | $ 325 | | | | | |
| Common stock dividends declared | | | (205) | | | (205) |
| Quasi-reorganization adjustment | | 35 | | | | 35 |
| Issuance of common stock | | 41 | | | | 41 |
| Repurchase of common stock | | (1) | | | | (1) |
| Common stock released from ESOP | | | | 3 | | 3 |
| Balance at December 31, 2001 | | 1,495 | 1,475 | (36) | (242) | 2,692 |
| Net income | $ 591 | | 591 | | | 591 |
| Comprehensive income adjustments: | | | | | | |
| Foreign-currency translation losses | (162) | | | | (162) | (162) |
| Pension | (35) | | | | (35) | (35) |
| Comprehensive income | $ 394 | | | | | |
| Common stock dividends declared | | | (205) | | | (205) |
| Issuance of equity units | | (61) | | | | (61) |
| Issuance of common stock | | 18 | | | | 18 |
| Repurchase of common stock | | (16) | | | | (16) |
| Common stock released from ESOP | | | | 3 | | 3 |
| Balance at December 31, 2002 | | 1,436 | 1,861 | (33) | (439) | 2,825 |
| Net income | $ 649 | | 649 | | | 649 |
| Comprehensive income adjustments: | | | | | | |
| Foreign-currency translation gains | 57 | | | | 57 | 57 |
| Pension | (16) | | | | (16) | (16) |
| SFAS 133 | (3) | | | | (3) | (3) |
| Comprehensive income | $ 687 | | | | | |
| Common stock dividends declared | | | (212) | | | (212) |
| Equity units adjustment | | 6 | | | | 6 |
| Quasi-reorganization adjustment | | 19 | | | | 19 |
| Issuance of common stock | | 553 | | | | 553 |
| Tax benefit related to employee stock options | | 13 | | | | 13 |
| Repurchase of common stock | | (6) | | | | (6) |
| Common stock released from ESOP | | 7 | | (2) | | 5 |
| Balance at December 31, 2003 | | 2,028 | 2,298 | (35) | (401) | 3,890 |
| Net income | $ 895 | | 895 | | | 895 |
| Comprehensive income adjustments: | | | | | | |
| Foreign-currency translation gains | 40 | | | | 40 | 40 |
| Pension | 28 | | | | 28 | 28 |
| Availale-for-sale securities | 4 | | | | 4 | 4 |
| SFAS 133 | (36) | | | | (36) | (36) |
| Comprehensive income | $ 931 | | | | | |
| Common stock dividends declared | | | (232) | | | (232) |
| Quasi-reorganization adjustment | | 86 | | | | 86 |
| Issuance of common stock | | 172 | | | | 172 |
| Tax benefit related to employee stock options | | 16 | | | | 16 |
| Repurchase of common stock | | (5) | | | | (5) |
| Common stock released from ESOP | | 4 | | 3 | | 7 |
| Balance at December 31, 2004 | | $ 2,301 | $ 2,961 | $ (32) | $ (365) | $ 4,865 |

## Schedule of Capitalization

Sempra Energy®

| (Dollars in millions) | December 31, 2004 | | 2003 | | 2002 | | 2001 | | 2000 | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Capitalization** | | | | | | | | | | |
| Short-term debt | $ 405 | 4.0 % | $ 28 | 0.3 % | $ 570 | 7.0 % | $ 875 | 11.4 % | $ 568 | 8.0 % |
| Current portion of long-term debt | 398 | 4.0 | 1,433 | 15.3 | 281 | 3.4 | 242 | 3.2 | 368 | 5.2 |
| Long-term debt | 4,192 | 41.7 | 3,841 | 41.0 | 4,083 | 50.0 | 3,436 | 44.9 | 3,268 | 46.0 |
| Total debt | 4,995 | 49.7 | 5,302 | 56.6 | 4,934 | 60.4 | 4,553 | 59.5 | 4,204 | 59.2 |
| Preferred stock of subsidiaries | 179 | 1.8 | 179 | 1.9 | 204 | 2.5 | 204 | 2.7 | 204 | 2.9 |
| Mandatorily redeemable trust preferred securities* | - | - | - | - | 200 | 2.5 | 200 | 2.6 | 200 | 2.8 |
| Shareholders' equity: | | | | | | | | | | |
| Common stock | 2,301 | 22.9 | 2,028 | 21.7 | 1,436 | 17.6 | 1,495 | 19.5 | 1,420 | 20.0 |
| Retained earnings | 2,961 | 29.5 | 2,298 | 24.5 | 1,861 | 22.8 | 1,475 | 19.3 | 1,162 | 16.3 |
| Deferred compensation relating to ESOP | (32) | (0.3) | (35) | (0.4) | (33) | (0.4) | (36) | (0.5) | (39) | (0.5) |
| Accumulated other comprehensive income (loss) | (365) | (3.6) | (401) | (4.3) | (439) | (5.4) | (242) | (3.1) | (49) | (0.7) |
| Total shareholders' equity | 4,865 | 48.5 | 3,890 | 41.5 | 2,825 | 34.6 | 2,692 | 35.2 | 2,494 | 35.1 |
| Total capitalization | $ 10,039 | 100.0 % | $ 9,371 | 100.0 % | $ 8,163 | 100.0 % | $ 7,649 | 100.0 % | $ 7,102 | 100.0 % |

* Reclassified to Due To Affiliates in 2003.

## Schedule of Coverage Ratios and Common Stock

Sempra Energy®

| | Years ended December 31, | | | | |
|---|---|---|---|---|---|
| | 2004 | 2003 | 2002 | 2001 | 2000 |
| Interest coverage ratios * | | | | | |
| Before income taxes | 4.38 | 3.41 | 3.45 | 3.26 | 3.44 |
| After income taxes | 3.78 | 3.26 | 2.96 | 2.60 | 2.50 |
| Market price of common stock | | | | | |
| High | $ 37.93 | $ 30.90 | $ 26.25 | $ 28.61 | $ 24.88 |
| Low | $ 29.51 | $ 22.25 | $ 15.50 | $ 17.31 | $ 16.19 |
| Close | $ 36.68 | $ 30.06 | $ 23.65 | $ 24.55 | $ 23.25 |
| Dividends declared per common share | $ 1.00 | $ 1.00 | $ 1.00 | $ 1.00 | $ 1.00 |
| Dividend yield on common stock (at year-end) | 2.7% | 3.3% | 4.2% | 4.1% | 4.3% |
| Dividend payout ratio (diluted) * | 26.1% | 30.9% | 35.8% | 39.7% | 48.5% |
| Book value at year-end | $ 20.77 | $ 17.17 | $ 13.79 | $ 13.16 | $ 12.35 |
| Return on common equity | 20.5% | 19.3% | 21.4% | 19.5% | 15.7% |
| Ratio of market price to book value per share at year-end | 1.77 | 1.75 | 1.72 | 1.87 | 1.88 |
| Common shares outstanding at year-end (in millions) | 234.2 | 226.6 | 204.9 | 204.5 | 201.9 |
| Weighted average number of shares outstanding (diluted, in millions) | 233.9 | 214.5 | 206.1 | 205.3 | 208.3 |
| Average daily trading volume (shares) | 951,297 | 993,072 | 991,588 | 702,559 | 665,633 |
| Common shareholders at year-end (estimate) | 220,000 | 200,000 | 175,000 | 175,000 | 185,000 |

* Based on income before extraordinary item and cumulative effect of changes in accounting principles.

## Schedule of Long-term Debt

| (Dollars in millions) | Original Issue Date | Original Issue Amount | Outstanding at 12/31/04 | Redemption prices at 12/31/04 |
|---|---|---|---|---|
| First mortgage bonds | | | | |
| Variable rate (2.63% at December 31, 2004) December 1, 2009 | 12/10/04 | $ 100 | $ 100 | N/A |
| 4.375 % January 15, 2011 | 12/15/03 | 100 | 100 | N/A |
| Variable rates after fixed-to-floating rate swaps | | | | |
| (2.69% at December 31, 2004) January 15, 2011 | 12/15/03 | 150 | 150 | N/A |
| 4.8% October 1, 2012 | 10/2/02 | 250 | 250 | N/A |
| 6.8% June 1, 2015 | 6/1/91 | 14 | 14 | N/A |
| 5.45% April 15, 2018 | 10/17/03 | 250 | 250 | N/A |
| 5.9% June 1, 2018 | 6/1/93 | 71 | 68 | 102.00% |
| 5.9% September 1, 2018 | 9/1/93 | 93 | 93 | 102.00% |
| 5.85% June 1, 2021 | 6/1/93 | 60 | 60 | 102.00% |
| 5.25% to 7% December 1, 2027 | 12/15/92 | 150 | 150 | $105 is redeemable on 12/01/05 at 100.00% and $45 is redeemable on 12/01/13 at 100.00% |
| After floating-to-fixed rate swap expiring 2009: | | | | |
| 2.516% to 2.832% January and February 2034 | 6/15/04 | 176 | 176 | 100.00% |
| 2.8275% May 1, 2039 | 6/15/04 | 75 | 75 | 100.00% |
| | | | 1,486 | |
| Other long-term debt | | | | |
| 5.60% Equity Units May 17, 2007* | 4/25/02 | 600 | 600 | N/A |
| 7.95% Notes March 1, 2010 | 2/25/00 | 200 | 200 | N/A |
| Notes at variable rates after fixed-to-floating swap | | | | |
| (5.97% at December 31, 2004) March 1, 2010 | 2/25/00 | 300 | 300 | N/A |
| 6.0% Notes February 1, 2013 | 1/31/03 | 400 | 400 | N/A |
| 6.95% Notes December 1, 2005 | 12/13/00 | 300 | 300 | N/A |
| Notes at variable rates (2.82% at December 31, 2004) May 21, 2008 | 5/20/04 | 300 | 300 | Redeemable as of 05/21/06 at 100.00% |
| 4.75% Notes May 15, 2009 | 5/21/04 | 300 | 300 | N/A |
| Rate-reduction bonds, 6.31% to 6.37% at Dcember 31, 2004 annually through 2007 | 12/16/97 | 658 | 198 | N/A |
| 5.9% June 1, 2014 | 7/2/96 | 130 | 130 | N/A |
| Debt incurred to acquire limited partnerships, secured by real estate, 7.13% | | | | |
| to 9.35% annually through 2009 | Various | 284 | 76 | N/A |
| Employee Stock Ownership Plan | | | | |
| Bonds at 4.213% November 1, 2014 | 11/19/99 | 82 | 82 | Redeemable as of 07/02/07 at 100.00% |
| Bonds at variable rates (3.00% at December 31, 2004) November 1, 2014 | 11/19/99 | 48 | 33 | 100.00% |
| 5.5% December 1, 2021 | 11/21/96 | 60 | 60 | Redeemable as of 06/02/14 at 100.00% |
| 5.3% July 1, 2021 | 8/2/96 | 39 | 39 | Redeemable as of 06/02/14 at 100.00% |
| 4.9% March 1, 2023 | 10/1/97 | 25 | 25 | Redeemable as of 03/01/14 at 102.00% |
| 6.375% May 14, 2006 | 5/14/96 | 75 | 8 | Redeemable as of 05/14/06 at 100.00% |
| 5.67% January 18, 2028 | 1/15/98 | 75 | 5 | N/A |
| Other debt | Various | 33 | 33 | N/A |
| Capitalized leases | Various | 44 | 6 | N/A |
| Market value adjustments for interest-rate swaps, net (expiring 2009 - 2011) | | | 13 | |
| Total | | | 4,594 | |
| Current portion of long-term debt | | | (398) | |
| Unamortized discount on long-term debt | | | (4) | |
| Total | | | $ 4,192 | |

* 4.62% after remarketing in February 2005.

Excluding capital leases and market value adjustments for interest-rate swaps, maturities of long-term debt are $398 million in 2005, $100 million in 2006, $683 million in 2007, $308 million in 2008, $425 million in 2009 and $2.7 billion thereafter.

# Selected Financial Data and Comparative Statistics 2000-2004

Southern California Gas Company A Sempra Energy utility℠

| (Dollars in millions, except average cost of gas) | Years ended December 31, 2004 | 2003 | 2002 | 2001 | 2000 |
|---|---|---|---|---|---|
| Net income (before preferred dividends) | $ 233 | $ 210 | $ 213 | $ 208 | $ 207 |
| Common dividends to parent | $ 200 | $ 200 | $ 200 | $ 190 | $ 200 |
| Capital expenditures | $ 311 | $ 318 | $ 331 | $ 294 | $ 198 |
| Weighted average ratebase | $ 2,351 | $ 2,273 | $ 2,222 | $ 2,262 | $ 2,329 |
| Authorized rate of return on: | | | | | |
| Ratebase | 8.68% | 8.68% | 9.49% | 9.49% | 9.49% |
| Common equity | 10.82% | 10.82% | 11.60% | 11.60% | 11.60% |
| Achieved return on common equity | 16.94% | 15.64% | 16.16% | 15.97% | 16.01% |
| Gas revenues | | | | | |
| Residential | $ 2,579 | $ 2,195 | $ 1,850 | $ 2,342 | $ 2,179 |
| Commercial and industrial | 1,066 | 925 | 705 | 827 | 830 |
| Electric generation plants | 54 | 49 | 38 | 86 | 106 |
| Wholesale | 45 | 34 | 23 | 36 | 54 |
| Gas revenues in rates | 3,744 | 3,203 | 2,616 | 3,291 | 3,169 |
| Balancing accounts and other | 253 | 341 | 242 | 425 | (315) |
| Total operating revenues | $ 3,997 | $ 3,544 | $ 2,858 | $ 3,716 | $ 2,854 |
| Gas volumes delivered (billion cubic feet) | | | | | |
| Residential | 256 | 243 | 258 | 265 | 254 |
| Commercial and industrial | 381 | 379 | 389 | 353 | 403 |
| Electric generation plants | 178 | 179 | 201 | 361 | 310 |
| Wholesale | 156 | 138 | 156 | 174 | 166 |
| Total | 971 | 939 | 1,004 | 1,153 | 1,133 |
| Core | 358 | 339 | 355 | 360 | 348 |
| Noncore | 613 | 600 | 649 | 793 | 785 |
| Total | 971 | 939 | 1,004 | 1,153 | 1,133 |
| Average cost of natural gas (Dollars per million British thermal unit) | $ 5.92 | $ 5.05 | $ 3.03 | $ 5.62 | $ 3.94 |
| Heating degree days | 1,382 | 1,342 | 1,487 | 1,677 | 1,342 |
| Number of customers at December 31 | | | | | |
| Residential | 5,218,953 | 5,146,177 | 5,076,131 | 5,015,329 | 4,960,525 |
| Commercial | 237,500 | 235,714 | 234,104 | 233,628 | 229,523 |
| Industrial | 28,189 | 28,096 | 28,075 | 28,462 | 28,639 |
| Electric generation plants and wholesale | 148 | 197 | 178 | 148 | 133 |
| Total number of customers | 5,484,790 | 5,410,184 | 5,338,488 | 5,277,567 | 5,218,820 |

## Statements of Consolidated Income

Southern California Gas Company A Sempra Energy utility℠

| (Dollars in millions) | Years ended December 31, 2004 | 2003 | 2002 | 2001 | 2000 |
|---|---|---|---|---|---|
| Operating revenues | $ 3,997 | $ 3,544 | $ 2,858 | $ 3,716 | $ 2,854 |
| Operating expenses | | | | | |
| Cost of natural gas | 2,283 | 1,830 | 1,192 | 2,117 | 1,361 |
| Other operating expenses | 950 | 954 | 872 | 792 | 695 |
| Depreciation | 255 | 289 | 276 | 268 | 263 |
| Income taxes | 157 | 142 | 183 | 165 | 173 |
| Franchise fees and other taxes | 114 | 106 | 93 | 101 | 96 |
| Total operating expenses | 3,759 | 3,321 | 2,616 | 3,443 | 2,588 |
| Operating income | 238 | 223 | 242 | 273 | 266 |
| Other income and (deductions) | | | | | |
| Interest income | 4 | 34 | 5 | 22 | 27 |
| Regulatory interest, net | 9 | 3 | (4) | (19) | (12) |
| Allowance for equity funds used during construction | 5 | 9 | 10 | 6 | 3 |
| Income taxes on non-operating income | 3 | (8) | 5 | (4) | (10) |
| Gain on sale of partnership and other assets | 15 | - | - | - | 9 |
| Other, net | (2) | (6) | (1) | (2) | (2) |
| Total | 34 | 32 | 15 | 3 | 15 |
| Interest charges | | | | | |
| Long-term debt | 35 | 41 | 40 | 63 | 68 |
| Other | 5 | 7 | 7 | 7 | 8 |
| Allowance for borrowed funds used during construction | (1) | (3) | (3) | (2) | (2) |
| Total | 39 | 45 | 44 | 68 | 74 |
| Net income | 233 | 210 | 213 | 208 | 207 |
| Preferred dividend requirements | 1 | 1 | 1 | 1 | 1 |
| Earnings applicable to common shares | $ 232 | $ 209 | $ 212 | $ 207 | $ 206 |

# Consolidated Balance Sheets

Southern California Gas Company A Sempra Energy utility℠

| (Dollars in millions) | December 31, 2004 | 2003 | 2002 | 2001 | 2000 |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| Utility plant - at original cost | $ 7,254 | $ 7,007 | $ 6,701 | $ 6,466 | $ 6,314 |
| Accumulated depreciation | (2,863) | (2,739) | (2,590) | (2,457) | (2,356) |
| Utility plant, net | 4,391 | 4,268 | 4,111 | 4,009 | 3,958 |
| Current assets: | | | | | |
| Cash and cash equivalents | 34 | 32 | 22 | 13 | 205 |
| Accounts receivable - trade | 673 | 509 | 458 | 413 | 589 |
| Accounts and notes receivable - other | 13 | 36 | 44 | 21 | 83 |
| Interest receivable | 31 | 30 | - | - | - |
| Due from affiliates | - | 22 | 81 | 2 | 214 |
| Income taxes receivable | - | 1 | 28 | - | - |
| Deferred income taxes | 17 | - | 87 | 62 | 74 |
| Regulatory assets arising from fixed-price contracts and other derivatives | 97 | 85 | 92 | 85 | - |
| Other regulatory assets | 26 | 8 | - | - | 24 |
| Inventories | 72 | 74 | 76 | 42 | 67 |
| Fixed-price contracts and other derivatives | - | - | - | 59 | - |
| Other | 10 | 9 | 20 | 4 | 80 |
| Total current assets | 973 | 806 | 908 | 701 | 1,336 |
| Other assets: | | | | | |
| Regulatory assets arising from fixed-price contracts and other derivatives | 52 | 148 | 233 | 150 | - |
| Sundry | 86 | 127 | 151 | 126 | 35 |
| Total other assets | 138 | 275 | 384 | 276 | 35 |
| Total assets | $ 5,502 | $ 5,349 | $ 5,403 | $ 4,986 | $ 5,329 |

## Consolidated Balance Sheets (continued)

Southern California Gas Company A Sempra Energy utility℠

| (Dollars in millions) | December 31, 2004 | 2003 | 2002 | 2001 | 2000 |
|---|---|---|---|---|---|
| **Capitalization and Liabilities** | | | | | |
| Capitalization: | | | | | |
| Common stock (100 million shares authorized; 91 million shares outstanding) | $ 866 | $ 866 | $ 836 | $ 835 | $ 835 |
| Retained earnings | 523 | 491 | 482 | 470 | 453 |
| Accumulated other comprehensive income (loss) | (4) | (3) | - | - | (1) |
| Total common equity | 1,385 | 1,354 | 1,318 | 1,305 | 1,287 |
| Preferred stock | 22 | 22 | 22 | 22 | 22 |
| Total shareholders' equity | 1,407 | 1,376 | 1,340 | 1,327 | 1,309 |
| Long-term debt | 864 | 762 | 657 | 579 | 821 |
| Total capitalization | 2,271 | 2,138 | 1,997 | 1,906 | 2,130 |
| Current liabilities: | | | | | |
| Short-term debt | 30 | - | - | 50 | - |
| Accounts payable - trade | 314 | 227 | 199 | 160 | 368 |
| Accounts payable - other | 65 | 44 | 36 | 80 | 44 |
| Due to affiliates | 55 | 55 | 31 | 27 | - |
| Interest payable | 10 | 18 | 24 | 23 | 26 |
| Income taxes payable | 63 | - | - | 32 | 90 |
| Deferred income taxes | - | 15 | - | - | - |
| Regulatory balancing accounts - net | 178 | 86 | 184 | 158 | 465 |
| Regulatory liabilities | - | - | 16 | 18 | - |
| Fixed-price contracts and other derivatives | 97 | 86 | 96 | 85 | - |
| Customer deposits | 49 | 43 | 108 | 42 | 34 |
| Current portion of long-term debt | - | 175 | 175 | 100 | 120 |
| Other | 257 | 262 | 264 | 279 | 287 |
| Total current liabilities | 1,118 | 1,011 | 1,133 | 1,054 | 1,434 |
| Deferred credits and other liabilities: | | | | | |
| Customer advances for construction | 55 | 40 | 37 | 29 | 16 |
| Postretirement benefits other than pensions | 64 | - | - | - | - |
| Deferred income taxes | 147 | 136 | 201 | 156 | 240 |
| Deferred investment tax credits | 41 | 44 | 47 | 50 | 53 |
| Regulatory liabilities arising from cost of removal obligations | 1,446 | 1,392 | 1,324 | 1,253 | 1,201 |
| Other regulatory liabilities | 67 | 181 | 201 | 174 | 84 |
| Fixed-price contracts and other derivatives | 52 | 148 | 233 | 154 | - |
| Deferred credits and other | 241 | 259 | 230 | 210 | 171 |
| Total deferred credits and other liabilities | 2,113 | 2,200 | 2,273 | 2,026 | 1,765 |
| Total liabilities and shareholders' equity | $ 5,502 | $ 5,349 | $ 5,403 | $ 4,986 | $ 5,329 |

## Statements of Consolidated Cash Flows

Southern California Gas Company A Sempra Energy utility℠

| (Dollars in millions) | Years ended December 31, 2004 | 2003 | 2002 | 2001 | 2000 |
|---|---|---|---|---|---|
| **Cash Flows from Operating Activities** | | | | | |
| Net income | $ 233 | $ 210 | $ 213 | $ 208 | $ 207 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | | | |
| Depreciation | 255 | 289 | 276 | 268 | 263 |
| Deferred income taxes and investment tax credits | (17) | 44 | 23 | 9 | (4) |
| Gain on sale of partnership and other assets | (15) | - | - | - | (9) |
| Changes in working capital components: | | | | | |
| Accounts and interest receivable | (145) | (74) | (67) | 244 | (378) |
| Fixed-price contracts and other derivatives | (2) | (2) | 6 | (2) | - |
| Inventories | 2 | 2 | (34) | 25 | 11 |
| Other current assets | 1 | 13 | (4) | 4 | (2) |
| Accounts payable | 107 | 36 | (5) | (171) | 203 |
| Income taxes | 62 | 42 | (52) | (58) | 86 |
| Due to/from affiliates, net | (26) | 37 | 12 | 5 | (3) |
| Regulatory balancing accounts | 93 | (99) | 80 | (338) | 259 |
| Regulatory assets and liabilities | (23) | (24) | 1 | 39 | (2) |
| Customer deposits | 6 | (64) | 66 | 8 | 1 |
| Other current liabilities | (7) | 18 | (8) | 39 | 68 |
| Changes in other assets | 1 | (4) | 12 | (12) | 22 |
| Changes in other liabilities | (24) | (39) | 8 | 12 | 12 |
| Net cash provided by operating activities | 501 | 385 | 527 | 280 | 734 |
| **Cash Flows from Investing Activities** | | | | | |
| Expenditures for property, plant and equipment | (311) | (318) | (331) | (294) | (198) |
| Affiliate loan | 51 | 34 | (86) | 233 | (132) |
| Net proceeds from sale of assets | 7 | 5 | - | - | 21 |
| Net cash used in investing activities | (253) | (279) | (417) | (61) | (309) |
| **Cash Flows from Financing Activities** | | | | | |
| Common dividends paid | (200) | (200) | (200) | (190) | (200) |
| Preferred dividends paid | (1) | (1) | (1) | (1) | (1) |
| Issuances of long-term debt | 100 | 500 | 250 | - | - |
| Payments on long-term debt | (175) | (395) | (100) | (270) | (30) |
| Increase (decrease) in short-term debt | 30 | - | (50) | 50 | - |
| Net cash used in financing activities | (246) | (96) | (101) | (411) | (231) |
| Increase (decrease) in cash and cash equivalents | 2 | 10 | 9 | (192) | 194 |
| Cash and cash equivalents, January 1 | 32 | 22 | 13 | 205 | 11 |
| Cash and cash equivalents, December 31 | $ 34 | $ 32 | $ 22 | $ 13 | $ 205 |
| **Supplemental Disclosure of Cash Flow Information** | | | | | |
| Interest payments, net of amounts capitalized | $ 43 | $ 47 | $ 36 | $ 65 | $ 77 |
| Income tax payments, net of refunds | $ 111 | $ 99 | $ 206 | $ 216 | $ 101 |
| **Supplemental Schedule of Non-Cash Investing and Financing Activities** | | | | | |
| Assets contributed by Sempra Energy | $ - | $ 48 | $ - | $ - | $ - |
| Liabilities assumed | - | (18) | - | - | - |
| Net assets contributed by Sempra Energy | $ - | $ 30 | $ - | $ - | $ - |

# Selected Financial Data and Comparative Statistics 2000-2004

| (Dollars in millions) | Years ended December 31, 2004 | 2003 | 2002 | 2001 | 2000 |
|---|---|---|---|---|---|
| Net income (before preferred dividends) | $ 213 | $ 340 | $ 209 | $ 183 | $ 151 |
| Common dividends to parent | $ 205 | $ 200 | $ 200 | $ 150 | $ 400 |
| Capital expenditures | $ 414 | $ 444 | $ 400 | $ 307 | $ 324 |
| Weighted average ratebase | $ 2,755 | $ 2,619 | $ 2,452 | $ 2,334 | $ 2,263 |
| Authorized rate of return on: | | | | | |
| Ratebase | 8.77% | 8.77% | 8.75% | 8.75% | 8.75% |
| Common equity | 10.90% | 10.90% | 10.60% | 10.60% | 10.60% |
| Achieved return on common equity | 16.24% | 27.74% | 18.21% | 16.50% | 12.22% |
| | | | | | |
| Electric revenues | | | | | |
| Residential | $ 692 | $ 731 | $ 649 | $ 775 | $ 730 |
| Commercial | 644 | 674 | 633 | 753 | 747 |
| Industrial | 134 | 162 | 161 | 325 | 310 |
| Other | 116 | 98 | 126 | 182 | 165 |
| Electric revenues | 1,586 | 1,665 | 1,569 | 2,035 | 1,952 |
| Balancing accounts and other | 92 | 137 | (275) | (359) | 232 |
| Total electric revenues | $ 1,678 | $ 1,802 | $ 1,294 | $ 1,676 | $ 2,184 |
| Electric volumes (millions of kWhs) | | | | | |
| Residential | 7,038 | 6,702 | 6,266 | 6,011 | 6,304 |
| Commercial | 6,592 | 6,263 | 6,053 | 6,107 | 6,123 |
| Industrial | 2,084 | 1,987 | 1,893 | 2,792 | 2,614 |
| Other | 3,538 | 3,421 | 3,541 | 2,966 | 4,281 |
| Total | 19,252 | 18,373 | 17,753 | 17,876 | 19,322 |
| | | | | | |
| Cooling degree days | 1,087 | 1,046 | 732 | 932 | 937 |
| | | | | | |
| Number of electric customers at December 31 | | | | | |
| Residential | 1,169,744 | 1,149,445 | 1,130,143 | 1,109,059 | 1,067,501 |
| Commercial | 138,706 | 136,149 | 133,869 | 131,970 | 129,899 |
| Industrial | 458 | 457 | 449 | 422 | 514 |
| Other | 9,605 | 10,195 | 13,471 | 16,574 | 40,336 |
| Total number of electric customers | 1,318,513 | 1,296,246 | 1,277,932 | 1,258,025 | 1,238,250 |

# Selected Financial Data and Comparative Statistics 2000-2004 (continued)

| (Dollars in millions, except average cost of gas) | Years ended December 31, 2004 | 2003 | 2002 | 2001 | 2000 |
|---|---|---|---|---|---|
| Gas revenues | | | | | |
| Residential | $ 332 | $ 291 | $ 247 | $ 461 | $ 280 |
| Commercial and industrial | 146 | 132 | 105 | 251 | 155 |
| Electric generation plants | 38 | 33 | 24 | 23 | 24 |
| Gas revenues in rates | 516 | 456 | 376 | 735 | 459 |
| Balancing accounts and other | 80 | 53 | 55 | (49) | 28 |
| Total gas revenues | $ 596 | $ 509 | $ 431 | $ 686 | $ 487 |
| Gas volumes delivered (billion cubic feet) | | | | | |
| Residential | 33 | 32 | 33 | 34 | 33 |
| Commercial and industrial | 22 | 21 | 22 | 22 | 43 |
| Electric generation plants | 74 | 62 | 85 | 99 | 63 |
| Total | 129 | 115 | 140 | 155 | 139 |
| Core | 52 | 49 | 52 | 52 | 49 |
| Noncore | 77 | 66 | 88 | 103 | 90 |
| Total | 129 | 115 | 140 | 155 | 139 |
| Average cost of natural gas (per million British thermal units) | $ 6.11 | $ 5.14 | $ 3.76 | $ 8.62 | $ 4.68 |
| Heating degree days | 1,286 | 1,288 | 1,478 | 1,505 | 1,322 |
| Number of gas customers at December 31 | | | | | |
| Residential | 781,900 | 770,305 | 759,327 | 745,265 | 732,909 |
| Commercial | 29,630 | 29,532 | 29,208 | 28,549 | 27,977 |
| Industrial | 18 | 22 | 32 | 47 | 69 |
| Off-system sales and transportation | 210 | 184 | 281 | 1,115 | 1,672 |
| Total number of gas customers | 811,758 | 800,043 | 788,848 | 774,976 | 762,627 |

## Statements of Consolidated Income

| (Dollars in millions) | Years ended December 31, 2004 | 2003 | 2002 | 2001 | 2000 |
|---|---|---|---|---|---|
| Operating revenues | | | | | |
| Electric | $ 1,678 | $ 1,802 | $ 1,294 | $ 1,676 | $ 2,184 |
| Natural gas | 596 | 509 | 431 | 686 | 487 |
| Total operating revenues | 2,274 | 2,311 | 1,725 | 2,362 | 2,671 |
| Operating expenses | | | | | |
| Cost of electric fuel and purchased power | 576 | 541 | 297 | 782 | 1,326 |
| Cost of natural gas | 347 | 274 | 205 | 457 | 273 |
| Other operating expenses | 593 | 637 | 560 | 491 | 412 |
| Depreciation and amortization | 259 | 242 | 230 | 207 | 210 |
| Income taxes | 135 | 122 | 93 | 122 | 134 |
| Franchise fees and other taxes | 113 | 114 | 78 | 82 | 81 |
| Total operating expenses | 2,023 | 1,930 | 1,463 | 2,141 | 2,436 |
| Operating income | 251 | 381 | 262 | 221 | 235 |
| Other income and (deductions) | | | | | |
| Interest income | 25 | 42 | 10 | 21 | 51 |
| Regulatory interest, net | (6) | (5) | (7) | 5 | (8) |
| Allowance for equity funds used during construction | 9 | 12 | 15 | 5 | 6 |
| Income taxes on non-operating income | (13) | (26) | 2 | (19) | (10) |
| Other, net | 15 | 9 | 4 | 42 | (5) |
| Total | 30 | 32 | 24 | 54 | 34 |
| Interest charges | | | | | |
| Long-term debt | 61 | 67 | 75 | 84 | 81 |
| Other | 10 | 11 | 8 | 12 | 39 |
| Allowance for borrowed funds used during construction | (3) | (5) | (6) | (4) | (2) |
| Total | 68 | 73 | 77 | 92 | 118 |
| Net income | 213 | 340 | 209 | 183 | 151 |
| Preferred dividend requirements | 5 | 6 | 6 | 6 | 6 |
| Earnings applicable to common shares | $ 208 | $ 334 | $ 203 | $ 177 | $ 145 |

## Consolidated Balance Sheets

| (Dollars in millions) | December 31, 2004 | 2003 | 2002 | 2001 | 2000 |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| Utility plant - at original cost | $ 6,345 | $ 5,773 | $ 5,408 | $ 5,009 | $ 4,778 |
| Accumulated depreciation and amortization | (1,821) | (1,737) | (1,613) | (1,499) | (1,393) |
| Utility plant, net | 4,524 | 4,036 | 3,795 | 3,510 | 3,385 |
| Nuclear decommissioning trusts | 612 | 570 | 494 | 526 | 543 |
| | | | | | |
| Current assets: | | | | | |
| Cash and cash equivalents | 9 | 148 | 159 | 322 | 256 |
| Accounts receivable - trade | 185 | 173 | 163 | 160 | 233 |
| Accounts receivable - other | 30 | 17 | 18 | 27 | 19 |
| Interest receivable | 55 | 37 | - | - | 1 |
| Due from affiliates | 30 | 151 | 292 | 28 | - |
| Income taxes receivable | - | - | - | 73 | 236 |
| Regulatory assets arising from fixed-price contracts and other derivatives | 55 | 59 | 59 | 83 | - |
| Other regulatory assets | 77 | 81 | 75 | 75 | 76 |
| Inventories | 88 | 60 | 46 | 70 | 50 |
| Other | 31 | 27 | 11 | 4 | 8 |
| Total current assets | 560 | 753 | 823 | 842 | 879 |
| | | | | | |
| Other assets: | | | | | |
| Deferred taxes recoverable in rates | 278 | 271 | 190 | 162 | 140 |
| Regulatory assets arising from fixed-price contracts and other derivatives | 448 | 502 | 579 | 634 | - |
| Other regulatory assets | 341 | 281 | 342 | 842 | 849 |
| Sundry | 71 | 48 | 62 | 26 | 47 |
| Total other assets | 1,138 | 1,102 | 1,173 | 1,664 | 1,036 |
| | | | | | |
| Total assets | $ 6,834 | $ 6,461 | $ 6,285 | $ 6,542 | $ 5,843 |

## Consolidated Balance Sheets (continued)

| (Dollars in millions) | December 31, 2004 | 2003 | 2002 | 2001 | 2000 |
|---|---|---|---|---|---|
| **Capitalization and Liabilities** | | | | | |
| Capitalization: | | | | | |
| Common stock (255 million shares authorized, 117 million shares outstanding) | $ 938 | $ 938 | $ 943 | $ 857 | $ 857 |
| Retained earnings | 372 | 369 | 235 | 232 | 205 |
| Accumulated other comprehensive income (loss) | (13) | (43) | (34) | (3) | (3) |
| Total common equity | 1,297 | 1,264 | 1,144 | 1,086 | 1,059 |
| Preferred stock not subject to mandatory redemption | 79 | 79 | 79 | 79 | 79 |
| Total shareholders' equity | 1,376 | 1,343 | 1,223 | 1,165 | 1,138 |
| Preferred stock subject to mandatory redemption | - | - | 25 | 25 | 25 |
| Long-term debt | 1,022 | 1,087 | 1,153 | 1,229 | 1,281 |
| Total capitalization | 2,398 | 2,430 | 2,401 | 2,419 | 2,444 |
| Current liabilities: | | | | | |
| Accounts payable | 200 | 193 | 159 | 138 | 407 |
| Due to affiliates | 15 | - | 3 | - | - |
| Interest payable | 9 | 10 | 11 | 12 | 8 |
| Income taxes payable | 225 | 217 | 261 | 207 | - |
| Deferred income taxes | 15 | 26 | 53 | 128 | 252 |
| Regulatory balancing accounts - net | 331 | 338 | 394 | 575 | 367 |
| Fixed-price contracts and other derivatives | 55 | 59 | 59 | 84 | - |
| Current portion of long-term debt | 66 | 66 | 66 | 93 | 66 |
| Other | 292 | 272 | 171 | 175 | 188 |
| Total current liabilities | 1,208 | 1,181 | 1,177 | 1,412 | 1,288 |
| Deferred credits and other liabilities: | | | | | |
| Due to affiliates | 267 | 21 | 16 | 5 | - |
| Customer advances for construction | 45 | 49 | 54 | 42 | 40 |
| Deferred income taxes | 522 | 485 | 382 | 431 | 502 |
| Deferred investment tax credits | 37 | 40 | 42 | 45 | 48 |
| Regulatory liabilities arising from cost of removal obligations | 913 | 846 | 1,162 | 1,143 | 1,109 |
| Regulatory liabilities arising from asset retirement obligations | 333 | 303 | - | - | - |
| Fixed-price contracts and other derivatives | 448 | 502 | 579 | 634 | - |
| Asset retirement obligations | 318 | 303 | - | - | - |
| Mandatorily redeemable preferred securities | 19 | 21 | - | - | - |
| Deferred credits and other | 326 | 280 | 472 | 411 | 412 |
| Total deferred credits and other liabilities | 3,228 | 2,850 | 2,707 | 2,711 | 2,111 |
| Total liabilities and shareholders' equity | $ 6,834 | $ 6,461 | $ 6,285 | $ 6,542 | $ 5,843 |

# Statements of Consolidated Cash Flows

SDGE A Sempra Energy utility™

| (Dollars in millions) | Years ended December 31, 2004 | 2003 | 2002 | 2001 | 2000 |
|---|---|---|---|---|---|
| **Cash Flows from Operating Activities** | | | | | |
| Net income | $ 213 | $ 340 | $ 209 | $ 183 | $ 151 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | | | |
| Depreciation and amortization | 259 | 242 | 230 | 207 | 210 |
| Customer refunds paid | - | - | - | (127) | (628) |
| Deferred income taxes and investment tax credits | - | (29) | (127) | (9) | 300 |
| Non-cash rate reduction bond expense | 75 | 68 | 82 | 66 | 32 |
| Loss (gain) on disposition of assets | (1) | 4 | - | (22) | - |
| Changes in working capital components: | | | | | |
| Accounts and interest receivable | (42) | (46) | 6 | 66 | (55) |
| Due to/from affiliates, net | 13 | 2 | (61) | (3) | (6) |
| Inventories | (27) | (14) | 23 | (20) | - |
| Other current assets | (1) | (23) | (6) | 7 | (3) |
| Income taxes | 15 | 8 | 127 | 163 | (149) |
| Accounts payable | 6 | 34 | 21 | (268) | 252 |
| Regulatory balancing accounts | (15) | (56) | 89 | 426 | 213 |
| Other current liabilities | 24 | 57 | (5) | 25 | 27 |
| Changes in other assets | (53) | - | 123 | (142) | (152) |
| Changes in other liabilities | (21) | (6) | 46 | 5 | (18) |
| Net cash provided by operating activities | 445 | 581 | 757 | 557 | 174 |
| **Cash Flows from Investing Activities** | | | | | |
| Expenditures for property, plant and equipment | (414) | (444) | (400) | (307) | (324) |
| Affiliate loan | 122 | 129 | (199) | (33) | 593 |
| Contributions to decommissioning funds | (7) | (5) | (5) | (5) | (5) |
| Net proceeds from sale of assets | - | 4 | - | 42 | 24 |
| Other, net | - | (3) | (7) | (7) | - |
| Net cash provided by (used in) investing activities | (299) | (319) | (611) | (310) | 288 |
| **Cash Flows from Financing Activities** | | | | | |
| Common dividends paid | (205) | (200) | (200) | (150) | (400) |
| Preferred dividends paid | (5) | (6) | (6) | (6) | (6) |
| Payments on long-term debt | (317) | (66) | (103) | (118) | (149) |
| Issuances of long-term debt | 251 | - | - | 93 | 12 |
| Redemptions of preferred stock | (3) | (1) | - | - | - |
| Other, net | (6) | - | - | - | - |
| Net cash used in financing activities | (285) | (273) | (309) | (181) | (543) |
| Increase (decrease) in cash and cash equivalents | (139) | (11) | (163) | 66 | (81) |
| Cash and cash equivalents, January 1 | 148 | 159 | 322 | 256 | 337 |
| Cash and cash equivalents, December 31 | $ 9 | $ 148 | $ 159 | $ 322 | $ 256 |
| **Supplemental Disclosure of Cash Flow Information** | | | | | |
| Interest payments, net of amounts capitalized | $ 63 | $ 68 | $ 71 | $ 83 | $ 113 |
| Income tax payments (refunds), net | $ 129 | $ 167 | $ 92 | $ (11) | $ (8) |
| **Supplemental Schedule of Non-Cash Investing and Financing Activities** | | | | | |
| Assets contributed by Sempra Energy | $ - | $ 1 | $ 86 | $ - | $ - |
| Liabilities assumed | - | (6) | - | - | - |
| Net assets (liabilities) contributed by Sempra Energy | $ - | $ (5) | $ 86 | $ - | $ - |

## Selected Financial Data and Comparative Statistics 2000-2004

Sempra Commodities

| (Dollars in millions) | Years ended December 31, 2004 | 2003 | 2002 | 2001 | 2000 |
|---|---|---|---|---|---|
| Trading Margin* | | | | | |
| Geographical | | | | | |
| North America | $ 689 | $ 439 | $ 400 | $ 643 | $ 404 |
| Europe and Asia | 338 | 172 | 165 | 79 | 119 |
| Total | $ 1,027 | $ 611 | $ 565 | $ 722 | $ 523 |
| Product line | | | | | |
| Gas | $ 314 | $ 146 | $ 170 | $ 205 | $ 173 |
| Power | 166 | 137 | 191 | 356 | 172 |
| Oil - crude and products | 265 | 128 | 74 | 135 | 153 |
| Metals | 179 | 96 | 78 | - | - |
| Other | 103 | 104 | 52 | 26 | 25 |
| Total | $ 1,027 | $ 611 | $ 565 | $ 722 | $ 523 |
| Net income | $ 320 | $ 128 ** | $ 165 | $ 200 | $ 143 |
| Physical volumes | | | | | |
| Natural gas (billions of cubic feet/day) | 13.0 | 13.3 | 10.0 | 10.6 | 9.0 |
| Electricity (billions of kWhs) | 373.7 | 324.4 | 162.2 | 75.5 | 61.4 |
| Oil and liquid products (millions of bbls/day) | 2.1 | 1.7 | 1.9 | 2.6 | 2.1 |
| At December 31, | | | | | |
| Trading assets | $ 6,510 | $ 5,450 | $ 5,180 | $ 2,838 | $ 4,371 |
| Trading liabilities | 5,188 | 4,525 | 4,141 | 1,806 | 3,675 |
| Net trading assets | $ 1,322 | $ 925 | $ 1,039 | $ 1,032 | $ 696 |

* Trading margin consists of net trading revenues less related costs (primarily brokerage, transportation and storage) plus or minus net interest income/expense.

** After a $29 charge for the cumulative effect of the change in accounting principle from implementing a new accounting pronouncement.

In December 2004, Sempra Commodities absorbed the commodities business of Sempra Energy Solutions, a former business unit. As a result, certain prior year amounts have been revised to conform to the 2004 presentation.

Sempra Commodities is not the same company as the utility, SDG&E or SoCalGas, and the California Public Utilities Commission does not regulate the terms of Sempra Commodities' products and services.

## Statements of Consolidated Income

| (Dollars in millions) | Years ended December 31, 2004 | 2003 | 2002 | 2001 | 2000 |
|---|---|---|---|---|---|
| Operating revenues | $ 1,680 | $ 1,217 | $ 910 | $ 1,083 | $ 824 |
| Operating expenses | | | | | |
| Cost of good sold | 597 | 542 | 293 | 320 | 266 |
| Operation and maintenance | 564 | 409 | 338 | 397 | 291 |
| Depreciation and amortization | 23 | 23 | 21 | 27 | 31 |
| Total operating expenses | 1,184 | 974 | 652 | 744 | 588 |
| Operating income | 496 | 243 | 258 | 339 | 236 |
| Other income (expense) , net | - | - | - | - | (1) |
| Interest income | 8 | 12 | 11 | 11 | 8 |
| Interest expense | (23) | (31) | (45) | (15) | (18) |
| Income before income taxes | 481 | 224 | 224 | 335 | 225 |
| Income tax expense | 161 | 67 | 75 | 135 | 82 |
| Income before extraordinary item and cumulative effect of a change in accounting principle | 320 | 157 | 149 | 200 | 143 |
| Extraordinary item (2002) and cumulative effect of change in accounting principle (2003), net of tax | - | (29) | 16 | - | - |
| Net income | $ 320 | $ 128 | $ 165 | $ 200 | $ 143 |

In December 2004, Sempra Commodities absorbed the commodities business of Sempra Energy Solutions, a former business unit. As a result, certain prior year amounts have been revised to conform to the 2004 presentation.

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## Consolidated Balance Sheets

Sempra Commodities

| (Dollars in millions) | December 31, 2004 | 2003 | 2002 | 2001 | 2000 |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| Current assets: | | | | | |
| Cash and cash equivalents | $ 272 | $ 91 | $ 169 | $ 62 | $ 30 |
| Due from affiliates | 245 | 181 | 60 | 114 | 50 |
| Trading assets | 6,510 | 5,450 | 5,180 | 2,838 | 4,371 |
| Income taxes receivable | 5 | 46 | - | 5 | - |
| Other | 161 | 96 | 102 | 16 | 27 |
| Total current assets | 7,193 | 5,864 | 5,511 | 3,035 | 4,478 |
| Property, plant and equipment, net | 209 | 101 | 81 | 72 | 47 |
| Goodwill and other assets | 172 | 179 | 188 | 205 | 197 |
| Total assets | $ 7,574 | $ 6,144 | $ 5,780 | $ 3,312 | $ 4,722 |
| **Liabilities and Shareholder's Equity** | | | | | |
| Current liabilities: | | | | | |
| Short-term debt | $ 139 | $ - | $ 116 | $ 120 | $ 165 |
| Accounts payable and other current liabilities | 450 | 234 | 223 | 303 | 248 |
| Income taxes payable | 13 | 49 | 29 | 143 | - |
| Trading liabilities | 5,188 | 4,525 | 4,141 | 1,806 | 3,675 |
| Due to affiliates | 579 | 430 | 466 | 320 | 243 |
| Total current liabilities | 6,369 | 5,238 | 4,975 | 2,692 | 4,331 |
| Other liabilities | 43 | 32 | 57 | 37 | 1 |
| Shareholder's equity | 1,162 | 874 | 748 | 583 | 390 |
| Total liabilities and shareholder's equity | $ 7,574 | $ 6,144 | $ 5,780 | $ 3,312 | $ 4,722 |

In December 2004, Sempra Commodities absorbed the commodities business of Sempra Energy Solutions, a former business unit. As a result, certain prior year amounts have been revised to conform to the 2004 presentation.

Sempra Commodities is not the same company as the utility, SDG&E or SoCalGas, and the California Public Utilities Commission does not regulate the terms of Sempra Commodities' products and services.

## Statements of Consolidated Cash Flows

Sempra Commodities

| (Dollars in millions) | Years ended December 31, 2004 | 2003 | 2002 | 2001 | 2000 |
|---|---|---|---|---|---|
| **Cash Flows from Operating Activities** | | | | | |
| Net income | $ 320 | $ 128 | $ 165 | $ 200 | $ 155 * |
| Adjustments to reconcile net income to net cash provided by (used in) operating activities: | | | | | |
| Extraordinary item (2002) and cumulative effect of change in accounting principle (2003), net of tax | - | 29 | (16) | - | - |
| Depreciation and amortization | 23 | 23 | 21 | 27 | 31 |
| Deferred income taxes and investment tax credits | 57 | 70 | 26 | - | - |
| Changes in other assets | - | (10) | (2) | (1) | (8) |
| Changes in other liabilities | - | - | - | 14 | - |
| Net changes in working capital components | (497) | (17) | (198) | (31) | (265) |
| Net cash provided by (used in) operating activities | (97) | 223 | (4) | 209 | (87) |
| **Cash Flows from Investing Activities** | | | | | |
| Expenditures for property, plant and equipment | (126) | (51) | (21) | (45) | (22) |
| Proceeds from sale of assets | - | 18 | - | 38 | - |
| Investments in and acquisitions of subsidiaries, net of cash acquired | (5) | - | (119) | (1) | (6) |
| Affiliate loans | 174 | (94) | (69) | - | - |
| Other, net | - | 2 | (1) | - | - |
| Net cash provided by (used in) investing activities | 43 | (125) | (210) | (8) | (28) |
| **Cash Flows from Financing Activities** | | | | | |
| Increase (decrease) in short-term debt, net | 133 | (116) | (5) | (45) | 165 |
| Affiliate loans | 81 | (58) | 325 | (124) | (51) |
| Issuance of long-term debt | 21 | - | - | - | - |
| Other, net | - | (2) | 1 | - | - |
| Net cash provided by (used in) financing activities | 235 | (176) | 321 | (169) | 114 |
| Increase (decrease) in cash and cash equivalents | 181 | (78) | 107 | 32 | (1) |
| Cash and cash equivalents, January 1 | 91 | 169 | 62 | 30 | 31 |
| Cash and cash equivalents, December 31 | $ 272 | $ 91 | $ 169 | $ 62 | $ 30 * |

* In December 2004, Sempra Commodities absorbed the commodities business of Sempra Energy Solutions, a former business unit. As a result, with the exception of 2000, prior year amounts have been revised to conform to the 2004 presentation. The Statement of Consolidated Cash Flows for 2000 only includes the cash flow activities for Sempra Energy Trading. Consistent with prior years' Statistical Reports, the cash flow activities for Sempra Energy Solutions are not presented for 2000.

Sempra Commodities is not the same company as the utility, SDG&E or SoCalGas, and the California Public Utilities Commission does not regulate the terms of Sempra Commodities' products and services.

## Statements of Consolidated Income

| (Dollars in millions) | Years ended December 31, 2004 | 2003 | 2002 | 2001 | 2000 |
|---|---|---|---|---|---|
| Operating revenues | $ 1,647 | $ 773 | $ 437 | $ 322 | $ 112 |
| Operating expenses | | | | | |
| Cost of goods sold | 1,198 | 498 | 274 | 277 | 59 |
| Other operating expenses | 150 | 132 | 78 | 65 | 48 |
| Depreciation and amortization | 44 | 21 | 10 | 12 | 14 |
| Other taxes | 5 | 6 | 3 | 3 | 2 |
| Total operating expenses | 1,397 | 657 | 365 | 357 | 123 |
| Operating income (loss) | 250 | 116 | 72 | (35) | (11) |
| Other income (loss) | 2 | 4 | - | (6) | 4 |
| Equity in income (losses) of unconsolidated affiliates | 3 | (6) | 16 | (8) | 55 |
| Interest income | 7 | 17 | 4 | 9 | - |
| Interest expense | (34) | (33) | (10) | (13) | (5) |
| Income (loss) before income taxes | 228 | 98 | 82 | (53) | 43 |
| Income taxes | 91 | 27 | 40 | (22) | 16 |
| Income (loss) before cumulative effect of change in accounting principle | 137 | 71 | 42 | (31) | 27 |
| Cumulative effect of change in accounting principle, net of tax | - | 9 | - | - | - |
| Net income (loss) | $ 137 | $ 80 | $ 42 | $ (31) | $ 27 |
| Net income (loss) by type of operation: | | | | | |
| Power generation | $ 134 | $ 81 | $ 56 | $ (32) | $ 23 |
| Oil and gas | 10 | 13 | 4 | 5 | 6 |
| Facilities and services | (7) | (14) | (18) | (4) | (2) |
| Net income (loss) | $ 137 | $ 80 | $ 42 | $ (31) | $ 27 |

In December 2004, Sempra Generation absorbed the energy services and facilities management businesses of Sempra Energy Solutions, a former business unit. As a result, certain prior year amounts have been revised to conform to the 2004 presentation.

Sempra Generation is not the same company as the utility, SDG&E or SoCalGas, and the California Public Utilities Commission does not regulate the terms of Sempra Generation's products and services.

## Consolidated Balance Sheets

Sempra Generation

| (Dollars in millions) | December 31, 2004 | 2003 | 2002 | 2001 | 2000 |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| Current assets: | | | | | |
| Cash and cash equivalents | $ 8 | $ 10 | $ 4 | $ 30 | $ 6 |
| Short-term investments | - | 363 * | - | - | - |
| Accounts receivable | 88 | 115 | 74 | 48 | 37 |
| Due from affiliates | 409 | 90 | 173 | 19 | 100 |
| Income taxes receivable | 4 | 44 | 19 | 34 | 3 |
| Other | 51 | 19 | 16 | 46 | 26 |
| Total current assets | 560 | 641 | 286 | 177 | 172 |
| Investments and other assets | 506 | 358 | 588 | 280 | 203 |
| Due from affiliates | 267 | - | - | - | - |
| Property, plant and equipment, net | 1,405 | 1,551 ** | 759 | 374 | 116 |
| Total assets | $ 2,738 | $ 2,550 | $ 1,633 | $ 831 | $ 491 |
| **Liabilities and Shareholder's Equity** | | | | | |
| Current liabilities: | | | | | |
| Short-term debt | $ 17 | $ 28 | $ 33 | $ - | $ - |
| Accounts payable | 95 | 35 | 25 | 22 | 16 |
| Due to affiliates | 1,021 | 514 | 908 | 350 | 68 |
| Income taxes payable | 9 | 6 | - | 9 | - |
| Current portion of long-term debt | 4 | 633 ** | 3 | 5 | 3 |
| Other | 45 | 21 | 29 | 31 | 17 |
| Total current liabilities | 1,191 | 1,237 | 998 | 417 | 104 |
| Long-term debt | 10 | 13 | 116 | 19 | 8 |
| Other liabilities | 188 | 143 | 68 | 46 | 31 |
| Shareholder's equity | 1,349 | 1,157 | 451 | 349 | 348 |
| Total liabilities and shareholder's equity | $ 2,738 | $ 2,550 | $ 1,633 | $ 831 | $ 491 |

* Represents the collateralized U.S. Treasury obligations on the Mesquite synthetic lease.

** As a result of implementing FIN 46, the Mesquite Trust was consolidated, which resulted in increases in total assets and total liabilities of $643 and $630, respectively in 2003.

In December 2004, Sempra Generation absorbed the energy services and facilities management businesses of Sempra Energy Solutions, a former business unit. As a result, certain prior year amounts have been revised to conform to the 2004 presentation.

Sempra Generation is not the same company as the utility, SDG&E or SoCalGas, and the California Public Utilities Commission does not regulate the terms of Sempra Generation's products and services.

## Statements of Consolidated Cash Flows

| (Dollars in millions) | Years ended December 31, 2004 | 2003 | 2002 | 2001 | 2000 |
|---|---|---|---|---|---|
| **Cash Flows from Operating Activities** | | | | | |
| Net income (loss) | $ 137 | $ 80 | $ 42 | $ (31) | $ 29 * |
| Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities: | | | | | |
| Cumulative effect of change in accounting principle, net of tax | - | (9) | - | - | - |
| Depreciation and amortization | 44 | 21 | 10 | 12 | 3 |
| Deferred income taxes | 39 | 83 | 5 | (6) | (6) |
| Fixed-price contracts and other derivatives (income) loss | (1) | (3) | (7) | 7 | - |
| Equity in (income) losses of unconsolidated affiliates | (3) | 6 | (16) | 8 | (55) |
| Other, net | 27 | 5 | 1 | - | - |
| Changes in other assets | (100) | (13) | (4) | - | (1) |
| Changes in other liabilities | (6) | (5) | 12 | 3 | 31 |
| Net changes in working capital components | 51 | (68) | (49) | 25 | 7 |
| Net cash provided by (used in) operating activities | 188 | 97 | (6) | 18 | 8 |
| **Cash Flows from Investing Activities** | | | | | |
| Expenditures for property, plant and equipment | (141) | (144) | (359) | (241) | (59) |
| Proceeds from sale of assets | 363 | - | - | - | - |
| Investments in and acquisitions of subsidiaries | (53) | (156) | (288) | (92) | (4) |
| Dividends received from affiliates | 4 | - | - | 34 | 18 |
| Other, net | - | 1 | - | - | 2 |
| Net cash provided by (used in) investing activities | 173 | (299) | (647) | (299) | (43) |
| **Cash Flows from Financing Activities** | | | | | |
| Affiliate loans | 206 | 291 | 442 | 309 | 22 |
| Payments on long-term debt | (633) | (102) | (206) | (3) | (8) |
| Issuance of long-term debt | - | - | 300 | - | - |
| Increase (decrease) in short-term debt | 14 | 19 | 31 | (1) | - |
| Capital contributions | 50 | - | 60 | - | 17 |
| Net cash provided by (used in) financing activities | (363) | 208 | 627 | 305 | 31 |
| Increase (decrease) in cash and cash equivalents | (2) | 6 | (26) | 24 | (4) |
| Cash and cash equivalents, January 1 | 10 | 4 | 30 | 6 | 5 |
| Cash and cash equivalents, December 31 | $ 8 | $ 10 | $ 4 | $ 30 | $ 1 * |

* In December 2004, Sempra Generation absorbed the energy services and facilities management businesses of Sempra Energy Solutions, a former business unit. As a result, with the exception of 2000, prior year amounts have been revised to conform to the 2004 presentation. The Statement of Consolidated Cash Flows for 2000 only includes the cash flow activities for Sempra Energy Resources. Consistent with prior years' Statistical Reports, the cash flow activities for Sempra Energy Solutions are not presented for 2000.

Sempra Generation is not the same company as the utility, SDG&E or SoCalGas, and the California Public Utilities Commission does not regulate the terms of Sempra Generation's products and services.

## Selected Financial Data and Comparative Statistics 2000-2004

Sempra℠ Pipelines & Storage

| (Dollars in millions) | Years ended December 31, 2004 | 2003 | 2002 | 2001 | 2000 |
|---|---|---|---|---|---|
| **Net income** | | | | | |
| Peru | $ 29 | $ 25 | $ 15 | $ 15 | $ 14 |
| Argentina | 21 | 20 | 16 | 23 | 11 |
| Mexico | 23 | 16 | 4 | 5 | 2 |
| Chile | 16 | 14 | 21 | 21 | 10 |
| U.S. operations and other costs | (26) | (72) | (30) | (39) | (4) |
| Total | $ 63 | $ 3 | $ 26 | $ 25 | $ 33 |
| **Gas operations *** | | | | | |
| Gas revenues | | | | | |
| Argentina | $ 206 | $ 186 | $ 156 | $ 577 | $ 568 |
| Mexico | 237 | 184 | 52 | 49 | 30 |
| Chile | 16 | 14 | 12 | 12 | - |
| Total | $ 459 | $ 384 | $ 220 | $ 638 | $ 598 |
| Gas volumes delivered (billion cubic feet) | | | | | |
| Argentina | 251 | 232 | 217 | 223 | 227 |
| Mexico | 42 | 40 | 48 | 42 | 24 |
| Chile | 3 | 3 | 3 | 3 | 3 |
| Total | 296 | 275 | 268 | 268 | 254 |
| Number of gas customers (in thousands) ** | | | | | |
| Argentina | 1,449 | 1,404 | 1,355 | 1,326 | 1,300 |
| Mexico | 97 | 95 | 84 | 65 | 45 |
| Chile | 37 | 37 | 36 | 34 | 29 |
| Total | 1,583 | 1,536 | 1,475 | 1,425 | 1,374 |
| **Electric operations *** | | | | | |
| Electric revenues | | | | | |
| Peru | $ 327 | $ 319 | $ 305 | $ 320 | $ 286 |
| Chile | 159 | 132 | 124 | 123 | 99 |
| Total | $ 486 | $ 451 | $ 429 | $ 443 | $ 385 |
| Electric volumes (millions of kWhs) | | | | | |
| Peru | 4,044 | 4,032 | 3,950 | 3,696 | 3,599 |
| Chile | 1,959 | 1,832 | 1,745 | 1,683 | 1,528 |
| Total | 6,003 | 5,864 | 5,695 | 5,379 | 5,127 |
| Number of electric customers (in thousands) ** | | | | | |
| Peru | 748 | 732 | 718 | 705 | 690 |
| Chile | 508 | 496 | 484 | 471 | 393 |
| Total | 1,256 | 1,228 | 1,202 | 1,176 | 1,083 |

* Represents 100 percent of these subsidiaries, although only the Mexican subsidiaries are 100% owned by Sempra Energy. Except for the Mexican subsidiaries, these subsidiaries are not consolidated within Sempra Energy and the related investments are instead accounted for under the equity method. U.S. operations are not shown due to immateriality.

** At December 31

Sempra Pipelines & Storage is not the same company as the utility, SDG&E or SoCalGas, and Sempra Pipelines & Storage is not regulated by the California Public Utilities Commission.

## Statements of Consolidated Income

Sempra Pipelines & Storage

| (Dollars in millions) | Years ended December 31, 2004 | 2003 | 2002 | 2001 | 2000 |
|---|---|---|---|---|---|
| Natural gas and other revenues | $ 269 | $ 210 | $ 176 | $ 289 | $ 159 |
| Operating expenses | | | | | |
| Cost of natural gas | 209 | 166 | 148 | 257 | 141 |
| Other operating expenses | 43 | 120 * | 49 | 70 | 40 |
| Depreciation and amortization | 14 | 14 | 13 | 13 | 8 |
| Total operating expenses | 266 | 300 | 210 | 340 | 189 |
| Operating income (loss) | 3 | (90) | (34) | (51) | (30) |
| Other income | 3 | 3 | 73 | 3 | 12 |
| Equity in income (losses) of unconsolidated affiliates | 62 | 62 | (18) | 60 | 36 |
| Interest income | 17 | 16 | 17 | 16 | 20 |
| Interest expense | (17) | (19) | (14) | (13) | (20) |
| Income (loss) before income taxes | 68 | (28) | 24 | 15 | 18 |
| Income taxes | 5 | (31) | (2) | (10) | (15) |
| Net income | $ 63 | $ 3 | $ 26 | $ 25 | $ 33 |

* Includes $77 before-tax impairment of the carrying value of assets of Frontier Energy.

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## Consolidated Balance Sheets

Sempra Pipelines & Storage

| (Dollars in millions) | December 31, 2004 | 2003 | 2002 | 2001 | 2000 |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| Current assets: | | | | | |
| Cash and cash equivalents | $ 72 | $ 63 | $ 63 | $ 67 | $ 41 |
| Accounts receivable | 37 | 34 | 22 | 22 | 66 |
| Due from affiliates | 22 | 22 | 31 | 166 | 19 |
| Income taxes receivable | 9 | 13 | - | 17 | 39 |
| Other | 9 | 9 | 6 | 9 | 8 |
| Total current assets | 149 | 141 | 122 | 281 | 173 |
| Investments and other assets | 661 | 635 | 548 | 666 | 821 |
| Due from affiliates | 108 | 74 | 56 | - | - |
| Property, plant and equipment, net | 334 | 332 | 419 | 371 | 243 |
| Total assets | $ 1,252 | $ 1,182 | $ 1,145 | $ 1,318 | $ 1,237 |
| **Liabilities and Shareholder's Equity** | | | | | |
| Current liabilities: | | | | | |
| Accounts payable | $ 27 | $ 25 | $ 15 | $ 20 | $ 24 |
| Income taxes payable | - | - | 7 | - | - |
| Due to affiliates | 171 | 189 | 192 | 214 | 108 |
| Other | 18 | 16 | 10 | 19 | 8 |
| Total current liabilities | 216 | 230 | 224 | 253 | 140 |
| Long-term debt | - | - | - | 4 | 161 |
| Other noncurrent liabilities: | | | | | |
| Due to affiliates | 162 | 162 | 162 | 162 | 100 |
| Minority interest | - | - | 18 | 14 | 13 |
| Other | 2 | 2 | 6 | 45 | 2 |
| Total other noncurrent liabilities | 164 | 164 | 186 | 221 | 115 |
| Shareholder's equity | 872 | 788 | 735 | 840 | 821 |
| Total liabilities and shareholder's equity | $ 1,252 | $ 1,182 | $ 1,145 | $ 1,318 | $ 1,237 |

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## Statements of Consolidated Cash Flows

Sempra Pipelines & Storage

| (Dollars in millions) | Years ended December 31, 2004 | 2003 | 2002 | 2001 | 2000 |
|---|---|---|---|---|---|
| **Cash Flows from Operating Activities** | | | | | |
| Net income | $ 63 | $ 3 | $ 26 | $ 25 | $ 33 |
| Adjustments to reconcile net income to net cash provided by (used in) operating activities: | | | | | |
| Depreciation and amortization | 14 | 14 | 13 | 13 | 8 |
| Deferred income taxes | 6 | (18) | (20) | 2 | (2) |
| Loss on sale of assets | - | - | 4 | 2 | - |
| Equity in (income) losses of unconsolidated affiliates | (62) | (62) | 18 | (60) | (36) |
| Impairment losses | - | 75 | - | 30 | - |
| Foreign currency loss (gain) | (1) | 8 | (64) | - | - |
| Changes in other assets | - | - | - | (1) | (1) |
| Changes in other liabilities | - | - | - | 1 | 1 |
| Net changes in working capital components | (16) | (24) | (12) | (50) | (12) |
| Net cash provided by (used in) operating activities | 4 | (4) | (35) | (38) | (9) |
| **Cash Flows from Investing Activities** | | | | | |
| Expenditures for property, plant and equipment | (22) | (27) | (88) | (136) | (90) |
| Affiliate loans | 29 | - | 93 | - | - |
| Dividends received | 55 | 71 | 10 | 47 | 12 |
| Investments in and acquisitions of subsidiaries | - | (23) | - | (2) | (169) |
| Net cash provided by (used in) investing activities | 62 | 21 | 15 | (91) | (247) |
| **Cash Flows from Financing Activities** | | | | | |
| Affiliate loans | (57) | (17) | (13) | 297 | 77 |
| Capital contribution | - | - | 29 | 37 | 192 |
| Payment on long-term debt | - | - | - | (160) | - |
| Other, net | - | - | - | (19) | 3 |
| Net cash provided by (used in) financing activities | (57) | (17) | 16 | 155 | 272 |
| Increase (decrease) in cash and cash equivalents | 9 | - | (4) | 26 | 16 |
| Cash and cash equivalents, January 1 | 63 | 63 | 67 | 41 | 25 |
| Cash and cash equivalents, December 31 | $ 72 | $ 63 | $ 63 | $ 67 | $ 41 |

Sempra Pipelines & Storage is not the same company as the utility, SDG&E or SoCalGas, and Sempra Pipelines & Storage is not regulated by the California Public Utilities Commission.

# Shareholder Information and Research Coverage

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**News and Information**
To hear corporate news reports and stock updates or to request materials, call 877-773-6397. Sempra Energy's annual report to shareholders and annual report to the Securities and Exchange Commission (Form 10-K) are available to shareholders at no charge through the Investor section of Sempra Energy's website (www.sempra.com) or by writing to Shareholder Services.

**Preferred and Preference Stock of Subsidiaries**
SDG&E preferred and preference stocks are listed on the American Stock Exchange under the ticker symbol SDO. (The 4.6% preferred series and the $1.7625 and $1.70 preference series are not listed.) PE preferred stock is listed on the American and Pacific stock exchanges under the ticker symbol PET. SoCalGas preferred stock is listed on the Pacific Stock Exchange under the ticker symbol SOCGP.

**Research Coverage**
The following firms provide equity investment research coverage of Sempra Energy:

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